
DIGITAL TOPCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020



DIGITAL TOPCO LIMITED

COMPANY INFORMATION

Directors	P B Derry D G Forsyth S J Hibbert K C Hills A C Parkinson S Whapshott M Ramzan (appointed 24 September 2021)
Registered number	11769612
Registered office	No.1 London Bridge London SE1 9BG
Independent auditor	Nexia Smith & Williamson Chartered Accountants & Statutory Auditors 4th Floor Cumberland House 15-17 Cumberland Place Southampton SO15 2BG

DIGITAL TOPCO LIMITED

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DIGITAL TOPCO LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

Introduction

The directors present their report and the financial statements for the year ended 30 September 2020.

Principal activity and business review

The principal activity of the business continues to be the sale, hire and service of multi-function devices ("MFD's) telephony 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 2019/20 in the key areas of document and print management software, managed print services, production print solutions, unified communications and IT services.

The Group acquired and integrated Smart Print Technology MM Limited in October 2019 enhancing its presence in the growing digital production print market. The company also acquired and integrated B&M Digital Limited in February 2020. ASL now supports a customer base of over 7,000 customers.

The key profitability measure used by the business and its major industry peers is an adjusted EBITDA metric. Despite the significant impact of Covid the business delivered an EBITDA profit.

	2020	2019
	£000	£000
Operating (loss)/profit	(4,605)	(648)
Depreciation	287	100
Amortisation	4,531	469
Exceptional costs (see note 6)	1,438	714
EBITDA	1,651	635

The COVID-19 pandemic has presented challenges to the Group, with reduced activity levels generating levels of revenue below those normally seen, although ahead of expectations at the start of the crisis and implementation of lockdown measures. The directors put particular focus on cash generation and liquidity measures, and undertook a fundamental review of operating procedures, implementing actions to drive efficiency whilst maintaining the Group's exceptional levels of customer service.

The business continued with its commitment to investing in the training and development of its staff in all areas of the business. The goal is to ensure that all staff can support the increasing complex network and software solutions provided to our customers.

As a result of our investments in systems, training, people, management, infrastructure and wider office solutions, the Group is well positioned to take advantage of both organic and acquisitive growth opportunities over the coming years.

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 expenditure 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.

DIGITAL TOPCO LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

Covid-19 impact

The health and safety of our employees, customers and suppliers is the Group's key priority. At the onset of the Covid-19 pandemic, 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 continue to actively monitor the Covid-19 situation and have implemented safeguarding 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 continue to adhere to government and health best practice.

This report was approved by the board and signed on its behalf.


Mohammed Ramzan (Sep 30, 2021 14:24 GMT+1)

M Ramzan
Director

Date: 30/09/2021

DIGITAL TOPCO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors present their report and the financial statements for the year ended 30 September 2020.

The comparative period is for 9 months which is due to the prior period being the first period since incorporation, comparatives may not be entirely comparable.

Results and dividends

The loss for the year, after taxation, amounted to £8,770k (2019: loss £1,568k).

Directors

The directors who served during the year were:

P B Derry
D G Forsyth (appointed 20 January 2020)
M Garius (resigned 14 September 2021)
S J Hibbert
K C Hills
A C Parkinson
S Whapshott
D Campbell (resigned 31 August 2020)

Future developments

The Group aim to continue to grow both turnover and EBITDA. The strategy is a combination of organic and acquisition growth.

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 Group.

DIGITAL TOPCO LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditor

The auditor, Nexia Smith & Williamson appointed during the year, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Mohammed Ramzan

Mohammed Ramzan (Sep 30, 2021 14:24 GMT+1)

M Ramzan
Director

Date: 30/09/2021

DIGITAL TOPCO LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group 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 for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 Company and the Group 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 Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIGITAL TOPCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIGITAL TOPCO LIMITED

Opinion

We have audited the financial statements of Digital Topco Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Financial Position, the Consolidated and Parent Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the notes to the financial statements, including 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 of the Parent Company's affairs as at 30 September 2020 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and 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 and 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)

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. The directors are responsible for the other information contained within the Annual Report and financial statements. 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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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 their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 set out on page 5, 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.

