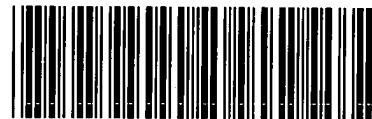


Registered number: 02559122

**AGILICO WORKPLACE TECHNOLOGIES (SOUTH) LIMITED (FORMERLY
D.M.C BUSINESS MACHINES LIMITED)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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AGILICO WORKPLACE TECHNOLOGIES (SOUTH) LIMITED (FORMERLY D.M.C BUSINESS MACHINES LIMITED)

COMPANY INFORMATION

Directors	S J Algeo (appointed 1 April 2021) S A Davey P Jan
Registered number	02559122
Registered office	c/o Harrison Clark Rickerbys Ellenborough House Wellington Street Cheltenham GL50 1YD
Trading Address	Cando House Bournemouth Road Chandler's Ford Eastleigh SO53 3QB
Independent auditor	Nexia Smith & Williamson Chartered Accountants & Statutory Auditor 25 Moorgate London EC2R 6AY

AGILICO WORKPLACE TECHNOLOGIES (SOUTH) LIMITED (FORMERLY D.M.C BUSINESS MACHINES LIMITED)

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AGILICO WORKPLACE TECHNOLOGIES (SOUTH) LIMITED (FORMERLY D.M.C BUSINESS MACHINES LIMITED)

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

Introduction

The directors present their Strategic Report for Agilico Workplace Technology (South) Limited (formerly D.M.C. Business Machines Limited) (the "Company") for the year ended 31 March 2021.

Background and principal activities

The principal activity of the Company continues to be Managed Print Services ("MPS"), being the sale, hire and service of business machines. The Company is part of a group of companies headed by Agilico Group Limited (formerly Tokyo Topco Limited) (hereafter referred to as the "Agilico Group" or the "Group").

Business review and key performance indicators

The results for the year and the Company's financial position at the end of the year are shown in the attached financial statements on pages 9 and following. The Company reported revenues of £14.3m (2020: £12.8m).

During the year the Company became the procurement entity for MPS goods and supplies for the Group. Consequently, reported revenues for the year include £7.1m (2020: £Nil) of goods procured and re-charged (at cost) to other group companies.

Revenues to the Company's third-party customers were £7.2m (2020: £12.8m), a reduction of £5.6m on the prior year. The Company was affected in the year by the COVID-19 pandemic. This led to a reduction in third party revenues and profit as a result of the fall in volumes printed by the Company's customers, and as a direct consequence of the lockdowns announced by the UK government. Nevertheless, the Company traded successfully, and the outlook is significantly brighter than this time last year driven by the success of the UK vaccination programme.

The loss before tax for the year was £11.4m (2020: profit before tax £0.8m).

Adjusting for a one-off (non-cash) impairment charge relating to the Company's investments in subsidiaries of £10.0m and (non-cash) intangible asset amortisation charges of £0.6m (2020: £0.4m), the adjusted loss before tax for the year was £0.8m (2020: adjusted profit before tax of £1.2m).

During the year, the Group conducted a corporate re-organisation. As part of this re-organisation, the Company:

- acquired the entire issued share capital of six group companies from another group company by way of a share-for-share exchange. Total consideration was £78.5m, satisfied by the issuance by the Company of 5,000 new ordinary shares;
- acquired the entire issued share capital of three group companies from other group companies for a total consideration of £8.1m, which was settled via the intercompany account;
- completed three hive ups of trade and assets from other group companies at net book value. The total consideration was £3.6m which was settled via the intercompany account.

Further details of these transactions are disclosed in notes 13 and 26 of the financial statements.

A review of the results for the group of which the Company is a part, and the Key Performance Indicators, can be found in the Annual Report and Financial Statements of Agilico Group Limited.

AGILICO WORKPLACE TECHNOLOGIES (SOUTH) LIMITED (FORMERLY D.M.C BUSINESS MACHINES LIMITED)

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

Principal risks and uncertainties

Economic Risk

The UK economy contracted sharply in the financial year. However, it is anticipated to recover to pre-COVID levels in 2022.

The primary factor driving the economic recovery is the UK's successful vaccine roll-out which has helped facilitate a greater level of confidence.

Liquidity Risk


As at 31 March 2021, the Group had cash balances of £10.1m and an undrawn revolving credit facility ("RCF") of £5m. In the previous year the Group entered into a senior loan facility arrangement and as at 31 March 2021, had loan balances outstanding of £77.1m (2020: £82.1m). During the year, the Group implemented several cash management measures to mitigate the impact of the downturn resulting from the pandemic. As a result of these measures, the Group was able to meet the cash flow requirements of the business without the need for further funding. During the year, the Group repaid its RCF, which remains available for future use.

