

# Digital Topco Limited

Annual Report and Financial Statements

Period Ended

30 September 2019

Company Number 11769612



# Digital Topco Limited

## Company Information

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**Directors**

P B Derry  
D G Forsyth  
M Garius  
S J Hibbert  
K C Hills  
A C Parkinson  
S Whapshott

**Registered number**

11769612

**Registered office**

Technology House  
20 Trafalgar Way  
Bar Hill  
Cambridge  
CB23 8SQ

**Independent auditor**

BDO LLP  
Newton House  
Cambridge Business Park  
Cambridge  
CB4 0WZ

# Digital Topco Limited

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# Digital Topco Limited

## Group Strategic Report For the Period Ended 30 September 2019

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The directors present their report and the financial statements for the period ended 30 September 2019.

### Principal activity and business review

The principal activity of Digital Topco Limited is that of a holding and investment company.

Digital Topco Limited was incorporated on 16 January 2019 by Primary Capital Partners LLP, a private equity investor, as the ultimate holding company for the acquisition of Automated Systems Group Limited (ASL), the trading company, and its holding company (ASL Technology Holdings Ltd). That transaction was completed on 28 June 2019.

The investment by Primary Capital was part of the aggressive growth plan put in place by the Directors of ASL and involved bringing in a new private equity partner that, together with Santander/Aviva providing bank funding, gave ASL access to sufficient acquisition funding to support the growth plan.

The principal activity of the trading entity ASL continues to be the sale and service of multi-function devices ("MFD's), photocopiers, printers, and associated software. As part of its ongoing strategy to broaden its portfolio into wider managed network services, the business has continued to expand its activities during 2018/19 in the key areas of document and print management software, managed print services, production print solutions, unified communications and IT services. ASL now offers this breadth of office solutions to all its customers, leveraging the service excellence that ASL has built its business on. The business implemented a major rebrand from December 2018 bringing the breadth of services on offer under the new strapline "ASL – making work flow" across the 3 divisions of Print, Communications and IT.

The group acquired and integrated Geerings Digital Limited in November 2018, enhancing its presence and coverage across the south east with the addition of over 1000 MPS customers. The group also acquired and integrated Reprotec Ltd, a large MPS reseller based in Nottingham, in July 2019. Including the Reprotec acquisition and the subsequent acquisitions of SmartPrint & B&M Digital, ASL now support a national customer base of over 7,000 customers, helping them to manage all their print services ("MPS") and, increasingly, the wider office solutions portfolio.

The business now has a substantial presence across England with its headquarters and logistics operation in Cambridge. It has a further 10 offices that are local to major customers.

The consolidated results for the period ended 30 September 2019 comprise only 3 months of trading and includes costs associated with the refinance by Primary Capital and Santander/Aviva. The underlying business of ASL grew both revenue and profit in the year ended 30 September 2019, with revenues up 28% year-on-year and operating profit up 14% year-on-year. A key profitability measure that major industry peers use is EBITDA excluding exceptional costs as this demonstrates the underlying profitability of the business which increased 44% over the prior year.

The business also acquired Smart Print Technology MM Ltd, the UK's largest independent production print reseller in October 2019, significantly enhancing the company's presence in the production print marketplace. This was followed by the acquisition of B&M Digital Limited, a leading MPS reseller based in Liverpool and Stoke, in February 2020.

The group further strengthened its Board and Executive team by the appointment of a CFO in January 2020.

Because of our investments in systems, training, people, management, infrastructure and wider office solutions, we are well positioned to take advantage of both organic and acquisitive growth opportunities over the coming years.

# Digital Topco Limited

## Group Strategic Report (continued) For the Period Ended 30 September 2019

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### Principal risks and uncertainties

The major risks in the marketplace remain threefold: that our suppliers are significantly affected by currency resulting in major disruptions in supply or profitability; that our major customers suffer recession-driven (or pandemic driven) cost pressures and reduce their spends on office solutions; and that competitors, being driven by these pressures, drive market prices down faster than normal industry price movements to try and sustain/grow their businesses.

ASL's wide spread of 7000 customers across diverse industries and geographies with no major dependency on large customers, suppliers, product and service offerings mean that these risks are significantly ameliorated. In addition, by increasingly capturing more than document solutions within customers, ASL are a more strategic and consultative partner for its customers and can tailor their support to fit with the customer's long-term needs.

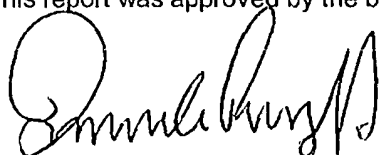
### Covid-19 impact

The health and safety of our employees, customers and suppliers is the group's key priority. When the Covid-19 pandemic struck, the group used its crisis management system, to develop and implement an effective response whilst taking all necessary steps to protect our employees, customers, suppliers, and local communities. We are actively monitoring the COVID-19 situation, adhering to government and health best practice, and taking all practical safe-guarding measures.

The group was initially adversely impacted by the Covid-19 pandemic in late March 2020, continuing into the following 6 months of the next financial year. However, the market condition has improved significantly as customers in all the key sectors that ASL support, have begun to return to work and we have ensured that we follow the customer demand and continue to implement safe-guarding measures to ensure the safe delivery of customer support whilst ensuring the health and safety and well-being of all those involved. The group continues to monitor the situation during this uncertain period and will take all necessary steps.