DIGITAL TOPCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIGITAL TOPCO LIMITED (CONTINUED)

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: 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.

Nexia Smith & Williamson

Nexia Smith & Williamson (Sep 30, 2021 15:59 GMT+1)

Samuel Godbold (Senior Statutory Auditor)

for and on behalf of

Nexia Smith & Williamson

Chartered Accountants

Statutory Auditors

4th Floor Cumberland House

15-17 Cumberland Place

Southampton

SO15 2BG

Date: 30/09/2021

DIGITAL TOPCO LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2020

		30 September 2020	As restated 9 month period ended 30 September 2019
	Note	£000	£000
Turnover	4	30,325	7,484
Cost of sales		<u>(17,611)</u>	<u>(3,579)</u>
Gross profit		12,714	3,905
Total administrative expenses:			
Administration expenses excluding exceptional items		(12,042)	(3,270)
Depreciation and amortisation		(4,818)	(569)
Exceptional administration expenses	6	<u>(1,438)</u>	<u>(714)</u>
		<u>(18,298)</u>	<u>(4,553)</u>
Other operating income	5	<u>979</u>	<u>-</u>
Operating loss	7	(4,605)	(648)
Interest receivable and similar income		1	1
Interest payable and expenses	12	<u>(4,152)</u>	<u>(921)</u>
Loss before tax		(8,756)	(1,568)
Tax on loss	13	<u>(14)</u>	<u>-</u>
Loss for the financial year		<u>(8,770)</u>	<u>(1,568)</u>

There was no other comprehensive income for 2020 (2019: £Nil).

The notes on pages 18 to 43 form part of these financial statements.

DIGITAL TOPCO LIMITED
REGISTERED NUMBER: 11769612

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

		2020	As restated 2019
	Note	£000	£000
Fixed assets			
Intangible assets	14	42,123	39,641
Tangible assets	15	969	623
		<u>43,092</u>	<u>40,264</u>
Current assets			
Stocks	17	5,684	5,311
Debtors: amounts falling due after more than one year	18	-	50
Debtors: amounts falling due within one year	18	5,147	5,430
Cash at bank and in hand	19	471	1,972
		<u>11,302</u>	<u>12,763</u>
Creditors: amounts falling due within one year	20	(9,478)	(9,381)
Net current assets		<u>1,824</u>	<u>3,382</u>
Total assets less current liabilities		<u>44,916</u>	<u>43,646</u>
Creditors: amounts falling due after more than one year	21	(53,988)	(44,151)
Provisions for liabilities			
Deferred taxation	23	(93)	(88)
Other provisions	24	(198)	-
		<u>(291)</u>	<u>(88)</u>
Net liabilities		<u><u>(9,363)</u></u>	<u><u>(593)</u></u>

DIGITAL TOPCO LIMITED
REGISTERED NUMBER: 11769612

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 SEPTEMBER 2020

	Note	2020 £000	2019 £000
Capital and reserves			
Called up share capital	25	10	10
Share premium account	26	965	965
Profit and loss account	26	(10,338)	(1,568)
Shareholders' deficit		<u>(9,363)</u>	<u>(593)</u>

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

Mohammed Ramzan
Mohammed Ramzan (Sep 30, 2021 14:24 GMT+1)

M Ramzan
Director

Date: 30/09/2021

The notes on pages 18 to 43 form part of these financial statements.