Liquidity risk continues to be managed through weekly monitoring of cash balances, weekly cash flow forecasting and working capital management.

Supplier Risk

The Company's principal suppliers in the year were Canon and Ricoh. Extensive discussions have been held with key suppliers to mitigate supply chain risks such as the global shortfall in micro-chips. As a key customer to most of the OEMs we anticipate receiving their full support as we grow the business.

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


S J Algeo (Nov 23, 2021 17:44 GMT)

S J Algeo
Director

Date: 23/11/2021

AGILICO WORKPLACE TECHNOLOGIES (SOUTH) LIMITED (FORMERLY D.M.C BUSINESS MACHINES LIMITED)

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

The directors present their report and the financial statements for the year ended 31 March 2021.

Results and dividends

The loss for the year, after taxation, amounted to £11,268k (2020: profit £673k).

The directors do not recommend a dividend for the financial year (2020: £Nil).

Directors

The directors who served during the year were:

S A Davey
N A Deman (resigned 1 April 2021)
P Jan (appointed 1 June 2020)
P A Kavanagh (resigned 1 July 2020)
J J Nicholson (resigned 1 July 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'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's auditor is aware of that information.

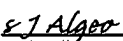
Post balance sheet events

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

Auditor

The auditor, Nexia Smith & Williamson, 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.


s J Algeo (Nov 23, 2021 17:44 GMT)

S J Algeo
Director

Date: 23/11/2021

AGILICO WORKPLACE TECHNOLOGIES (SOUTH) LIMITED (FORMERLY D.M.C BUSINESS MACHINES LIMITED)

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the 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 of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company'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 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AGILICO WORKPLACE TECHNOLOGIES
(SOUTH) LIMITED (FORMERLY D.M.C BUSINESS MACHINES LIMITED)**

Opinion

We have audited the financial statements of Agilico Workplace Technologies (South) Limited (formerly D.M.C Business Machines Limited) (the 'Company') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity 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 Company's affairs as at 31 March 2021 and of its 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 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.

AGILICO WORKPLACE TECHNOLOGIES (SOUTH) LIMITED (FORMERLY D.M.C BUSINESS MACHINES LIMITED)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AGILICO WORKPLACE TECHNOLOGIES (SOUTH) LIMITED (FORMERLY D.M.C BUSINESS MACHINES 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. 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 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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.

AGILICO WORKPLACE TECHNOLOGIES (SOUTH) LIMITED (FORMERLY D.M.C BUSINESS MACHINES LIMITED)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AGILICO WORKPLACE TECHNOLOGIES (SOUTH) LIMITED (FORMERLY D.M.C BUSINESS MACHINES 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.

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:

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements and which are central to the Company's ability to conduct its business and where failure to comply could result in material penalties. The Company must abide by the Companies Act 2006 and FRS102 in respect of the preparation and presentation of the financial statements. Aside from this, we did not identify any specific laws and regulations as being of significance in the context of the Company.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations identified above:

- We enquired with the Company's management as to the existence of litigation and no material items were identified;
- We have reviewed legal correspondence throughout the year, and nothing has come to light in respect of non-compliance; and
- We obtained written management representations regarding disclosure of any non-compliance with laws and regulations.

The senior statutory auditor led a discussion with all members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. We also considered performance targets and their influence on efforts made by management to meet external pressures in reporting the financial results or for personal interest of the directors.

Audit procedures performed by the engagement team on the areas where fraud might occur included:

- Testing of the recognition and recoverability of year-end trade debtors and accrued income;
- Evaluation of the design effectiveness of management's controls designed to prevent and detect irregularities;
- Testing journal entries, selected based on specific risk assessments applied based on client processes and controls surrounding manual journals; and
- Testing the occurrence of revenue, specifically around the balance sheet date.

The senior statutory auditor was satisfied that the engagement team collectively had the appropriate competence and capabilities to identify or recognise irregularities.

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

AGILICO WORKPLACE TECHNOLOGIES (SOUTH) LIMITED (FORMERLY D.M.C BUSINESS MACHINES LIMITED)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AGILICO WORKPLACE TECHNOLOGIES (SOUTH) LIMITED (FORMERLY D.M.C BUSINESS MACHINES LIMITED) (CONTINUED)

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.