This report was approved by the board on 16 December 2020

and signed on its behalf.



**D G Forsyth**  
Director

# Digital Topco Limited

## Directors' Report For the Period Ended 30 September 2019

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The directors present their report and the financial statements for the period ended 30 September 2019.

Digital Topco Limited was incorporated on 16 January 2019 and commenced trading on that date.

### **Directors' responsibilities statement**

The directors are responsible for preparing the group strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the company 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

### **Going concern**

These financial statements have been prepared on the going concern basis. The directors, after careful and due consideration, believe that the group and the company has sufficient cash resources and borrowing facilities available to it to ensure that it will be able to meet its debts as they fall due for the foreseeable future, including any realistically foreseeable effects of the ongoing Covid-19 situation. In forming this conclusion, the directors have conducted a detailed forecast of operational performance and cash flows for a period of 12 months from the date of approval of these financial statements and have considered the potential impacts of Covid-19 and a hard Brexit on that performance.

The group has maintained sufficient liquidity throughout the period of Covid-19 and is projected to continue to generate cash for the foreseeable future such that the directors expect the group will continue to be able to meet its obligations as they fall due. The group worked with its lenders during the period to reset covenants from July 2020 through to September 2021 to give the group increased flexibility such that the directors are satisfied there is no material uncertainty over the group's ability to comply with those revised covenant requirements in the foreseeable future. Accordingly the directors are satisfied that the existing borrowing facilities will continue to be available to the group for the next 12 months, and that the group will be able to operate within those borrowing facilities.

### **Results and dividends**

The loss for the period, after taxation, amounted to £3,391 thousand.

# Digital Topco Limited

## Directors' Report (continued) For the Period Ended 30 September 2019

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### Directors

The directors who served during the period were:

D Campbell (appointed 28 June 2019) (resigned 31 August 2020)  
P B Derry (appointed 28 June 2019)  
M Garius (appointed 28 June 2019)  
S J Hibbert (appointed 28 June 2019)  
K C Hills (appointed 1 August 2019)  
A C Parkinson (appointed 16 January 2019)  
S Whapshott (appointed 28 June 2019)

D G Forsyth was appointed as a director on 20 January 2020.

### Financial risk management objectives and policies

The group uses various sources of financing, these include bank balances and overdraft facilities, other loans, finance lease and hire purchase arrangements and various items such as trade debtors and creditors that arise directly from its operations.

The main risks that arise from the group's financial instruments are liquidity risk, interest rate risk and credit risk.

#### *Liquidity risk*

The group needs to manage its financial risk by ensuring it maintains sufficient liquidity available to meet future needs and short-term flexibility.

#### *Interest rate risk*

The group finances most of its borrowings through fixed rate loans. The group has a small proportion of its total debt (£1m) through an overdraft facility which is subject to interest rate fluctuations.

#### *Credit risk*

The principal credit risk lies with trade debtors. This credit risk is managed by setting customer limits based on a combination of payment history and third party references. These limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

### Qualifying third party indemnity provisions

Qualifying third party indemnity provision is in place for the benefit of all directors of the company.

### Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

# Digital Topco Limited

## Directors' Report (continued) For the Period Ended 30 September 2019

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### Post balance sheet events

The group acquired Smart Print Technology .MM Ltd, the UK's largest independent production print reseller in October 2019, significantly enhancing the group's presence in the production print marketplace. This was followed by the acquisition of BM Digital Limited, a leading MPS reseller based in Liverpool and Stoke, in February 2020.

In March 2020 the World Health Organisation declared a global pandemic due to the COVID-19 virus, which has had a widespread economic impact and affected many industries. The impacts of the pandemic on the group are described in the strategic report.

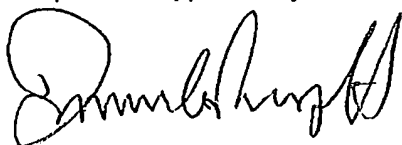
### Auditor

BDO LLP was appointed as the company's auditor during the period.

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 16 December 2020

and signed on its behalf.



**D G Forsyth**  
Director



# Digital Topco Limited

## Independent Auditor's Report to the Members of Digital Topco Limited

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### Opinion

We have audited the financial statements of Digital Topco Limited ("the Parent Company") and its subsidiaries ("the Group") for the 36 week period ended 30 September 2019 which comprise Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity and Consolidated Statement of Cash Flows, and the 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2019 and of the Group's loss for the period then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

# Digital Topco Limited

## Independent Auditor's Report to the Members of Digital Topco Limited (continued)

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### Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, 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 the audit:

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

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

In the light of the knowledge and understanding of the 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 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.

# Digital Topco Limited

## Independent Auditor's Report to the Members of Digital Topco Limited (continued)

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### 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: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the 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.