DIGITAL TOPCO LIMITED
REGISTERED NUMBER: 11769612

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	Note	2020 £000	2019 £000
Fixed assets			
Investments	16	658	658
		<u>658</u>	<u>658</u>
Current assets			
Debtors: amounts falling due within one year	18	4,356	4,360
		<u>4,356</u>	<u>4,360</u>
Creditors: amounts falling due within one year	20	(214)	(55)
		<u>(214)</u>	<u>(55)</u>
Net current assets		<u>4,142</u>	<u>4,305</u>
Total assets less current liabilities		<u>4,800</u>	<u>4,963</u>
Creditors: amounts falling due after more than one year	21	(4,571)	(4,150)
		<u>(4,571)</u>	<u>(4,150)</u>
Net assets		<u>229</u>	<u>813</u>
Capital and reserves			
Called up share capital	25	10	10
Share premium account	26	965	965
Profit and loss account brought forward		(162)	-
Loss for the year/period		(584)	(162)
Profit and loss account carried forward	26	(746)	(162)
		<u>(746)</u>	<u>(162)</u>
Shareholders' funds		<u>229</u>	<u>813</u>

DIGITAL TOPCO LIMITED
REGISTERED NUMBER: 11769612

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 SEPTEMBER 2020

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the Company for the year was £584k (2019: loss of £162k).

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

Mohammed Ramzan
Mohammed Ramzan (Sep 30, 2021 14:24 GMT+1)

M Ramzan
Director

Date: 30/09/2021

The notes on pages 18 to 43 form part of these financial statements.

DIGITAL TOPCO LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 16 January 2019	-	-	-	-
Comprehensive income for the period				
Loss for the period (as restated)	-	-	(1,568)	(1,568)
Total comprehensive income for the period	-	-	(1,568)	(1,568)
Contributions by and distributions to owners				
Shares issued during the period	10	965	-	975
Total transactions with owners	10	965	-	975
At 1 October 2019 (as restated)	10	965	(1,568)	(593)
Comprehensive income for the year				
Loss for the year	-	-	(8,770)	(8,770)
Total comprehensive income for the year	-	-	(8,770)	(8,770)
At 30 September 2020	10	965	(10,338)	(9,363)

DIGITAL TOPCO LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Comprehensive income for the period				
Loss for the period	-	-	(162)	(162)
Total comprehensive income for the period	-	-	(162)	(162)
Contributions by and distributions to owners				
Shares issued during the period	10	965	-	975
Total transactions with owners	10	965	-	975
At 1 October 2019	10	965	(162)	813
Comprehensive income for the year				
Loss for the year	-	-	(584)	(584)
Total comprehensive income for the year	-	-	(584)	(584)
At 30 September 2020	10	965	(746)	229

DIGITAL TOPCO LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	2020 £000	As restated 2019 £000
Cash flows from operating activities		
Loss for the financial year/period	(8,770)	(1,568)
Adjustments for:		
Amortisation of intangible assets	4,531	469
Depreciation of tangible assets	287	100
Loss on disposal of tangible assets	(108)	-
Interest paid	4,152	865
Interest received	(1)	(1)
Taxation charge	14	-
Increase in stocks	132	(130)
Decrease in debtors	1,764	514
Decrease in creditors	(2,244)	(940)
Corporation tax (paid)/received	(189)	-
Capital element on finance leases paid	198	-
Net cash used in from operating activities	(234)	(691)
Cash flows from investing activities		
Cash acquired on business combinations	974	1,924
Purchase of tangible fixed assets	(548)	(68)
Sale of tangible fixed assets	158	-
Purchase of fixed asset investments	(7,972)	(19,926)
Interest received	1	1
Net cash used in investing activities	(7,387)	(18,069)

