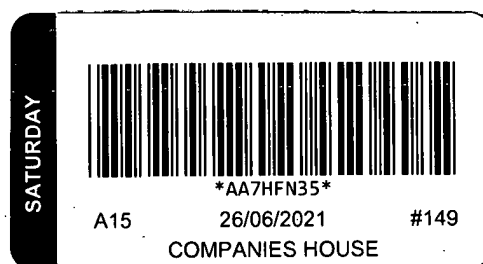


Company Registration No. 11769890 (England and Wales)

PARENT COMPANY ACCOUNTS FOR 0965758
CINOS COMMUNICATIONS SERVICES LIMITED

CINOS GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019



CINOS GROUP LIMITED

COMPANY INFORMATION

Directors	Mr K Deady	(Appointed 16 January 2019)
	Mr S Franklin	(Appointed 16 January 2019)
	Mrs J Guest	(Appointed 27 February 2019)
	Mr L Sharp	(Appointed 27 February 2019)
	Mr D Worman	(Appointed 16 September 2019)

Company number 11769890

Registered office Unit 4.9
Hitech
Frimley 4 Business Park
Frimley
Surrey
GU16 7SG

Auditor Fiander Tovell Limited
Stag Gates House
63/64 The Avenue
Southampton
Hampshire
SO17 1XS

CINOS GROUP LIMITED

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CINOS GROUP LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2019

The directors present the strategic report for the period ended 31 December 2019.

Cinos Group is an Audio Visual & Unified Communications Specialist providing design, supply, installation and managed services to public sector and commercial customers.

Business review

The results of the group which are detailed on page 8 show an overall loss for the year due to the £1.5m of amortisation charged on goodwill. Profits were lower than prior to the merger of the individual organisations "Cinos Limited" and Cinos Communications Services".

The Group financials were impacted in their first year due to several factors: -

Brexit

Several of our customers decided to delay projects due to Brexit anxiety, to date no projects were lost however there was a trend in some of the larger infrastructure projects being delayed.

Investing in the future

In 2019 we invested in 4 new markets – France (Paris), Ireland (Cork) and expanded our US/UK presence with new offices opening in Houston and Edinburgh respectively. The business also opened a new global HQ and customer experience centre in Frimley in Surrey.

Cinos Communications Services / Cinos Limited Merger & Creation of Cinos Group

Cinos Communications Services Limited "CCS" is a provider of connectivity and unified communications solutions.

Our focus for the company in Q3 2019 was integrating Cinos Communications and further developing the combined solution offerings so that we were well placed to hit the market with a wider proposition solution set in 2020.

The combined organisation leverages CCS expertise in UC and connectivity and enables a wider set of solutions to be sold into the combined customer base. The merger of the two businesses creates a broader sales force and a single sales and solutions (pre-sales) team, as well as a wider vendor offering for our customers.

Whilst revenues were flat in 2019, we were lifted by the fact that our sales order book significantly increased by 37% YoY. In the final quarter of 2019, we posted our best quarter in terms of orders received which carried momentum into 2020. This trend has continued into 2020/2021, we posted a 15% increase YoY in our sales order book for 2020 and so far in Q1/2021 we have posted an increase of 36% in our sales order book vs. 2019. With lockdown measures easing we expect the further YoY increases to sales.

At the time of writing this statement COVID-19 has gripped the nation, we can however be consoled by the fact that revenues have increased significantly and greater efficiencies have been achieved as the organisations are now settled in. In 2020 we experienced a reduction in sales from our private sector customers due to the pandemic. As the pandemic eases and more private sector companies return to the office, we are expecting sales to return to 2019 sector splits, however most likely not until 2022.

- 2018 – Commercial (70%) Vs Public Sector (30%)
- 2019 – Commercial (58%) Vs Public Sector (42%)
- 2020 – Commercial (27%) Vs Public Sector (73%)

Whilst turnover has held up and increased, we expect profit returning to the levels achieved in 2017/2018 when the private sector organisations return to their offices in 2022.

CINOS GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

Future plans and strategy

With the merger of CCS/Cinos, the company is now able to provide a wider portfolio of core solutions to our customers. In future years we will be further strengthening our core capabilities of Audio-Visual, unified communications, and connectivity solutions with our tailor-made Cinos cloud infrastructure. By investing in our own cloud infrastructure all the core solutions we provide will be delivered by our tailored Cinos cloud, this will increase margin, revenue and provide a more robust solution set for our customers. The company took "Cinos cloud" online in late August 2020.