 BDO LLP

Piers Harrison (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Cambridge  
United Kingdom

Date: 17 December 2020

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

# Digital Topco Limited

## Consolidated Statement of Comprehensive Income For the Period Ended 30 September 2019

		9 months ended 30 September 2019 £000
	Note	
Turnover	4	7,484
Cost of sales		(3,579)
<b>Gross profit</b>		<b>3,905</b>
Distribution costs		(1,682)
Administrative expenses		(2,119)
Exceptional administrative expenses	11	(2,631)
<b>Operating loss</b>	5	<b>(2,527)</b>
Interest receivable and similar income		1
Interest payable and expenses	9	(865)
<b>Loss before taxation</b>		<b>(3,391)</b>
Tax on loss	10	-
<b>Loss for the financial period</b>		<b>(3,391)</b>
<b>Loss for the period attributable to:</b>		
Owners of the parent company		(3,391)

There was no other comprehensive income for 2019.

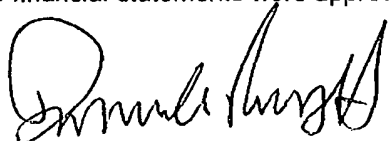
The notes on pages 15 to 40 form part of these financial statements.

**Digital Topco Limited**  
Registered number:11769612

**Consolidated Statement of Financial Position**  
**As at 30 September 2019**

	Note	2019 £000
<b>Fixed assets</b>		
Intangible assets	12	38,745
Tangible assets	13	623
		<u>39,368</u>
<b>Current assets</b>		
Stocks	15	5,311
Debtors: amounts falling due after more than one year	16	50
Debtors: amounts falling due within one year	16	5,430
Cash at bank and in hand	17	1,972
		<u>12,763</u>
<b>Current liabilities</b>		
Creditors: amounts falling due within one year	18	(9,381)
		<u>3,382</u>
<b>Net current assets</b>		<u>42,750</u>
<b>Total assets less current liabilities</b>		<u>(45,078)</u>
Creditors: amounts falling due after more than one year	19	(45,078)
<b>Provisions for liabilities</b>		
Deferred taxation	21	(88)
<b>Net liabilities</b>		<u>(2,416)</u>
<b>Capital and reserves</b>		
Called up share capital	22	10
Share premium account	23	965
Profit and loss account	23	(3,391)
<b>Equity attributable to owners of the parent company</b>		<u>(2,416)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 December 2020.



**D G Forsyth**  
Director

The notes on pages 15 to 40 form part of these financial statements.

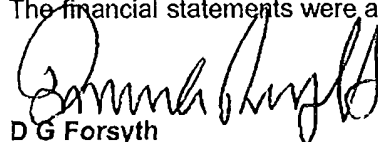
**Digital Topco Limited**

Registered number:11769612

**Company Statement of Financial Position  
As at 30 September 2019**

	Note	2019 £000
<b>Fixed assets</b>		
Investments	14	658
		<u>658</u>
<b>Current assets</b>		
Debtors: amounts falling due within one year	16	4,360
		<u>4,360</u>
<b>Current liabilities</b>		
Creditors: amounts falling due within one year	18	(55)
		<u>4,305</u>
<b>Net current assets</b>		<u>4,305</u>
<b>Total assets less current liabilities</b>		<u>4,963</u>
Creditors: amounts falling due after more than one year	19	(4,150)
		<u>813</u>
<b>Net assets</b>		<u>813</u>
<b>Capital and reserves</b>		
Called up share capital	22	10
Share premium account	23	965
Profit and loss account brought forward		-
Loss for the period		(162)
		<u>(162)</u>
<b>Profit and loss account carried forward</b>		<u>813</u>
		<u>813</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 December 2020.



D G Forsyth  
Director

The notes on pages 15 to 40 form part of these financial statements.

# Digital Topco Limited

## Consolidated Statement of Changes in Equity For the Period Ended 30 September 2019

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 16 January 2019	-	-	-	-
<b>Comprehensive income for the period</b>				
Loss for the period	-	-	(3,391)	(3,391)
<b>Total comprehensive income for the period</b>	-	-	(3,391)	(3,391)
<b>Contributions by and distributions to owners</b>				
Shares issued during the period	10	965	-	975
<b>Total transactions with owners</b>	10	965	-	975
<b>At 30 September 2019</b>	10	965	(3,391)	(2,416)

## Company Statement of Changes in Equity For the Period Ended 30 September 2019

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 16 January 2019	-	-	-	-
<b>Comprehensive income for the period</b>				
Loss for the period	-	-	(162)	(162)
<b>Total comprehensive income for the period</b>	-	-	(162)	(162)
<b>Contributions by and distributions to owners</b>				
Shares issued during the period	10	965	-	975
<b>Total transactions with owners</b>	10	965	-	975
<b>At 30 September 2019</b>	10	965	(162)	813

The notes on pages 15 to 40 form part of these financial statements.