DIGITAL TOPCO LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	2020 £000	As restated 2019 £000
Cash flows from financing activities		
Issue of ordinary shares	-	693
New bank loans	7,840	22,160
Repayment of bank loans	(100)	(9,796)
Repayment of/new finance leases	(139)	-
Other new loans	-	19,236
Interest paid on bank and other loans	(1,481)	(258)
Debt issue costs incurred	-	(900)
Repayment of other loans	-	(10,394)
Capital element of finance leases repaid	-	(8)
Interest paid on finance leases	-	(1)
Net cash generated from financing activities	6,120	20,732
Net (decrease)/increase in cash and cash equivalents	(1,501)	1,972
Cash and cash equivalents at beginning of the year	1,972	-
Cash and cash equivalents at the end of the year	471	1,972
Cash and cash equivalents at the end of the year comprise:		
Cash at bank and in hand	471	1,972
	471	1,972

DIGITAL TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

1. General information

Digital Topco Limited is a private company, limited by shares, domiciled and incorporated in England and Wales (registered number: 11769612). The registered office address is No.1 London Bridge, London, SE1 9BG.

The Group and Parent Company's functional and presentational currency is GBP.

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.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group'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.

Parent Company disclosure exemptions

In preparing the separate financial statements of the Parent Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

Only one reconciliation of the number of shares outstanding at the beginning and end of the year has been presented as the reconciliation for the Company and the Parent Company would be identical; and

No Statement of Cash Flows has been presented for the Parent Company.

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 YEAR ENDED 30 SEPTEMBER 2020

2. Accounting policies (continued)

2.3 Going concern

The Group made a loss after tax for the period of £8,770k (2019: £1,568k) and had net liabilities of £9,363k (2019: £593k) at 30 September 2020.

The directors have made an assessment in preparing these financial statements as to whether the Group and Company remain a going concern.

The group has withstood the impact of Covid-19 and, having taken necessary steps, are confident that the business is now well placed to return to its original budget forecast in the coming year (2022). Throughout the pandemic, monthly EBITDA has remained positive, with the business continuing to maintain all its financial obligations; up to the date of approving these financial statements all interest and capital repayments on senior debt and all other creditors were paid in line with agreed terms. This is forecast to continue for the foreseeable future.

The group continues to have the backing of its shareholders and major stakeholders. Subsequent to the year end, the Group have successfully agreed revised banking covenants.

On the basis of the above, the Directors have produced cash flow forecasts, which demonstrate that there are sufficient cash resources available to the Group and Company to ensure they can meet their financial obligations as they fall due and meet all revised banking covenants for the foreseeable future, this being the period covering at least twelve months from the date of approval of these financial statement. For these reasons, they continue to adopt the going concern basis in preparing these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover 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 turnover is recognised:

Sale of goods

Turnover 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 turnover 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

Turnover 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 turnover 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 Operating leases: the Group as lessor

Rentals income from operating leases is credited to profit or loss 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.

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.7 Government grants

Grants are accounted under the accruals model as required by FRS 102. Grants relating to furlough payments under the Covid-19 Job Retention Scheme are credited to profit or loss in the same period as the related expenditure.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Exceptional items

Exceptional costs are those costs, that are one off in nature, that are associated with restructuring the business, to enable growth, through both acquisition and organically. These costs include any acquisition related deal costs and costs to restructure the business as a result of the growth achieved.

2.11 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the profit or loss over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Goodwill on strategic acquisitions -	10	years straight-line
Goodwill on tactical acquisitions -	5	years straight-line

Change in accounting estimate

During the year the Group considered and changed its accounting estimate for the useful economic life of goodwill on strategic acquisitions from twenty to ten years straight-line. This has increased the amortisation charge for the year by £2,266k.

DIGITAL TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. Accounting policies (continued)

2.12 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 charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

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

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 profit or loss.

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.14 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 balance sheet 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.

2.15 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.

DIGITAL TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. Accounting policies (continued)

2.16 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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.18 Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Group's cash management.

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.19 Current and deferred taxation

The tax expense for the year 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 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.

DIGITAL TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

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

In the application of the Group's accounting policies, management 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Intangible fixed assets

Intangible fixed assets consist of goodwill arising on business combinations.