The company also aims to continue to build on multi-year contract wins, which will underpin our overall strategic plan which is to increase annuity revenue via our managed services.

We have changed our financial year to the 30th April. The reason for the change is down to the makeup of our customer base. Our financial year in 2020 will operate between 1 January 2020 to 30 April 2021. Future years will operate from 1 May to 30 April.

Principal risks and uncertainties

COVID-19

Whilst writing this report the country is in the grips of the COVID-19 pandemic. The management team were quick to react to the threat and ensured that the impact to project delivery was lessened, costs were regulated and all government support that was on offer was adopted. Due to the nature of our business and a high threshold of government customers the management team can confirm that key government contract delivery must be maintained "safely" in the epidemic and the required risk assessments have been coordinated internally. The management team have witnessed an increase in sales for 2020/2021 however profitability has been affected. The management team meet weekly to discuss the ever-changing situation and the business RISK RAID log is reviewed weekly. We expect the easing of lockdown measures over the coming months however we are still preparing for the possibility that there may be a return to some form of lockdown again in future.

Brexit

The management team have been preparing for Brexit and we feel that the biggest impact in 2020/2021 was and will be regarding supply chain now that the decision to leave the EU has been finalised. The management team have tried to negate the risk as much as possible by sending out questionnaires to all their supply chain and creating a Brexit Risk panel.

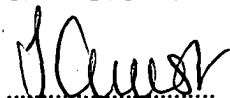
Development and performance

There are several factors that will return the group back to pre MBO levels of profit levels in FYE 2022. Most notably business efficiencies and economies of scale following the merger and the creation of the Cinos cloud in 2020. The management team will focus on ensuring that any process improvement will have a positive outcome in our operating model and customer success.

Key performance indicators

The management team consistently track business performance using several performance analysis tools including Power BI. This allows the management team to obtain real live data to assess the business KPIs. Key factors we use at a macro level are turnover and PBT. To give a comparison of performance we will use the Limited numbers only for the past 2 years which will give pre-MBO numbers (2019: Turnover - £9.4m; PBT - £11.7k. 2018: Turnover - £10.2m; PBT - £1.1m). The management team feel that this is good comparison due to the fact that Limited numbers make up 67% of the business.

On behalf of the board



Mrs J Guest

Director

23/6/2021

CINOS GROUP LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the period ended 31 December 2019.

Principal activities

The principal activity of the company continued to be that of the provision of management services in respect of its subsidiary.

The principal activities of the group continued to be the provision of visual systems integration.

Directors

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

Mr K Deady	(Appointed 16 January 2019)
Mr S Franklin	(Appointed 16 January 2019)
Mr M Barcia	(Appointed 27 February 2019 and resigned 20 March 2020)
Mr D L Thompson	(Appointed 27 February 2019 and resigned 20 March 2020)
Mrs J Guest	(Appointed 27 February 2019)
Mr L Sharp	(Appointed 27 February 2019)
Mr D Worman	(Appointed 16 September 2019)

Results and dividends

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

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

Financial instruments

Liquidity risk

The group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the group has sufficient liquid resources to meet the operating needs of the business.

Foreign currency risk

The group's principal foreign currency exposures arise from trading with overseas companies. Group policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling.

Credit risk

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Auditor

The auditor, Fiander Tovell Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

CINOS GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

Statement of directors' responsibilities

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

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

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

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

Disclosure in strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments.

On behalf of the board



Mrs J Guest
Director

Date: 23/6/2021

CINOS GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CINOS GROUP LIMITED

Opinion

We have audited the financial statements of Cinos Group Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 December 2019 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group 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 United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2019 and of the group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1.3 in the financial statements, which indicates that the group's ability to continue as a going concern is dependent on the performance of its main trading subsidiary, Cinos Limited.

These events or conditions, along with the other matters set out in Note 1.3, indicate that a material uncertainty exists that may cast doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial period 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.

