

COMPANY REGISTRATION NUMBER: 02511140

**Registrar of
Companies**

Right Digital Solutions Limited
Financial Statements
31 December 2020



BURGESS HODGSON LLP
Chartered accountants & statutory auditor
Camburgh House
27 New Dover Road
Canterbury
Kent
CT1 3DN

Right Digital Solutions Limited

Financial Statements

Year ended 31 December 2020

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Right Digital Solutions Limited

Strategic Report

Year ended 31 December 2020

The Directors present the Strategic report and financial statements for the year ended 31 December 2020.

Review of the business

Right Digital Solutions Limited ("The Company") previously known as Capita Workplace Technology Limited was sold by Capita PLC back to its previous owners on 1 August 2020 to become an independently owned private company. As at 31 December 2020, the Company was a wholly owned subsidiary of Right Group Holdings Limited.

The principal activities of the Company continue to be that of the supply, support and management of workplace technology solutions with a specialisation in Managed Print Services (MPS), Hybrid Mail, Hosted and Mobile Telephony, Scanning and Archiving Software and Services along with other office hardware and software to our customers on a nationwide basis. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

Despite the continued challenging UK economy and the ongoing pandemic, the Company is debt free and financially strong, and we are pleased to report the turnover of £15,599,000 for the year to 31 December 2020 which is more than acceptable given the deferral of a large number of new solution implementations and many of our customers implementing a temporary work from home policy with the corresponding reduction in print volumes.

The Board is immensely proud of the outstanding commitment that our staff have consistently demonstrated in the last year during the transitional phase in leaving Capita PLC that has resulted in Right Digital Solutions returning to its agile, truly independent and entrepreneurial foundations once again.

Key performance indicators

Key Performance Indicators used by the Company are operating margins, free cash flow and return on capital employed.

	2020	2019
Operating margin (%)	2.52	1.38
Free cash flow (£'000)	26,133	(12,717)
ROCE (%)	4.22	2.54

The Company has performed well since divestment from Capita PLC, with improved operating margins and a return to positive cash generation, as well as being debt free. The KPI's above demonstrate these significant positive changes.

Management responded to the global impact of Covid 19, by implementing existing "working from home" contingency plans for its office sites, implementing new safe working practices and by furloughing some staff. These measures worked well, and the Company is now seeing a steady recovery.

Right Digital Solutions Limited

Strategic Report *(continued)*

Year ended 31 December 2020

Principal risks and uncertainties

The Company is subject to various risks and uncertainties during the ordinary course of its business many of which result from factors outside of its control. The Company's risk management framework provides reasonable (but cannot provide absolute) assurance that significant risks are identified and addressed. An active risk management process identifies, assesses, mitigates and reports on strategic, financial, operational and compliance risk.

The principal themes of risk for the Company are:

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

To mitigate the effect of these risks and uncertainties, the Company adopts a number of systems and procedures, including:

- Regularly reviewing trading conditions to be able to respond quickly to changes in market conditions.
- Applying procedures and controls to manage compliance, financial and operational risks, including adhering to an internal control framework.

Future Plans

The Company believes that for many customers there will be permanent changes in working practices to a hybrid working model and an accelerated demand for implementation of new digital solutions as well as the more traditional document associated solutions.

During the period, the Company has provided significant additional support to its nationwide customer base ranging from SME's to large corporates to local authorities and NHS providers during the pandemic will further enhance its reputation for service excellence in offering these solutions as a tried and tested partner to its customers and so is well placed to take advantage of these future growth opportunities.

The Company has invested across several areas of the operation including, IT, new offices in central London and expanding in one of the fastest growth regions in the country, Milton Keynes.

Further opportunities to improve operational performance continue to be identified across the business and management remain committed to developing processes to deliver both improved financial and operational controls and a more efficient performance.

Right Digital Solutions Limited

Strategic Report *(continued)*

Year ended 31 December 2020

This report was approved by the board of directors on18/8/21..... and signed on behalf of the board by:



I H Jones
Director

Registered office:
Milton Gate
60 Chiswell Street
London
United Kingdom
EC1Y 4AG

Right Digital Solutions Limited

Directors' Report

Year ended 31 December 2020

The directors present their report and the financial statements of the company for the year ended 31 December 2020.

Directors

The directors who served the company during the year were as follows:

P M Gillett	(Appointed 1 August 2020)
T Hubbard	(Appointed 10 December 2020)
I H Jones	(Appointed 3 August 2020)
N D Jones	(Appointed 1 August 2020)
V Peters	(Appointed 3 August 2020)
I Seeley	(Appointed 10 December 2020)

Dividends

Particulars of recommended dividends are detailed in note 12 to the financial statements.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 company will continue in business.