Key estimates and judgements are applied in establishing the useful lives of intangibles. Management concluded that there are no separately identifiable intangible assets. It was further concluded that goodwill arising from acquisitions has a useful life of either 5 years for tactical acquisition or 10 years for strategic acquisitions. This being based upon previous experience and future expectations of the market.

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 an element 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.

DIGITAL TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

4. Turnover

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

	30 September 2020 £000	9 month period ended 30 September 2019 £000
Equipment sales	11,581	2,903
Service and support sales	18,744	4,581
	<u>30,325</u>	<u>7,484</u>

All turnover arose within the United Kingdom.

5. Other operating income

	30 September 2020 £000	9 month period ended 30 September 2019 £000
Government grants receivable	979	-
	<u>979</u>	<u>-</u>

Government grants receivable relate to the Covid-19 job retention scheme.

DIGITAL TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

6. Exceptional items

	30 September 2020 £000	As restated 9 month period ended 30 September 2019 £000
Legal and professional	1,438	593
Settlement costs	-	121
	<u>1,438</u>	<u>714</u>

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

7. Operating loss

The operating loss is stated after charging/(crediting):

	30 September 2020 £000	9 month period ended 30 September 2019 £000
Depreciation of tangible assets	287	100
Amortisation of intangible assets, including goodwill	4,531	469
Other operating lease rentals	432	157
Costs of stock charged through cost of sales	15,014	2,903
Profit on sale of fixed assets	(108)	-
	<u></u>	<u></u>

DIGITAL TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

8. Adjusted EBITDA

Adjusted earnings before interest, taxation, depreciation and amortisation (adjusted EBITDA):

	30 September 2020 £000	9 month period ended 30 September 2019 £000
Operating loss	(4,605)	(648)
Amortisation	4,531	469
Depreciation	287	100
Exceptional costs	1,438	714
	<u>1,651</u>	<u>635</u>

9. Auditor's remuneration

	30 September 2020 £000	9 month period 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	<u>46</u>	<u>45</u>
Fees payable to the Group's auditor and its associates in respect of:		
Preparation of financial statements	8	-
Taxation compliance services	13	-
	<u>21</u>	<u>-</u>

DIGITAL TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

10. Employees

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

	Group 2020 £000	Group 2019 £000
Wages and salaries	7,457	1,824
Social security costs	863	192
Cost of defined contribution scheme	263	52
	8,583	2,068

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

	30 September 2020 No.	9 month period ended 30 September 2019 No.
Sales	41	46
Service	115	85
Administration	29	41
Finance	8	11
	193	183

The Company has no employees other than the directors, who did not receive any remuneration (2019: Nil).

DIGITAL TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

11. Directors' remuneration

	30 September 2020 £000	9 month period ended 30 September 2019 £000
Directors' emoluments	809	163
Company contributions to defined contribution pension schemes	62	8
Compensation for loss of office	110	-
	<u>981</u>	<u>171</u>

During the year retirement benefits were accruing to 5 directors (2019: 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £185k (2019: £219k).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £20k (2019: £15k).

12. Interest payable and similar expenses

	30 September 2020 £000	As restated 9 month period ended 30 September 2019 £000
Bank interest payable	1,623	303
Other loan interest payable	2,529	617
Finance leases and hire purchase contracts	-	1
	<u>4,152</u>	<u>921</u>

DIGITAL TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

13. Taxation

	30 September 2020 £000	9 month period ended 30 September 2019 £000
Corporation tax		
Current tax on losses for the year/period	14	-
Total current tax	<u>14</u>	<u>-</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on losses on ordinary activities	<u>14</u>	<u>-</u>

Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	30 September 2020 £000	As restated 9 month period ended 30 September 2019 £000
Loss on ordinary activities before tax	(8,756)	(1,569)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(1,664)	(298)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	861	89
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	151	225
Capital allowances for year/period in excess of depreciation	317	-
Other timing differences leading to an increase (decrease) in taxation	349	(16)
Total tax charge for the year/period	<u>14</u>	<u>-</u>

DIGITAL TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

13. Taxation (continued)

Factors that may affect future tax charges

Finance Bill 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. These changes are not included above as Finance Bill 2021 was not substantively enacted by the year end.