CINOS GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF CINOS GROUP LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the 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 where 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 directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

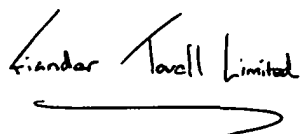
CINOS GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CINOS GROUP LIMITED

Use of our report

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



Andrew Jay ACA FCCA (Senior Statutory Auditor)
for and on behalf of Fiander Tovell Limited

25 June 2021
.....

Chartered Accountants
Statutory Auditor

Stag Gates House
63/64 The Avenue
Southampton
Hampshire
SO17 1XS

CINOS GROUP LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2019

	Notes	Period ended 31 December 2019 £
Turnover	3	8,378,041
Cost of sales		(6,634,156)
Gross profit		1,743,885
Administrative expenses		(3,094,804)
Operating loss	4	(1,350,919)
Interest receivable and similar income	8	494
Interest payable and similar expenses	9	(5,463)
Loss before taxation		(1,355,888)
Tax on loss	10	88,127
Loss for the financial period		(1,267,761)

(Loss)/profit for the financial period is all attributable to the owners of the parent company.

Total comprehensive income for the period is all attributable to the owners of the parent company.

CINOS GROUP LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	£
Fixed assets			
Goodwill	11		12,645,624
Other intangible assets	11		4,835,138
Total intangible assets			17,480,762
Tangible assets	12		238,210
			17,718,972
Current assets			
Stocks	15	1,582,124	
Debtors	16	3,970,164	
Cash at bank and in hand		9,240	
		5,561,528	
Creditors: amounts falling due within one year	17	(3,909,616)	
Net current assets			1,651,912
Total assets less current liabilities			19,370,884
Creditors: amounts falling due after more than one year	18		(19,690,768)
Provisions for liabilities	21		(937,127)
Net liabilities			(1,257,011)
Capital and reserves			
Called up share capital	24		10,750
Profit and loss reserves			(1,267,761)
Total equity			(1,257,011)

The financial statements were approved by the board of directors and authorised for issue on 23/6/2021 and are signed on its behalf by:



Mrs J Guest
Director

CINOS GROUP LIMITED

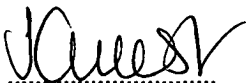
COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	£
Fixed assets			
Investments	13		20,762,386
Current assets			
Debtors	16	800	
Cash at bank and in hand		4,051	
		4,851	
Creditors: amounts falling due within one year	17	(1,244,947)	
Net current liabilities			(1,240,096)
Total assets less current liabilities			19,522,290
Creditors: amounts falling due after more than one year	18		(19,525,854)
Net liabilities			(3,564)
Capital and reserves			
Called up share capital	24		10,750
Profit and loss reserves			(14,314)
Total equity			(3,564)

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £14,314.

The financial statements were approved by the board of directors and authorised for issue on 23/6/2021 and are signed on its behalf by:



Mrs J Guest
Director

Company Registration No. 11769890

CINOS GROUP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2019

	Notes	Share capital £	Profit and loss reserves £	Total £
Period ended 31 December 2019:				
Loss and total comprehensive income for the period		-	(1,267,761)	(1,267,761)
Issue of share capital	24	10,750	-	10,750
Balance at 31 December 2019		<u>10,750</u>	<u>(1,267,761)</u>	<u>(1,257,011)</u>

CINOS GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2019

	Notes	Share capital £	Profit and loss reserves £	Total £
Period ended 31 December 2019:				
Loss and total comprehensive income for the period		-	(14,314)	(14,314)
Issue of share capital	24	10,750	-	10,750
Balance at 31 December 2019		<u>10,750</u>	<u>(14,314)</u>	<u>(3,564)</u>

CINOS GROUP LIMITED

GROUP STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2019

	Notes	2019 £	£
Cash flows from operating activities			
Cash generated from/(absorbed by) operations	29	691,980	
Interest paid		(5,463)	
Income taxes paid		(217,264)	
Net cash inflow/(outflow) from operating activities			469,253
Investing activities			
Purchase of subsidiaries		(581,793)	
Purchase of tangible fixed assets		(69,251)	
Proceeds from other investments and loans		(801)	
Interest received		494	
Net cash used in investing activities			(651,351)
Financing activities			
Proceeds from issue of shares		10,750	
Payment of finance leases obligations		(10,371)	
Net cash generated from/(used in) financing activities			379
Net (decrease)/increase in cash and cash equivalents			(181,719)
Cash and cash equivalents at beginning of period			-
Cash and cash equivalents at end of period			(181,719)
Relating to:			
Cash at bank and in hand			9,240
Bank overdrafts included in creditors payable within one year			(190,959)

CINOS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Cinos Group Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Unit 4.9, Hitech, Frimley 4 Business Park, Frimley, Surrey, GU16 7SG.