# Digital Topco Limited

## Consolidated Statement of Cash Flows For the Period Ended 30 September 2019

	9 months ended 30 September 2019 £000
<b>Cash flows from operating activities</b>	
Loss for the financial period	(3,391)
<b>Adjustments for:</b>	
Amortisation of intangible assets	469
Depreciation of tangible assets	100
Interest payable	865
Interest receivable	(1)
Increase in stocks	(130)
Decrease in debtors	816
Decrease in creditors	(354)
<b>Net cash used in operating activities</b>	<b>(1,626)</b>
<b>Cash flows from investing activities</b>	
Purchase of tangible fixed assets	(68)
Purchase of fixed asset investments	(18,991)
Cash acquired in business combinations	1,924
Interest received	1
<b>Net cash used in investing activities</b>	<b>(17,134)</b>



# Digital Topco Limited

## Consolidated Statement of Cash Flows (continued) For the Period Ended 30 September 2019

	9 months ended 30 September 2019 £000
<b>Cash flows from financing activities</b>	
Issue of ordinary shares	693
New bank loans	22,160
Debt issue costs incurred	(900)
Repayment of bank loans	(9,796)
Other new loans	19,236
Repayment of other loans	(10,394)
Interest paid on bank and other loans	(258)
Capital element of finance leases repaid	(8)
Interest paid on finance leases	(1)
<b>Net cash generated from financing activities</b>	<b>20,732</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,972</b>
Cash and cash equivalents at beginning of period	-
<b>Cash and cash equivalents at the end of period</b>	<b>1,972</b>
<b>Cash and cash equivalents at the end of period comprise:</b>	
Cash at bank and in hand	1,972

The notes on pages 15 to 40 form part of these financial statements.

# Digital Topco Limited

## Notes to the Financial Statements For the Period Ended 30 September 2019

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### 1. General information

Digital Topco Limited is a private company limited by shares incorporated in England and Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the group and company's operations and their principal activities are set out in the strategic report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

These financial statements reflect the company's first period of account and are therefore the first financial statements that conform to FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

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 following principal accounting policies have been applied:

#### 2.2 Basis of consolidation

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

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.

# Digital Topco Limited

## Notes to the Financial Statements For the Period Ended 30 September 2019

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### 2. Accounting policies (continued)

#### 2.3 Going concern

The financial statements have been prepared using the going concern basis of accounting. The directors have reviewed the group and company's going concern position taking into account its current business activities, budgeted performance and factors likely to affect its future performance. Based on the information contained within the accounts and including specific consideration with the risks associated with the COVID-19 situation, the directors have reasonable expectation that the group has adequate cash resources and borrowing facilities to continue in operational existence for the foreseeable future, and that the group will be able to comply with the applicable covenant terms associated with the borrowing facilities.

In March 2020, a global pandemic due to the COVID-19 virus was announced by the World Health Organisation (WHO) that has subsequently caused governments across the world to place restrictions on people's movements, restricting international travel and imposing other restrictions, causing disruption to many businesses. The profitability and cash flow generation of the group were impacted by this adversely in the latter part of Q2 and into Q3, but these have now stabilised and trading activity has returned to levels close to those achieved pre-lockdown. The group has flexible financial modelling tools that are assisting it to plan and adapt for a range of scenarios, and group performance is tracking favourably against reforecasts made by the group.

Whilst the directors recognise that the extent of the future impacts of COVID-19 remain uncertain, they are confident that the healthy trading performance of the group, combined with the available borrowing facilities and scope for cost mitigating actions ensure that the group has adequate resources to continue in operational existence in the foreseeable future. The directors are satisfied that a scenario that would result in the business not having sufficient cash resources is remote.

The directors consider that the group has access to sufficient funding to meet its financial obligations as they fall due. As a result the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

# Digital Topco Limited

## Notes to the Financial Statements For the Period Ended 30 September 2019

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### 2. Accounting policies (continued)

#### 2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the group has transferred the significant risks and rewards of ownership to the buyer;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Turnover on maintenance services is recognised based on the volume of print usage by the customer and is recognised over the period that the usage has occurred.

#### 2.5 Intangible assets

##### Goodwill

Goodwill representing the excess of the consideration for an acquired undertaking, or acquired trade and assets, compared with the fair value of net assets acquired, is capitalised and written off evenly.

The estimated useful lives range as follows:

Goodwill on strategic acquisitions -	20 years straight line
Goodwill on tactical acquisitions -	5 years straight line

In the opinion of the directors this represents the period over which the goodwill is expected to give rise to economic benefits, paying particular attention to customer retention rates experienced on each type of acquisition.

Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

# Digital Topco Limited

## Notes to the Financial Statements For the Period Ended 30 September 2019

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### 2. Accounting policies (continued)

#### 2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is provided on the following basis:

Motor vehicles	- 4 years straight line
Equipment	- 5 years straight line or over the life of the lease agreement
Equipment held for leasing	- 5 years straight line
Computer equipment	- 5 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

#### 2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

#### 2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Toner in the field is the value of the unutilised stock which has been supplied to customers and is held on site for future consumption. Toner is valued at the latest purchase price of toner supplied to customers.

#### 2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

# Digital Topco Limited

## Notes to the Financial Statements For the Period Ended 30 September 2019

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### 2. Accounting policies (continued)

#### 2.11 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### 2.12 Financial instruments

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the reporting date.

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

#### 2.13 Operating leases: the group as lessor

Rentals income from operating leases is credited to the statement of comprehensive income on a straight line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

# Digital Topco Limited

## Notes to the Financial Statements For the Period Ended 30 September 2019

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### 2. Accounting policies (continued)

#### 2.14 Operating leases: the group as lessee

Rentals paid under operating leases are charged to the consolidated statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### 2.15 Pensions

##### Defined contribution pension plan

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations.

The contributions are recognised as an expense in the consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the consolidated statement of financial position. The assets of the plan are held separately from the group in independently administered funds.