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

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Right Digital Solutions Limited

Directors' Report *(continued)*

Year ended 31 December 2020

This report was approved by the board of directors on18/8/21..... and signed on behalf of the board by:



I H Jones
Director

Registered office:
Milton Gate
60 Chiswell Street
London
United Kingdom
EC1Y 4AG

Right Digital Solutions Limited

Independent Auditor's Report to the Members of Right Digital Solutions Limited

Year ended 31 December 2020

Opinion

We have audited the financial statements of Right Digital Solutions Limited (the 'company') for the year ended 31 December 2020 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Right Digital Solutions Limited

Independent Auditor's Report to the Members of Right Digital Solutions Limited *(continued)*

Year ended 31 December 2020

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 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 company and its 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, 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.

Right Digital Solutions Limited

Independent Auditor's Report to the Members of Right Digital Solutions Limited (continued)

Year ended 31 December 2020

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we have considered; the nature of the industry, control environment and business performance with particular reference to the Company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets.

We also consider the results of our enquiries of management, relating to their own identification and assessment of the risks of irregularities and possible related fraud. This includes reviewing available documentation on their policies and procedures and performing tests of controls to evidence their effectiveness.

Throughout the audit testing we are considering the incentives that may exist within the organisation for fraud. Key areas include timing of recognising income around the year end, posting of unusual journals and manipulating the Company's performance measures to meet remuneration targets and bank covenants. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We ensure we have an understanding of the relevant laws and regulations and remain alert to possible non-compliance throughout the audit.

Despite proper planning and audit work in accordance with auditing standards there are inherent limitations and unavoidable risk that we may not detect some irregularities and material misstatements in the financial statements. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Right Digital Solutions Limited

Independent Auditor's Report to the Members of Right Digital Solutions Limited *(continued)*

Year ended 31 December 2020

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Right Digital Solutions Limited

Independent Auditor's Report to the Members of Right Digital Solutions Limited *(continued)*

Year ended 31 December 2020

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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



Colin Reid (Senior Statutory Auditor)

23/8/2021

For and on behalf of
Burgess Hodgson LLP
Chartered accountants & statutory auditor
Camburgh House
27 New Dover Road
Canterbury
Kent
CT1 3DN

Right Digital Solutions Limited
Statement of Comprehensive Income
Year ended 31 December 2020

	Note	2020 £	2019 £
Turnover	4	15,599,173	28,741,410
Cost of sales		(7,356,831)	(24,480,412)
Gross profit		<u>8,242,342</u>	<u>4,260,998</u>
Administrative expenses		(8,775,942)	(3,863,573)
Other operating income	5	<u>927,319</u>	<u>—</u>
Operating profit	6	<u>393,719</u>	<u>397,425</u>
Other interest receivable and similar income	10	<u>54,725</u>	<u>—</u>
Profit before taxation		<u>448,444</u>	<u>397,425</u>
Tax on profit	11	<u>(60,068)</u>	<u>(90,380)</u>
Profit for the financial year and total comprehensive income		<u><u>388,376</u></u>	<u><u>307,045</u></u>

All the activities of the company are from continuing operations.

Right Digital Solutions Limited

Statement of Financial Position

31 December 2020

	Note	£	2020 £	2019 £
Fixed assets				
Intangible assets	13		–	61,749
Tangible assets	14		166,458	177,847
			<u>166,458</u>	<u>239,596</u>
Current assets				
Stocks	15	2,702,039		3,381,200
Debtors	16	3,229,858		28,926,839
Cash at bank and in hand		6,826,080		–
		<u>12,757,977</u>		<u>32,308,039</u>
Creditors: amounts falling due within one year	17	<u>3,604,025</u>		<u>16,872,584</u>
Net current assets			<u>9,153,952</u>	<u>15,435,455</u>
Total assets less current liabilities			<u>9,320,410</u>	<u>15,675,051</u>
Provisions				
Taxation including deferred tax	18		–	1,911
Net assets			<u>9,320,410</u>	<u>15,673,140</u>
Capital and reserves				
Called up share capital	22		25,000	25,000
Capital redemption reserve	23		25,000	25,000
Profit and loss account	23		9,270,410	15,623,140
Shareholders funds			<u>9,320,410</u>	<u>15,673,140</u>

These financial statements were approved by the board of directors and authorised for issue on 18/8/21, and are signed on behalf of the board by:



I H Jones
Director

Company registration number: 02511140

Right Digital Solutions Limited

Statement of Changes in Equity

Year ended 31 December 2020

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2019	25,000	25,000	15,316,095	15,366,095
Profit for the year	—	—	307,045	307,045
Total comprehensive income for the year	—	—	307,045	307,045
At 31 December 2019	25,000	25,000	15,623,140	15,673,140
Profit for the year	—	—	388,376	388,376
Total comprehensive income for the year	—	—	388,376	388,376
Dividends paid and payable	12	—	(6,741,106)	(6,741,106)
Total investments by and distributions to owners	—	—	(6,741,106)	(6,741,106)
At 31 December 2020	25,000	25,000	9,270,410	9,320,410

Right Digital Solutions Limited

Notes to the Financial Statements

Year ended 31 December 2020

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Milton Gate, 60 Chiswell Street, London, United Kingdom, EC1Y 4AG.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 January 2019. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 27.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Right Group Holding Limited which can be obtained from Companies House. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

(a) No cash flow statement has been presented for the company.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

In determining the amount of revenue to record, and related balance sheet items (such as trade receivables, accrued income and deferred income) to recognise in the period, management is required to form a number of judgements and assumptions. These judgements are inherently subjective and may cover future events. In addition, for certain contracts, key assumptions are made concerning contract extensions and amendments.

Right Digital Solutions Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty *(continued)*

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

In determining the value of stock in field, some estimates are required to be included in calculations. Such stock is valued in the accounts using the average purchase price for the year. Quantity of stock on shelves is calculated by reviewing records held on customer stock levels and applying an average across all devices. Quantity of stock in machines is determined using remote access software by taking readings on the actual levels directly from the equipment, and using the average of these readings for equipment which is not connected to the software.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

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

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that it is probable the expenses recognised will be recovered.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Right Digital Solutions Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting policies *(continued)*

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Development costs	-	20% straight line
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Long leasehold property	-	Over the period of the lease
Fixtures and fittings	-	33% straight line
Equipment	-	33% straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Right Digital Solutions Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting policies *(continued)*

Government grants

Government grants are recognised using the accrual model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangements entered into.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

Defined contribution pension plans

Contributions to defined contribution pension plans are recognised as an expense in the period in which the related service is provided.

4. Turnover

Turnover arises from:

	2020	2019
	£	£
Rendering of services	15,599,173	28,741,410

Right Digital Solutions Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

4. Turnover *(continued)*

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Other operating income

	2020 £	2019 £
Government grant income	927,319	—

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2020 £	2019 £
Amortisation of intangible assets	10,767	1
Depreciation of tangible assets	68,939	72,784
Loss on disposal of tangible assets	92,994	—
Loss on disposal of intangible assets	69,982	—
Impairment of trade debtors	(5,838)	(151,336)
Foreign exchange differences	—	(3)

7. Auditor's remuneration

	2020 £	2019 £
Fees payable for the audit of the financial statements	12,500	15,502
Fees payable to the company's auditor and its associates for other services:		
Other non-audit services	3,500	—

8. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2020 No.	2019 No.
Administration	15	21
Sales	33	30
Service	98	130
	146	181

The aggregate payroll costs incurred during the year, relating to the above, were:

	2020 £	2019 £
Wages and salaries	5,832,377	8,944,754
Social security costs	574,324	828,120
Other pension costs	142,295	184,261
	6,548,996	9,957,135

Right Digital Solutions Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2020	2019
	£	£
Remuneration	203,805	—
Company contributions to defined contribution pension plans	5,005	—
Sums paid to third parties in respect of directors' services	8,333	—
	<u>217,143</u>	<u>—</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2020	2019
	No.	No.
Defined contribution plans	<u>3</u>	<u>—</u>

Remuneration of the highest paid director in respect of qualifying services:

	2020	2019
	£	£
Aggregate remuneration	96,247	—
Company contributions to defined contribution pension plans	2,083	—
	<u>98,330</u>	<u>—</u>

No remuneration was received by the directors in the prior year.