The group consists of Cinos Group Limited and all of its subsidiaries. The Group's principal activities are stated in the Directors' Report.

1.1 Accounting convention

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

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

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

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

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

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

CINOS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

The consolidated financial statements incorporate those of Cinos Group Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Cinos Limited has been included in the group financial statements using the purchase method of accounting. Accordingly, the group profit and loss account and statement of cash flows include the results and cash flows of Cinos Limited for the 10 month period from its acquisition on 27 February 2019. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

The Leder Technology Holdings Limited Group has been included in the group financial statements using the purchase method of accounting. Accordingly, the group profit and loss account and statement of cash flows include the results and cash flows of the group for the 5 month period from its acquisition on 23 July 2019. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The directors believe that they have sufficient resources to allow for any downturn in performance that may arise due to Covid19.

The directors believe that the group's ability to continue as a going concern is dependent on the performance of its main trading subsidiary, Cinos Limited. That company was profitable for 2019 and expects to be so again for the period ended 30 April 2021. In addition, the order book is strong and the forecasts for 2022 also indicate that profitability is expected.

The group results include the amortisation on goodwill and this is the primary reason for the loss reported for 2019. The only liabilities from the holding company are loan notes owed to the directors and they have again agreed to waive interest on these for 2021 which will further protect the group. In addition, two directors have turned £4m of loan notes in to capital since the year end which reduces liabilities and strengthens the group balance sheet.

Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Reporting period

These accounts cover the period from incorporation on 16 January 2019 to the stated period end (31 December 2019).

CINOS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.5 Turnover

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

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

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

1.7 Intangible fixed assets other than goodwill

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

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

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

Stellaris system

10 years straight line

1.8 Tangible fixed assets

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

CINOS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

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

Leasehold improvements	20% straight line
Plant and equipment	20% straight line

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

1.9 Fixed asset investments

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

1.10 Impairment of fixed assets

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

1.11 Stocks

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

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

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

1.12 Cash and cash equivalents

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

1.13 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

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

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

CINOS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Basic financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

1.14 Equity instruments

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

1.15 Taxation

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

Current tax

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

CINOS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Deferred tax

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

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

1.16 Employee benefits

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

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

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

1.17 Retirement benefits

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

1.18 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

1.19 Foreign exchange

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

CINOS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements

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

Position on contracts with customers

Management review the situation on the ongoing contracts regularly so that the adjustments for accrued or deferred revenue and work in progress or accrued costs are as accurate as possible. Due to the nature of the contracts this does often require management to make a judgement about the expected final result of the contract, which can be months away from completion.

The key judgements made in this area are around the expected final margin to be achieved on the contract, an expectation of any extra (or reductions in) revenue that may arise before the finalisation of the project and an estimate of the level of completion at a given date.

For this period, the level of judgement required around margins has been reduced as all contracts in progress at 31 December 2019 had completed before the accounts were finalised. This means that the final income and the achieved margins are all known.

Therefore the only judgement required is around how complete the projects were at period end. The completion applied to the contracts has been based on the percentage of total staff time allocated to the project by 31 December 2019.

3 Turnover and other revenue

	2019 £
Turnover analysed by class of business	
Visual systems integration	8,378,041
	<u> </u>
	2019 £
Other significant revenue	
Interest income	494
	<u> </u>
	2019 £
Turnover analysed by geographical market	
UK	8,378,041
	<u> </u>

CINOS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

4 Operating loss

2019
£

Operating loss for the period is stated after charging:

Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	19,160
Depreciation of owned tangible fixed assets	61,658
Loss on disposal of tangible fixed assets	3,383
Amortisation of intangible assets	1,474,480
Operating lease charges	230,780
	<u>230,780</u>

5 Auditor's remuneration

2019
£

Fees payable to the company's auditor and associates:

For audit services

Audit of the financial statements of the group and company	1,000
Audit of the financial statements of the company's subsidiaries	7,800
	<u>8,800</u>