#### 2.16 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the consolidated statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the consolidated statement of financial position date.

#### 2.17 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

# Digital Topco Limited

## Notes to the Financial Statements For the Period Ended 30 September 2019

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### 2. Accounting policies (continued)

#### 2.18 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the consolidated statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### 2.19 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the group but are presented separately due to their size or incidence.



# Digital Topco Limited

## Notes to the Financial Statements For the Period Ended 30 September 2019

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are evaluated at each reporting date and are based on historical experience as adjusted for current market conditions and other factors. Management makes estimates and assumptions concerning the future in preparing the financial statements and the actual results will not always reflect the accounting estimates made. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities of the company are outlined below.

#### Intangible fixed assets

Intangible fixed assets consist of goodwill arising on business combinations.

Determining whether impairment has occurred typically requires various estimates and assumptions, including determining what cash flow is directly related to the potentially impaired asset, the useful life over which cash flows will occur and their amount. Estimates of future cash flows and the selection of appropriate rates of amortisation relating to particular assets or groups of assets involve the exercise of a significant amount of judgement.

#### Toner in field valuation

Toner in the field is the value of the unutilised stock which has been supplied to customers and is held on site for future consumption. The value of toner per machine is an estimate, based on historical patterns of customer usage, and involves a significant amount of judgement.

#### Impairment of external debtor balances

The recoverability of amounts owed by customers is considered on an ongoing basis by the directors. Appropriate provision is made whenever events or circumstances indicate that the related balance may not be recoverable.

#### Impairment of fixed assets

The fixed asset balance recorded in the group's statement of financial position is assessed by management for impairment at each year end based on knowledge of market conditions and other factors. Whilst management use their best judgement to evaluate this, there remains a risk that the asset's carrying value exceeds its recoverable amount.

### 4. Turnover

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

	9 months ended 30 September 2019 £000
Equipment sales	2,903
Service and support sales	4,581
	<hr/>
	7,484
	<hr/>

All turnover arose within the United Kingdom.

# Digital Topco Limited

## Notes to the Financial Statements For the Period Ended 30 September 2019

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### 5. Operating loss

The operating loss is stated after charging:

	9 months ended 30 September 2019 £000
Depreciation of tangible fixed assets	100
Amortisation of intangible assets, including goodwill	469
Operating lease payments	157
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### 6. Auditor's remuneration

	9 months ended 30 September 2019 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	45
	<hr/>

### 7. Employees

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

	Group 9 months ended 30 September 2019 £000
Wages and salaries	1,824
Social security costs	192
Cost of defined contribution scheme	52
	<hr/>
	2,068
	<hr/>

# Digital Topco Limited

## Notes to the Financial Statements For the Period Ended 30 September 2019

### 7. Employees (continued)

The average monthly number of employees, including the directors, during the period was as follows:

	Group 9 months ended 30 September 2019
Sales	30
Marketing	10
Service	72
Service desk	13
Logistics	23
Administration	18
Finance	11
Directors	6
	<u>183</u>

The company has no employees other than the directors.

### 8. Directors' remuneration

	9 months ended 30 September 2019 £000
Directors' emoluments	163
Company contributions to defined contribution pension schemes	8
	<u>171</u>

During the period retirement benefits were accruing to 4 directors in respect of defined contribution pension schemes.

# Digital Topco Limited

## Notes to the Financial Statements For the Period Ended 30 September 2019

### 9. Interest payable and similar expenses

	9 months ended 30 September 2019 £000
Bank interest payable	274
Other loan interest payable	590
Finance leases and hire purchase contracts	1
	<u>865</u>

### 10. Taxation

	9 months ended 30 September 2019 £000
Current tax on loss for the period	-
Total current tax	<u>-</u>
Deferred tax	
Origination and reversal of timing differences	-
Total deferred tax	<u>-</u>
Taxation on loss on ordinary activities	<u>-</u>

# Digital Topco Limited

## Notes to the Financial Statements For the Period Ended 30 September 2019

### 10. Taxation (continued)

#### Factors affecting tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	9 months ended 30 September 2019 £000
Loss on ordinary activities before tax	(3,390)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	(644)
Effects of:	
Non-tax deductible amortisation of goodwill and impairment	89
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	571
Other differences leading to a decrease in taxation	(16)
Total tax charge for the period	-

#### Factors that may affect future tax charges

At Budget 2020, the government announced that the Corporation Tax main rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%.

### 11. Exceptional items

	9 months ended 30 September 2019 £000
Legal and professional	2,510
Settlement costs	121
	2,631

The exceptional items relates to non-recurring legal and professional and settlement costs in respect of acquisition transactions.

# Digital Topco Limited

## Notes to the Financial Statements For the Period Ended 30 September 2019

### 12. Intangible assets

#### Group

	Goodwill £000
<b>Cost</b>	
At 16 January 2019	-
Additions	39,214
At 30 September 2019	<u>39,214</u>
<b>Amortisation</b>	
At 16 January 2019	-
Charge for the period	469
At 30 September 2019	<u>469</u>
<b>Net book value</b>	
At 30 September 2019	<u><u>38,745</u></u>

Goodwill has been recognised during the period on the acquisitions of ASL Technology Holdings Ltd., Reprotec Connect For Limited and 3D Generation Limited.