Nexia Smith & Williamson

Nicholas Jacques (Senior Statutory Auditor)

for and on behalf of
Nexia Smith & Williamson

Chartered Accountants
Statutory Auditor

25 Moorgate
London
EC2R 6AY

Date: 23/11/2021

AGILICO WORKPLACE TECHNOLOGIES (SOUTH) LIMITED (FORMERLY D.M.C BUSINESS MACHINES LIMITED)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 £000	2020 £000
Turnover	4	14,345	12,836
Cost of sales		(9,538)	(5,152)
Gross profit		4,807	7,684
Administrative expenses		(18,210)	(7,579)
Other operating income	5	1,659	405
Operating (loss)/profit	6	(11,744)	510
Interest receivable and similar income	9	306	328
(Loss)/profit before tax		(11,438)	838
Tax on (loss)/profit	10	170	(165)
(Loss)/profit for the financial year		(11,268)	673

There was no other comprehensive income for 2021 (2020: £Nil).

The notes on pages 12 to 32 form part of these financial statements.

AGILICO WORKPLACE TECHNOLOGIES (SOUTH) LIMITED (FORMERLY D.M.C BUSINESS MACHINES LIMITED)
REGISTERED NUMBER:02559122

BALANCE SHEET
AS AT 31 MARCH 2021

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	11	16,136	1,108
Tangible assets	12	1,714	286
Investments	13	67,703	3,079
		<u>85,553</u>	<u>4,473</u>
Current assets			
Stocks	14	7,288	3,124
Debtors: amounts falling due within one year	15	6,664	7,063
Cash at bank and in hand		2,646	1,520
		<u>16,598</u>	<u>11,707</u>
Creditors: amounts falling due within one year	16	(24,695)	(6,098)
Net current (liabilities)/assets		<u>(8,097)</u>	<u>5,609</u>
Provisions for liabilities			
Other provisions	18	(178)	-
Net assets		<u><u>77,278</u></u>	<u><u>10,082</u></u>
Capital and reserves			
Called up share capital	20	53	48
Share premium account	21	79,623	1,164
Capital redemption reserve	21	23	23
Profit and loss account	21	(2,421)	8,847
Shareholders' funds		<u><u>77,278</u></u>	<u><u>10,082</u></u>

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

S J Algeo
s J Algeo (Nov 23, 2021 17:44 GMT)

S J Algeo
Director

Date: 23/11/2021

The notes on pages 12 to 32 form part of these financial statements.

AGILICO WORKPLACE TECHNOLOGIES (SOUTH) LIMITED (FORMERLY D.M.C BUSINESS MACHINES LIMITED)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021**

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 April 2019	48	1,164	23	8,174	9,409
Comprehensive income for the year					
Profit for the year	-	-	-	673	673
At 1 April 2020	48	1,164	23	8,847	10,082
Comprehensive income for the year					
Loss for the year	-	-	-	(11,268)	(11,268)
Contributions by and distributions to owners					
Shares issued during the year	5	78,459	-	-	78,464
At 31 March 2021	53	79,623	23	(2,421)	77,278

AGILICO WORKPLACE TECHNOLOGIES (SOUTH) LIMITED (FORMERLY D.M.C BUSINESS MACHINES LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

1. General information

Agilico Workplace Technologies (South) Limited (formerly D.M.C. Business Machines Limited) is a private company, limited by shares, domiciled and incorporated in England and Wales (registered number: 02559122). The registered office address is c/o Harrison Clark Rickerbys, Ellenborough House, Wellington Street, Cheltenham, GL50 1YD.

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 management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Agilico Group Limited (formerly Tokyo Topco Limited) as at 31 March 2021 and these financial statements may be obtained from Companies House.

2.3 Exemption from preparing consolidated financial statements

The Company is a Parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

AGILICO WORKPLACE TECHNOLOGIES (SOUTH) LIMITED (FORMERLY D.M.C BUSINESS MACHINES LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. Accounting policies (continued)

2.4 Going concern

The Company is a subsidiary of and part of a group of companies headed by Agilico Group Limited (formerly Tokyo Topco Limited). Agilico Group Limited (formerly Tokyo Topco Limited) and its subsidiaries are hereafter referred to as the "Agilico Group" or the "Group".

The Company meets its day to day working capital requirements through its own cash balances and from funding from the Group. The Company has received written confirmation from Agilico Group Limited (formerly Tokyo Topco Limited) that it will continue to provide financial support, for a period of at least twelve months from the date of signing these financial statements.

The Group's directors have assessed the impact of the principal risks and uncertainties brought about by the current economic environment, and have reviewed the Group's forecast cash flows, liquidity and borrowing facilities which were stress-tested for plausible downside scenarios as a result of the COVID-19 pandemic. These demonstrate that the Group has sufficient cash reserves and available headroom under its borrowing facilities to pay all debts as they fall due for a period of at least twelve months from the date of signing these financial statements.