6 Employees

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

	Group 2019 Number	Company 2019 Number
Directors	5	5
Management and other staff	58	-
Total	<u>63</u>	<u>5</u>

Their aggregate remuneration comprised:

	Group 2019 £	Company 2019 £
Wages and salaries	2,269,137	-
Social security costs	249,443	-
Pension costs	40,964	-
	<u>2,559,544</u>	<u>-</u>

CINOS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

7 Directors' remuneration

	2019 £
Remuneration for qualifying services	258,829
Company pension contributions to defined contribution schemes	2,327
	<u>261,156</u>

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

	2019 £
Remuneration for qualifying services	63,000
Company pension contributions to defined contribution schemes	1,054
	<u>64,054</u>

8 Interest receivable and similar income

	2019 £
Interest income	
Interest on bank deposits	494
	<u>494</u>

9 Interest payable and similar expenses

	2019 £
Interest on bank overdrafts and loans	1,658
Other interest	3,805
	<u>5,463</u>
Total finance costs	<u>5,463</u>

10 Taxation

	2019 £
Current tax	
Adjustments in respect of prior periods	(22,212)
	<u>(22,212)</u>
Deferred tax	
Origination and reversal of timing differences	(65,915)
	<u>(65,915)</u>
Total tax credit	<u>(88,127)</u>

CINOS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

10 Taxation

(Continued)

The actual (credit)/charge for the period can be reconciled to the expected credit for the period based on the profit or loss and the standard rate of tax as follows:

	2019 £
Loss before taxation	(1,355,888)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00%	(257,619)
Tax effect of expenses that are not deductible in determining taxable profit	12,560
Unutilised tax losses carried forward	1,991
Adjustments in respect of prior years	(22,212)
Effect of change in corporation tax rate	438
Amortisation on assets not qualifying for tax allowances	195,786
Research and development tax credit	(19,071)
Taxation credit	(88,127)

11 Intangible fixed assets

Group	Goodwill £	Stellaris system £	Total £
Cost			
At 16 January 2019	-	-	-
Additions	13,676,075	5,279,167	18,955,242
At 31 December 2019	13,676,075	5,279,167	18,955,242
Amortisation and impairment			
At 16 January 2019	-	-	-
Amortisation charged for the period	1,030,451	444,029	1,474,480
At 31 December 2019	1,030,451	444,029	1,474,480
Carrying amount			
At 31 December 2019	12,645,624	4,835,138	17,480,762

The company had no intangible fixed assets at 31 December 2019.

CINOS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

12 Tangible fixed assets

Group	Leasehold improvements £	Plant and equipment £	Total £
Cost			
At 16 January 2019	-	-	-
Additions	63,472	62,032	125,504
Business combinations	48,804	128,943	177,747
Disposals	-	(4,928)	(4,928)
At 31 December 2019	112,276	186,047	298,323
Depreciation and impairment			
At 16 January 2019	-	-	-
Depreciation charged in the period	20,429	41,229	61,658
Eliminated in respect of disposals	-	(1,545)	(1,545)
At 31 December 2019	20,429	39,684	60,113
Carrying amount			
At 31 December 2019	91,847	146,363	238,210

The company had no tangible fixed assets at 31 December 2019.

13 Fixed asset investments

	Notes	Group 2019 £	Company 2019 £
Investments in subsidiaries	14	-	20,762,386

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 16 January 2019	-
Additions	20,762,386
At 31 December 2019	20,762,386
Carrying amount	
At 31 December 2019	20,762,386

CINOS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held	
			Direct	Indirect
Cinos Limited	UK	Ordinary	100.00	-
Leder Technology Holdings Limited	UK	Ordinary	100.00	-
Cinos Communication Services Limited	UK	Ordinary	-	100.00
Cinos Corporate Trustee Limited	UK	Ordinary	100.00	-

All subsidiaries have co-terminus year ends, 31 December 2019,

All subsidiaries have the same registered office address as Cinos Group Limited.

Cinos Communication Services Limited (CCS) has claimed exemption from audit under section 479A of the Companies Act 2006 and is therefore exempt from the requirements of the Companies Act 2006 relating to the audit of its individual accounts.