The amortisation charge is included in administrative expenses in the consolidated statement of comprehensive income.

# Digital Topco Limited

## Notes to the Financial Statements For the Period Ended 30 September 2019

### 13. Tangible fixed assets

#### Group

	Motor vehicles £000	Equipment £000	Computer equipment £000	Equipment held for leasing £000	Total £000
<b>Cost</b>					
At 16 January 2019	-	-	-	-	-
Additions	22	3	12	31	68
Arising on business combinations	175	258	149	73	655
At 30 September 2019	197	261	161	104	723
<b>Depreciation</b>					
At 16 January 2019	-	-	-	-	-
Charge for the period	25	34	12	29	100
At 30 September 2019	25	34	12	29	100
<b>Net book value</b>					
At 30 September 2019	172	227	149	75	623

The above assets are pledged as security for the group's bank loans.

The net book value of assets held under finance leases or hire purchase contracts, included above is £130k.

# Digital Topco Limited

## Notes to the Financial Statements For the Period Ended 30 September 2019

### 14. Fixed asset investments

#### Company

	Investments in subsidiary companies £000
<b>Cost and net book value</b>	
At 16 January 2019	-
Additions	658
At 30 September 2019	658

#### Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Digital Bidco Limited	Ordinary	100%	Holding company
ASL Technology Holdings Ltd.*	Ordinary	100%	Sale and service of multi-function devices ("MFD's"), photocopiers, printers, and associated software
Automated Systems Group Limited*	Ordinary	100%	Sales and servicing of photocopiers and other office equipment
DC50 Ltd (formerly Security Solutions Ltd)*	Ordinary	100%	Security solutions
Reprotec Connect For Limited*	Ordinary	100%	Dormant
Trent Copyfax Ltd*	Ordinary	100%	Dormant
Connect For Limited*	Ordinary	100%	Dormant
Reprotec Office Solutions Limited*	Ordinary	100%	Dormant
Selectacopy Limited*	Ordinary	100%	Dormant
3D Generation Limited*	Ordinary	100%	Renting and leasing of office machinery and equipment

\*Subsidiaries indirectly held.

The registered address for all the direct and indirect subsidiary undertakings is Technology House, 20 Trafalgar Way, Bar Hill, Cambridge, CB23 8SQ.

During the period the company acquired 100% of the issued share capital of Digital Bidco Limited for consideration of £658,262.

DC50 Ltd, company number 09435758, is included in the consolidated financial statements, is entitled to, and has opted to take, exemption from the requirement for its individual accounts to be audited under section 479A of the Companies Act 2006 relating to subsidiary companies.



# Digital Topco Limited

## Notes to the Financial Statements For the Period Ended 30 September 2019

### 15. Stocks

	Group 2019 £000
Work in progress	3
Finished goods and goods for resale	5,308
	<u>5,311</u>

An impairment loss of £Nil was recognised in administrative expenses against stock during the period due to slow-moving and obsolete stock.

### 16. Debtors

	Group 2019 £000	Company 2019 £000
<b>Due after more than one year</b>		
Other debtors	50	-
	<u>50</u>	<u>-</u>
<b>Due within one year</b>		
Trade debtors	3,167	-
Amounts owed by group undertakings	-	4,344
Other debtors	33	16
Prepayments and accrued income	2,230	-
	<u>5,430</u>	<u>4,360</u>

An impairment loss of £Nil was recognised in administrative expenses during the period in respect of bad and doubtful trade debtors.

### 17. Cash and cash equivalents

	Group 2019 £000
Cash at bank and in hand	<u>1,972</u>

# Digital Topco Limited

## Notes to the Financial Statements For the Period Ended 30 September 2019

### 18. Creditors: Amounts falling due within one year

	Group 2019 £000	Company 2019 £000
Bank loans (net of arrangement fees)	159	-
Trade creditors	4,919	-
Amounts owed to group undertakings	-	7
Corporation tax	563	-
Other taxation and social security	557	-
Obligations under finance lease and hire purchase contracts	138	-
Other creditors	42	-
Accruals and deferred income	3,003	48
	<u>9,381</u>	<u>55</u>

The obligations under finance leases and hire purchase contracts are secured over the assets concerned.

### 19. Creditors: Amounts falling due after more than one year

	Group 2019 £000	Company 2019 £000
Bank loans (net of arrangement fees)	21,159	-
Other loans	23,885	4,150
Obligations under finance leases and hire purchase contracts	34	-
	<u>45,078</u>	<u>4,150</u>

#### Bank loans

The bank loan attracts interest at a rate of between 3-4% plus LIBOR and is secured by a fixed and floating charge on the assets of the company.

#### Other loans

Other loans comprise the following:

Secured loan stock of £19,736k owed to funds managed by Primary Capital. This loan stock is subject to an interest rate of 10% per annum and is repayable in December 2025.

Secured loan stock of £4,149k owed to certain of the company's directors. This loan stock is subject to an interest rate of 10% per annum and is repayable in December 2025.