14. Intangible assets

Group

	Goodwill £000
Cost	
At 1 October 2019	40,149
Additions	7,014
At 30 September 2020	<u>47,163</u>
Amortisation	
At 1 October 2019	508
Charge for the year	4,531
At 30 September 2020	<u>5,039</u>
Net book value	
At 30 September 2020	<u>42,124</u>
At 30 September 2019	<u>39,641</u>

DIGITAL TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

15. Tangible fixed assets

Group

	Motor vehicles £000	Office equipment £000	Computer equipment £000	Equipment held for leasing £000	Total £000
Cost					
At 1 October 2019	197	261	161	104	723
Additions	9	264	31	375	679
On hive-up of subsidiaries	-	-	5	-	5
Disposals	(121)	-	(2)	(105)	(228)
At 30 September 2020	85	525	195	374	1,179
Depreciation					
At 1 October 2019	25	34	12	29	100
Charge for the year	69	74	46	98	287
Disposals	(72)	-	-	(105)	(177)
At 30 September 2020	22	108	58	22	210
Net book value					
At 30 September 2020	63	417	137	352	969
At 30 September 2019	172	227	149	75	623

The assets above 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 £52k (2019: £68k).

DIGITAL TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

16. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost	
At 1 October 2019	658
At 30 September 2020	<u>658</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Digital Bidco Limited	Holding company	Ordinary	100%
ASL Technology Holdings Ltd.*	Sale and service of multi-function devices ("MFD's"), photocopiers, printers and other office equipment	Ordinary	100%
Automated Systems Group Limited*	Sales and servicing of photocopiers and other office equipment	Ordinary	100%
DC50 Ltd (formerly Security Solution Ltd)*	Dormant	Ordinary	100%
3D Generation Limited*	Dormant	Ordinary	100%
B&M Holdings Ltd*	Dormant	Ordinary	100%
B&M Office Machines Ltd*	Dormant	Ordinary	100%
BM IT Solutions Ltd*	Dormant	Ordinary	100%
BM Digital Ltd*	Dormant	Ordinary	100%
Smart Print Technology .MM Ltd*	Dormant	Ordinary	100%

*Subsidiaries indirectly held.

The registered address for all the direct and indirect subsidiary undertakings is No.1 London Bridge, London, SE1 9BG.

Following the year end, 3D Generation Limited was dissolved on 20 July 2021.
Following the year end, B&M Holdings Ltd was dissolved on 29 June 2021.
Following the year end, BM IT Solutions Ltd was dissolved on 29 June 2021.
Following the year end, BM Digital Ltd was dissolved on 6 July 2021.

DIGITAL TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

17. Stocks

	Group 2020 £000	Group 2019 £000
Work in progress (goods to be sold)	3	3
Finished goods and goods for resale	5,681	5,308
	<u>5,684</u>	<u>5,311</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

An impairment loss of £226k (2019: £Nil) was recognised in administrative expenses against stock during the year due to slow moving and obsolete stock.

18. Debtors

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Due after more than one year				
Other debtors	-	50	-	-
	<u>-</u>	<u>50</u>	<u>-</u>	<u>-</u>
	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Due within one year				
Trade debtors	2,962	3,167	-	-
Amounts owed by group undertakings	-	-	4,345	4,344
Other debtors	518	33	11	16
Prepayments and accrued income	1,667	2,230	-	-
	<u>5,147</u>	<u>5,430</u>	<u>4,356</u>	<u>4,360</u>

An impairment loss of £149k (2019: £Nil) was recognised in administrative expenses during the year in respect of bad and doubtful debts.