In 2020, Leder Technology Holdings Limited transferred its investment in CCS to Cinos Group Limited. Leder was subsequently dissolved at Companies House on 3 November 2020.

15 Stocks

	Group 2019 £	Company 2019 £
Raw materials and consumables	1,501,315	-
Work in progress	80,809	-
	<u>1,582,124</u>	<u>-</u>

16 Debtors

	Group 2019 £	Company 2019 £
Amounts falling due within one year:		
Trade debtors	2,524,573	-
Corporation tax recoverable	44,001	-
Amounts owed by undertakings in which the company has a participating interest	1,208,054	-
Other debtors	29,992	800
Prepayments and accrued income	163,544	-
	<u>3,970,164</u>	<u>800</u>

CINOS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

17 Creditors: amounts falling due within one year

	Notes	Group 2019 £	Company 2019 £
Bank loans and overdrafts	19	190,959	-
Obligations under finance leases	20	31,111	-
Trade creditors		1,731,408	15
Amounts owed to group undertakings		-	1,212,682
Amounts owed to undertakings in which the group has a participating interest		5,797	-
Other taxation and social security		637,710	-
Deferred income	22	935,642	-
Other creditors		310,530	26,750
Accruals and deferred income		66,459	5,500
		<u>3,909,616</u>	<u>1,244,947</u>

18 Creditors: amounts falling due after more than one year

	Notes	Group 2019 £	Company 2019 £
Obligations under finance leases	20	51,852	-
Deferred income	22	113,062	-
Other creditors		19,525,854	19,525,854
		<u>19,690,768</u>	<u>19,525,854</u>

Other creditors is primarily made up of loan notes which are unsecured and scheduled to be repaid in full by 31 March 2026. The loan notes accrue interest at 2.5% above the bank of England base rate.

The loan note holders have agreed that the interest that would have accrued for the period ended 31 December 2019 will not be charged.

19 Loans and overdrafts

	Group 2019 £	Company 2019 £
Bank overdrafts	190,959	-
Payable within one year	190,959	-

The bank overdraft is secured by a fixed and floating charge over the assets of the company.

CINOS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

20 Finance lease obligations

	Group 2019 £	Company 2019 £
Future minimum lease payments due under finance leases:		
Within one year	31,111	-
In two to five years	51,852	-
	<u>82,963</u>	<u>-</u>

The finance leases are secured over the assets to which they relate.

21 Deferred taxation

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

Group	Liabilities 2019 £
Accelerated capital allowances	18,451
For Stellaris	918,676
	<u>937,127</u>

The company has no deferred tax assets or liabilities.

	Group 2019 £	Company 2019 £
Movements in the period:		
Asset at 16 January 2019	-	-
Credit to profit or loss	(65,915)	-
Other	1,003,042	-
	<u>937,127</u>	<u>-</u>
Liability at 31 December 2019		

CINOS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

22 Deferred income

	Group 2019 £	Company 2019 £
Other deferred income	1,048,704	-

Deferred income is included in the financial statements as follows:

Current liabilities	935,642	-
Non-current liabilities	113,062	-
	1,048,704	-

23 Retirement benefit schemes

	2019 £
Defined contribution schemes	
Charge to profit or loss in respect of defined contribution schemes	40,964

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

24 Share capital

	Group and company 2019 £
Ordinary share capital	
Issued and fully paid	
2,500 Ordinary A shares of £1 each	2,500
2,500 Ordinary B shares of £1 each	2,500
3,150 Ordinary C shares of £1 each	3,150
2,600 Ordinary D shares of £1 each	2,600
	10,750

Two £1 ordinary shares were issued on incorporation.

On 27 February 2019, a further 9,998 ordinary shares were issued in return for cash consideration as part of the purchase of Cinos Limited. The shares were redesignated and issued in the A, B, C and D classifications as part of this arrangement.

All classes of shares rank pari passu.

On 23 July 2019, a further 750 £1 C shares were issued in return for cash consideration as part of the purchase of the Leder Technology Holdings Group.

CINOS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

25 Operating lease commitments

Lessee

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

	Group 2019 £	Company 2019 £
Within one year	194,541	-
Between two and five years	447,374	-
	<u>641,915</u>	<u>-</u>

26 Related party transactions

At the year end, the group had made loans to Cinos Inc., Cinos PTE and Refero Software Limited, all of whom are related parties due to common directors.