# Digital Topco Limited

## Notes to the Financial Statements For the Period Ended 30 September 2019

### 20. Loans

Analysis of the maturity of loans is given below:

	Group 2019 £000	Company 2019 £000
<b>Amounts falling due within one year</b>		
Bank loans	159	-
<b>Amounts falling after one year but within 5 years</b>		
Bank loans	3,324	-
<b>Amounts falling due after more than 5 years</b>		
Bank loans	17,835	-
Other loans	23,885	4,150
	<u>41,720</u>	<u>4,150</u>
	<u>45,203</u>	<u>4,150</u>

### 21. Deferred taxation

#### Group

	2019 £000
At beginning of period	-
Arising on business combinations	88
<b>At end of period</b>	<u>88</u>

The deferred taxation balance is made up as follows:

	Group 2019 £000
Fixed asset timing differences	94
Short term timing differences	(6)
	<u>88</u>

The short term timing difference is expected to reverse in the following year. No other significant reversals in the net deferred tax liability are anticipated in the following year.

# Digital Topco Limited

## Notes to the Financial Statements For the Period Ended 30 September 2019

### 22. Share capital

	2019 £000
<b>Allotted, called up and fully paid</b>	
658,261 Ordinary A shares of £0.01 each	7
141,739 Ordinary B shares of £0.01 each	1
175,000 Ordinary C shares of £0.01 each	2
100 Deferred shares of £0.01 each	-
	<hr/>
	10

On incorporation the company issued 1 ordinary share of £1 each at par.

On 28 June 2019 the company sub-divided its 1 ordinary share of £1 each into 100 ordinary shares of £0.01 each. The company also amended the name of the shares from ordinary shares to deferred shares.

On 28 June 2019 the company issued the following shares:

658,261 ordinary A shares of £0.01 each for consideration of £658,261  
141,739 ordinary B shares of £0.01 each for consideration of £141,739  
155,000 ordinary C shares of £0.01 each for consideration of £155,000

On 1 August 2019 the company issued 20,000 ordinary C shares of £0.01 each for consideration of £20,000.

The ordinary A, ordinary B and ordinary C shares entitle the holders to one vote per holder and the shares have attached to them the right to receive a dividend, and no restrictions on the repayment of capital. The deferred shares do not confer any voting rights or the right to receive a dividend and have no restrictions on the repayment of capital.

### 23. Reserves

The group and company's reserves are as follows:

#### Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

#### Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

# Digital Topco Limited

## Notes to the Financial Statements For the Period Ended 30 September 2019

### 24. Analysis of net debt

	Cash flows £000	Acquisition of subsidiaries £000	Other non- cash changes £000	At 30 September 2019 £000
Cash at bank and in hand	19,039	(17,067)	-	1,972
Debt due within 1 year	(159)	-	-	(159)
Debt due after 1 year	(20,234)	(20,190)	(4,620)	(45,044)
Obligations under finance leases	8	(180)	-	(172)
	<u>(1,346)</u>	<u>(37,437)</u>	<u>(4,620)</u>	<u>(43,403)</u>

### Non-cash transactions

As disclosed in note 25, the consideration for which the group acquired its investment in ASL Technology Holdings Ltd. included the issuance of loan notes totalling £4,014k.

Interest of £606k was incurred on the other loans and rolled up into the liabilities.

# Digital Topco Limited

## Notes to the Financial Statements For the Period Ended 30 September 2019

### 25. Business combinations

On 28 June 2019 the group acquired 100% of the share capital of ASL Technology Holdings Ltd. for total consideration of £16,307k.

#### Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £000	Fair value adjustment £000	Fair value £000
<b>Fixed assets</b>			
Tangible	493	-	493
Intangible	14,588	(14,588)	-
	<u>15,081</u>	<u>(14,588)</u>	<u>493</u>
<b>Current assets</b>			
Stocks	4,683	-	4,683
Debtors	5,441	-	5,441
Cash at bank and in hand	561	-	561
	<u>25,766</u>	<u>(14,588)</u>	<u>11,178</u>
<b>Total assets</b>			
<b>Creditors</b>			
Due within one year	(7,559)	-	(7,559)
Due after one year	(20,190)	-	(20,190)
Deferred tax	(88)	-	(88)
	<u>(2,071)</u>	<u>(14,588)</u>	<u>(16,659)</u>
<b>Total identifiable net liabilities</b>			
Goodwill			32,966
<b>Total purchase consideration</b>			<u>16,307</u>
<b>Consideration</b>			
			£000
Cash			11,963
Equity instruments			282
Debt instruments			4,014
Deferred consideration			48
<b>Total purchase consideration</b>			<u>16,307</u>

# Digital Topco Limited

## Notes to the Financial Statements For the Period Ended 30 September 2019

### 25. Business combinations (continued)

#### Cash outflow on acquisition

	£000
Purchase consideration settled in cash, as above	11,963
	<u>11,963</u>
Less: Cash and cash equivalents acquired	(561)
<b>Net cash outflow on acquisition</b>	<u><u>11,402</u></u>

The useful economic life of goodwill has been estimated to be 20 years.

Included in the group's Consolidated statement of comprehensive income for the period is turnover of £6,425k and loss of £494k attributable to the acquisition of ASL Technology Holdings Ltd..