Subsequent to the year end, a formal agreement was put in place in respect of Amounts owed by group undertakings, with the amount now being due in October 2023.

DIGITAL TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

19. Cash and cash equivalents

	Group 2020 £000	<i>Group 2019 £000</i>
Cash at bank and in hand	471	<i>1,972</i>

20. Creditors: Amounts falling due within one year

	Group 2020 £000	<i>Group As restated 2019 £000</i>	Company 2020 £000	<i>Company As restated 2019 £000</i>
Bank loans	701	<i>159</i>	-	-
Trade creditors	4,343	<i>4,919</i>	-	-
Amounts owed to group undertakings	-	-	139	<i>7</i>
Corporation tax	388	<i>563</i>	-	-
Other taxation and social security	1,701	<i>557</i>	-	-
Obligations under finance lease and hire purchase contracts	33	<i>138</i>	-	-
Other creditors	37	<i>42</i>	-	-
Accruals and deferred income	2,275	<i>3,003</i>	75	<i>48</i>
	9,478	<i>9,381</i>	214	<i>55</i>

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

DIGITAL TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

21. Creditors: Amounts falling due after more than one year

	Group	Group <i>As restated</i>	Company	Company <i>As restated</i>
	2020	2019	2020	2019
	£000	£000	£000	£000
Bank loans (net of arrangement fees)	28,229	20,887	-	-
Other loans	25,759	23,230	4,571	4,150
Net obligations under finance leases and hire purchase contracts	-	34	-	-
	53,988	44,151	4,571	4,150

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 £21,739k (2019: £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 £4,571k (2019: £4,419k) owed to the Company's directors. This loan stock is subject to an interest rate of 10% per annum and is repayable in December 2025.

22. Loans

Analysis of maturity is given below:

	Group	Group <i>As restated</i>	Company	Company <i>As restated</i>
	2020	2019	2020	2019
	£000	£000	£000	£000
Amounts falling due within one year				
Bank loans	701	159	-	-
Amounts falling due 2-5 years				
Bank loans	5,000	3,324	-	-
Amounts falling due after more than 5 years				
Bank loans	23,229	17,563	-	-
Other loans	25,759	23,230	4,571	4,150
	54,689	44,276	4,571	4,150

DIGITAL TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

23. Deferred taxation

Group

	2020 £000	2019 £000
At beginning of year	88	-
Arising on business combinations	-	88
Utilised in year	5	-
At end of year	93	88
	Group 2020 £000	Group 2019 £000
Fixed asset timing differences	93	94
Short term timing differences	-	(6)
	93	88

24. Provisions

Group

	Dilapidations £000
Charged to profit or loss	198
At 30 September 2020	198

DIGITAL TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

25. Share capital

	2020 £000	2019 £000
Allotted, called up and fully paid		
685,261 Ordinary A shares of £0.01 each	7	7
141,739 Ordinary B shares of £0.01 each	1	1
175,000 Ordinary C shares of £0.01 each	2	2
100 Deferred shares of £0.01 each	-	-
	<u>10</u>	<u>10</u>

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 the 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.

26. Reserves

Share premium account

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at an amount in excess of nominal value.

Profit and loss account

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

27. Analysis of net debt

	At 1 October 2019 (as restated) £000	Cash flows £000	Other non- cash changes £000	At 30 September 2020 £000
Cash at bank and in hand	1,972	(1,501)	-	471
Debt due after 1 year	(44,117)	(10,411)	541	(53,987)
Debt due within 1 year	(159)	-	(541)	(700)
Finance leases	(172)	139	-	(33)
	<u>(42,476)</u>	<u>(11,773)</u>	<u>-</u>	<u>(54,249)</u>

DIGITAL TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

28. Business combinations

Acquisition of B&M Machines

In February 2020, the Group acquired the entire share capital of B&M Holdings Ltd, B&M Office Machines Ltd, BM IT Solutions Ltd and BM Digital Ltd for total consideration of £5,500k. The trade of assets were immediately hived up into Automated Systems Group Limited.