At 31 December 2019, the company was owed:

£423,179 (2018 - £296,295) by Cinos Inc.
£282,653 (2018 - £339,252) by Cinos PTE
£499,913 (2018 - £nil) by Refero Software Limited

These loans are interest free and repayable on demand.

27 Directors' transactions

Description	% Rate	Opening balance £	Amounts advanced £	Closing balance £
Mr L Sharp - Interest free and repayable on demand	-	-	800	800
		<u>-</u>	<u>800</u>	<u>800</u>

CINOS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

28 Acquisitions

On 27 February 2019 the group acquired 100 percent of the issued capital of Cinos Limited.

	Book Value £	Adjustments £	Fair Value £
Intangible assets	-	5,279,167	5,279,167
Property, plant and equipment	140,666	-	140,666
Inventories	1,182,366	-	1,182,366
Trade and other receivables	2,542,545	-	2,542,545
Cash and cash equivalents	380,355	-	380,355
Trade and other payables	(1,552,597)	-	(1,552,597)
Tax liabilities	(195,475)	-	(195,475)
Deferred tax	-	(1,003,042)	(1,003,042)
Total identifiable net assets	<u>2,497,860</u>	<u>4,276,125</u>	<u>6,773,985</u>
Goodwill			<u>10,680,140</u>
Total consideration			<u>17,454,125</u>
The consideration was satisfied by:			£
Cash			700,000
Deferred consideration			16,623,603
Legals and stamp duty			130,522
			<u>17,454,125</u>
Contribution by the acquired business for the reporting period included in the consolidated statement of comprehensive income since acquisition:			£
Turnover			8,378,042
Profit after tax			<u>136,666</u>

The goodwill arising on the acquisition of the business is attributable to the anticipated profitability on the ongoing provision of the company's services to public and private sector clients.

CINOS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

28 Acquisitions

(Continued)

On 23 July 2019 the group acquired 100 percent of the issued capital of Leder Technology Holdings Limited (and its group). This includes Leder's subsidiary, Cinos Communication Services Limited.

	Book Value	Adjustments	Fair Value
	£	£	£
Trade and other receivables	345,361	-	345,361
Cash and cash equivalents	6,883	-	6,883
Trade and other payables	(39,919)	-	(39,919)
Total identifiable net assets	<u>312,325</u>	<u>-</u>	<u>312,325</u>
Goodwill			<u>2,995,935</u>
Total consideration			<u>3,308,260</u>
The consideration was satisfied by:			£
Cash			100,000
Deferred consideration			3,169,751
Legals and stamp duty costs			38,509
			<u>3,308,260</u>
Contribution by the acquired business for the reporting period included in the consolidated statement of comprehensive income since acquisition:			£
Turnover			-
Profit after tax			<u>-</u>

The goodwill arising on the acquisition of the business is attributable to the ongoing trade of Leder's subsidiary, Cinos Communication Services Limited (CCS). The expectation being that ongoing profitability will be supported by the reputation of the company and the expertise of the staff as well as the future operating synergies from the combination.

Immediately after the acquisition, the trade and assets of CCS were transferred into the other subsidiary Cinos Limited.

CINOS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

29 Cash generated from/(absorbed by) group operations

	2019 £
Loss for the period after tax	(1,267,761)
Adjustments for:	
Taxation credited	(88,127)
Finance costs	5,463
Investment income	(494)
Loss on disposal of tangible fixed assets	3,383
Amortisation and impairment of intangible assets	1,474,480
Depreciation and impairment of tangible fixed assets	61,658
Decrease in provisions	(19,793,354)
Movements in working capital:	
Increase in stocks	(399,758)
Increase in debtors	(1,037,456)
Increase in creditors	20,685,242
Increase in deferred income	1,048,704
Cash generated from/(absorbed by) operations	691,980

30 Analysis of changes in net debt - group

	16 January 2019 £	Cash flows £	New finance leases £	31 December 2019 £
Cash at bank and in hand	-	9,240	-	9,240
Bank overdrafts	-	(190,959)	-	(190,959)
	-	(181,719)	-	(181,719)
Obligations under finance leases	-	10,371	(93,334)	(82,963)
	-	(171,348)	(93,334)	(264,682)