On 4 July 2019 the group acquired 100% of the share capital of Reprotec Connect For Limited for total consideration of £6,578k. The trade and assets were immediately hived up into Automated Systems Group Limited. The assets and liabilities hived up were as follows:

	Book value £000	Fair value adjustment £000	Fair value £000
<b>Fixed assets</b>			
Tangible	162	-	162
Intangible	1,030	(1,030)	-
Investments	5	-	5
	<u>1,197</u>	<u>(1,030)</u>	<u>167</u>
<b>Current assets</b>			
Stocks	625	(137)	488
Debtors	724	-	724
Cash at bank and in hand	1,344	-	1,344
	<u>3,890</u>	<u>(1,167)</u>	<u>2,723</u>
<b>Total assets</b>			
<b>Creditors</b>			
Creditors due within one year	(1,941)	-	(1,941)
	<u>1,949</u>	<u>(1,167)</u>	<u>782</u>
<b>Total identifiable net assets</b>			

# Digital Topco Limited

## Notes to the Financial Statements For the Period Ended 30 September 2019

### 25. Business combinations (continued)

	£000
Goodwill	5,796
	<u>5,796</u>
<b>Consideration</b>	
Cash	6,578
	<u>6,578</u>
<b>Cash outflow on acquisition</b>	
Purchase consideration settled in cash, as above	6,578
Less: Cash and cash equivalents acquired	(1,344)
	<u>5,234</u>

The useful economic life of goodwill has been estimated to be 20 years.

Included in the group's Consolidated statement of comprehensive income for the period is turnover of £1,058k and profit of £136k attributable to the acquisition of Reprotec Connect For Limited.

On 25 September 2019 the group acquired 100% of the share capital of 3D Generation Limited for total consideration of £450k. The trade and assets were immediately hived up into Automated Systems Group Limited. The assets and liabilities hived up were as follows:

	Book value £000	Fair value £000
<b>Current assets</b>		
Stocks	10	10
Debtors	40	40
Cash at bank and in hand	19	19
	<u>69</u>	<u>69</u>
<b>Total assets</b>		
<b>Creditors</b>		
Creditors due within one year	(71)	(71)
	<u>(2)</u>	<u>(2)</u>
<b>Total identifiable net liabilities</b>		



# Digital Topco Limited

## Notes to the Financial Statements For the Period Ended 30 September 2019

### 25. Business combinations (continued)

	£000
Goodwill	452
<b>Consideration</b>	
Cash	450
<b>Cash outflow on acquisition</b>	
Purchase consideration settled in cash, as above	450
Less: Cash and cash equivalents acquired	(19)
<b>Net cash outflow on acquisition</b>	431

The useful economic life of goodwill has been estimated to be 20 years.

The turnover and profit attributable to the acquisition of 3D Generation Limited is considered to be immaterial and has therefore not been disclosed.

### 26. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £52k. Contributions totalling £39k were payable to the fund at the reporting date and are included in creditors.

### 27. Commitments under operating leases

At 30 September 2019 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2019 £000
Not later than 1 year	245
Later than 1 year and not later than 5 years	165
	410

# Digital Topco Limited

## Notes to the Financial Statements For the Period Ended 30 September 2019

### 28. Financial instruments

The group's and company's financial instruments may be analysed as follows:

	Group 2019 £000
<b>Financial assets</b>	
Financial assets measured at amortised cost	6,597
<b>Financial liabilities</b>	
Financial liabilities measured at amortised cost	52,659

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors, amounts owed by group undertakings and accrued income.

Financial liabilities measured at amortised cost comprise bank loans, other loans, trade creditors, other creditors, amounts owed to group undertakings, obligations under finance lease and hire purchase contracts and accruals.

The group's income, expense, gains and losses in respect of financial instruments are summarised as follows:

	Group 9 months ended 30 September 2019 £000
<b>Interest income/(expense)</b>	
Total interest expense for financial liabilities at amortised cost	(865)
<b>Impairment (losses)</b>	
On financial assets measured at amortised cost	-

# Digital Topco Limited

## Notes to the Financial Statements For the Period Ended 30 September 2019

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### 29. Related party transactions

Included in other loans is secured loan stock owed to directors of the company during the period totalling £4,149k, as disclosed in note 19. Interest of £105k accrued in the period on these loans and is included in the closing balance.

Included in other loans is secured loan stock owed to funds managed by Primary Capital totalling £19,736k, as disclosed in note 19. Interest of £501k accrued in the period on these loans and is included in the closing balance.

Fees were payable to Primary Capital in the period totalling £425k, comprising fees related to the acquisition of ASL Technology Holdings Ltd. and fees for non-executive director services. No amounts were owed to Primary Capital in respect of these transactions at the balance sheet date.

### 30. Post balance sheet events

The group acquired Smart Print Technology .MM Ltd, the UK's largest independent production print reseller in October 2019, for consideration of £2,057k, significantly enhancing the group's presence in the production print marketplace. This was followed by the acquisition of BM Digital Limited, a leading MPS reseller based in Liverpool and Stoke, in February 2020, for consideration of £5,500k.

In March 2020 the World Health Organisation declared a global pandemic due to the COVID-19 virus, which has had a widespread economic impact and affected many industries. The impacts of the pandemic on the group are described in the Strategic Report, Directors' Report and note 2.3.

### 31. Controlling party

Primary Capital IV (Nominees) Limited is considered to be the company's ultimate parent entity.