The book value and fair value of assets and liabilities hived up were as follows:

	Book value £000	Fair value £000
Fixed Assets		
Tangible	5	5
	<u>5</u>	<u>5</u>
Current Assets		
Stocks	372	372
Debtors	410	410
Cash at bank and in hand	425	425
	<u>1,212</u>	<u>1,212</u>
Total Assets	1,212	1,212
Creditors		
Due within one year	(776)	(776)
Deferred taxation	(5)	(5)
	<u>431</u>	<u>431</u>
Total Identifiable net assets	<u>431</u>	<u>431</u>
Goodwill		5,069
Total purchase consideration		<u>5,500</u>
Consideration		
		£000
Cash		5,400
Deferred consideration		100
Total purchase consideration		<u>5,500</u>
Cash outflow on acquisition		

DIGITAL TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

28. (continued)

Acquisition of Smart Print Technology .MM Ltd

In October 2019, the Company acquired the entire share capital of Smart Print Technology .MM Ltd for total consideration of £2,056k. The trade of assets were immediately hived up into Automated Systems Group Limited.

The book value and fair value of assets and liabilities hived up were as follows:

	Book value £000	Fair value adjustments £000	Fair value £000
Current Assets			
Stocks	220	(87)	133
Debtors	1,148	-	1,148
Cash at bank and in hand	549	-	549
Total Assets	<u>1,917</u>	<u>(87)</u>	<u>1,830</u>
Creditors			
Due within one year	(1,303)	-	(1,303)
Total Identifiable net assets	<u>614</u>	<u>(87)</u>	<u>527</u>
Goodwill			1,529
Total purchase consideration			<u>2,056</u>
Consideration			£000
Cash			<u>2,056</u>
Cash outflow on acquisition			

DIGITAL TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

29. Prior year adjustment

In the prior year, certain costs were incorrectly expensed which were directly attributable to the investment made by the Group, as well as the funding obtained. The prior year numbers have therefore been restated to ensure that those costs have been accounted for correctly.

	<i>As previously stated £000</i>	<i>As restated £000</i>	<i>Difference £000</i>
Administrative expenses	(3,232)	(3,270)	(38)
Interest payable and expenses	(865)	(921)	(56)
Exceptional administrative expenses	(2,631)	(714)	1,917
Loss for the financial period	<u>(3,391)</u>	<u>(1,568)</u>	<u>1,823</u>
Intangible assets	38,745	39,641	896
Creditors: amounts falling due after more than one year	(45,078)	(44,151)	927
Net liabilities	<u><u>(2,416)</u></u>	<u><u>(593)</u></u>	<u><u>1,823</u></u>

30. 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 £263k (2019: £52k). Contributions totalling £38k (2019: £39k) were payable to the fund at the reporting date and are included in creditors.

31. Commitments under operating leases

At 30 September 2020 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2020 £000	<i>Group 2019 £000</i>
Not later than 1 year	710	245
Later than 1 year and not later than 5 years	786	165
	<u><u>1,496</u></u>	<u><u>410</u></u>

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32. Related party transactions

The Company has taken advantage of the exemption in FRS 102 Section 33.1A to not disclose transactions with wholly owned group entities.

Included in the Group 'Other loans' balance in Note 21 is £21,739k (2019: £19,735) owed to Primary Capital, the ultimate parent company of Digital Topco Limited. Interest of £2,108k (2019: £526k) accrued during the financial year in relation to this balance.

Included in the Company 'Other loans' balance in Note 21 is £4,571k (2019: £4,419k) secured loan stock owed to Directors of the Group. Interest of £421k (2019: £105k) accrued during the financial year in relation to these balances.

Additionally, £201k (2019: £7k) fees were payable to service companies in respect of Directors' services for the financial year.

33. Controlling party

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