10. Other interest receivable and similar income

	2020	2019
	£	£
Interest on loans and receivables	<u>54,725</u>	<u>—</u>

11. Tax on profit

Major components of tax expense

	2020	2019
	£	£
Current tax:		
UK current tax expense	73,429	126,233
Deferred tax:		
Origination and reversal of timing differences	2,172	(35,853)
Impact of change in tax rate	(15,533)	—
Total deferred tax	<u>(13,361)</u>	<u>(35,853)</u>
Tax on profit	<u>60,068</u>	<u>90,380</u>

Right Digital Solutions Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

11. Tax on profit *(continued)*

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020 £	2019 £
Profit on ordinary activities before taxation	448,444	397,425
Profit on ordinary activities by rate of tax	85,204	75,511
Adjustment to tax charge in respect of prior periods	–	(2,246)
Effect of expenses not deductible for tax purposes	614	3,336
Effect of capital allowances and depreciation	(25,750)	13,779
Tax on profit	60,068	90,380

12. Dividends

	2020 £	2019 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	6,741,106	–

13. Intangible assets

	Development costs £
Cost	
At 1 January 2020	61,750
Additions	19,000
Disposals	(80,750)
At 31 December 2020	–
Amortisation	
At 1 January 2020	1
Charge for the year	10,767
Disposals	(10,768)
At 31 December 2020	–
Carrying amount	
At 31 December 2020	–
At 31 December 2019	61,749

Right Digital Solutions Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

14. Tangible assets

	Land and buildings £	Fixtures and fittings £	Equipment £	Total £
Cost				
At 1 January 2020	349,049	2,780	95,271	447,100
Additions	–	–	150,544	150,544
Disposals	(260,961)	–	(24,781)	(285,742)
At 31 December 2020	<u>88,088</u>	<u>2,780</u>	<u>221,034</u>	<u>311,902</u>
Depreciation				
At 1 January 2020	213,049	1,707	54,497	269,253
Charge for the year	41,538	927	26,474	68,939
Disposals	(167,967)	–	(24,781)	(192,748)
At 31 December 2020	<u>86,620</u>	<u>2,634</u>	<u>56,190</u>	<u>145,444</u>
Carrying amount				
At 31 December 2020	<u>1,468</u>	<u>146</u>	<u>164,844</u>	<u>166,458</u>
At 31 December 2019	<u>136,000</u>	<u>1,073</u>	<u>40,774</u>	<u>177,847</u>

15. Stocks

	2020 £	2019 £
Raw materials and consumables	<u>2,702,039</u>	<u>3,381,200</u>

16. Debtors

	2020 £	2019 £
Trade debtors	2,583,326	2,053,259
Amounts owed by group undertakings	–	25,913,305
Deferred tax asset	147,561	136,111
Prepayments and accrued income	308,638	764,290
Other debtors	190,333	59,874
	<u>3,229,858</u>	<u>28,926,839</u>

Included within the deferred tax asset balance in debtors is an amount of £119,581 (2019: £136,111) which is reversible after one year.

Right Digital Solutions Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

17. Creditors: amounts falling due within one year

	2020	2019
	£	£
Bank loans and overdrafts	–	3,499,250
Trade creditors	798,263	720,698
Amounts owed to group undertakings	534,280	10,528,360
Accruals and deferred income	1,219,407	1,846,953
Corporation tax	73,429	192,241
Social security and other taxes	958,375	78,808
Other creditors	20,271	6,274
	<u>3,604,025</u>	<u>16,872,584</u>

18. Provisions

	Deferred tax (note 19)
	£
At 1 January 2020	1,911
Charge against provision	(1,911)
At 31 December 2020	<u>–</u>

19. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2020	2019
	£	£
Included in debtors (note 16)	147,561	136,111
Included in provisions (note 18)	–	(1,911)
	<u>147,561</u>	<u>134,200</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2020	2019
	£	£
Decelerated capital allowances	<u>147,561</u>	<u>134,200</u>

20. Employee benefits

Defined contribution pension plans

The amount recognised in profit or loss as an expense in relation to defined contribution pension plans was £142,295 (2019: £184,261).

21. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2020	2019
	£	£
Recognised in other operating income:		
Government grants recognised directly in income	<u>927,319</u>	<u>–</u>

Right Digital Solutions Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

22. Called up share capital

Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>

23. Reserves

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

Profit and loss account - This reserve records retained earnings and accumulated losses.

24. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2020	2019
	£	£
Not later than 1 year	217,000	—
Later than 1 year and not later than 5 years	<u>109,250</u>	<u>—</u>
	<u>326,250</u>	<u>—</u>

25. Related party transactions

During the year the company made sales of £17,136 (2019: £85,002) to group undertakings.

During the year the company made purchases of £nil (2019: £3,151) from group undertakings.

At the year end a balance of £nil (2019: £2,707) was due to group undertakings.

At the year end a balance of £nil (2019: £3,874) was due from group undertakings.

26. Controlling party

The company's immediate and ultimate parent undertaking is Right Group Holdings Limited a company registered in England and Wales. The registered office address is Milton Gate, 60 Chiswell Street, London, United Kingdom, EC1Y 4AG.

27. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1 January 2019.

No transitional adjustments were required in equity or profit or loss for the year.