As such the directors believe that the Company will have adequate resources to continue to operate for the foreseeable future. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing these financial statements.

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. Accounting policies (continued)

2.6 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company 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 Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company 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 Company 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 Company 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.

2.7 Operating leases: the Company as lessor

Rental income from operating leases is credited to profit or loss on a straight-line basis over the lease term.

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.

AGILICO WORKPLACE TECHNOLOGIES (SOUTH) LIMITED (FORMERLY D.M.C BUSINESS MACHINES LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. Accounting policies (continued)

2.8 Leases

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

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

Rental payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight-line basis over the term of the relevant lease.

2.9 Employee benefits

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

2.10 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 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 profit or loss over its useful economic life which is 9 years.

AGILICO WORKPLACE TECHNOLOGIES (SOUTH) LIMITED (FORMERLY D.M.C BUSINESS MACHINES LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. Accounting policies (continued)

2.11 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:

Land and buildings & leasehold	- 33%
Motor vehicles	- 25%
Fixtures, fittings & equipment	- 25%
Equipment leased to customers	- 25-33%
IT equipment	- 25%

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.

2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.13 Stocks

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

Included within stock is stock in field. This represents consumable items (in which the Company retains title and subject to maintenance agreements) which are held at client sites which produce service revenue in future months from the customer. The value of this is based upon a combination of past experience and current assessments of how much stock is kept within and beside each machine in the field.

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

AGILICO WORKPLACE TECHNOLOGIES (SOUTH) LIMITED (FORMERLY D.M.C BUSINESS MACHINES LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. Accounting policies (continued)

2.14 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company 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 other creditors as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.15 Holiday pay accrual

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

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company 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 Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet 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 Balance Sheet.

2.17 Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company 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 Company 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 Company's cash management.

Financial liabilities and equity instruments issued by the Company 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 Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. Accounting policies (continued)

2.18 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 balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 balance sheet date.

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**NOTES TO THE FINANCIAL STATEMENTS
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3. Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Debtors

At each reporting date and throughout the year, the Company's debtor balance is reviewed to identify any impairment required, and specific provisions are made against this balance. At 31 March 2021 £96k of balances were identified as requiring a provision (2020: £6k).

Impairment of goodwill and investments in subsidiaries

Determining whether goodwill or investments in subsidiaries are impaired requires an estimation of the value in use of the applicable cash generating unit ("CGU"). The value in use calculation requires an estimation of the future cashflows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. The value in use enables an estimate to be made on whether or not there has been any impairment and the extent to which the goodwill or investment is impaired. The carrying amount of goodwill is shown in note 11 and the carrying amount of investments is shown in note 13.

Stock in the field

It is generally accepted practice in our market to provide consumable stock (in which the Company retains title) which produces service revenue in future months from the customer. A calculation of the value of this stock in the field is based upon reasonable statistical estimates of the quantity of those consumable stocks held by customers at the period end, valued in accordance with the accounting policy as stated in note 2. The stock in field is included in note 14.

4. Turnover

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

	2021	2020
	£000	£000
Sale of goods - to third parties	3,636	5,419
Rendering of services	3,577	7,417
Sale of goods - to other group companies	7,133	-
	<u>14,346</u>	<u>12,836</u>

All turnover arose within the United Kingdom.

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**NOTES TO THE FINANCIAL STATEMENTS
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5. Other operating income

	2021	2020
	£000	£000
Management charges to other group companies	1,330	405
Furlough income	329	-
	1,659	405

6. Operating (loss)/profit

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

	2021	2020
	£000	£000
Fees payable to the Company's auditor for the audit of the Company's financial statements	46	21
Depreciation of tangible fixed assets	151	133
Amortisation of intangible assets	600	356
Other operating lease rentals	848	408
Impairment of debtors	28	7
Impairment of investments in subsidiaries	10,003	-

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**NOTES TO THE FINANCIAL STATEMENTS
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7. Employees

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

	2021	2020
	£000	£000
Wages and salaries	4,419	4,592
Social security costs	446	468
Cost of defined contribution scheme	138	159
	5,003	5,219

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

	2021	2020
	No.	No.
Sales	14	11
Administrative	75	92
	89	103

8. Directors' remuneration

	2021	2020
	£000	£000
Directors' emoluments	401	387
Company contributions to defined contribution pension schemes	14	20
	415	407

The highest paid director received remuneration of £135k (2020: £150k).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £4k (2020: £5k).

9. Interest receivable

	2021	2020
	£000	£000
Interest receivable from group companies	306	328

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

10. Taxation

	2021	2020
	£000	£000
Corporation tax		
Current tax on profits for the year	(147)	242
Adjustments in respect of previous periods	(52)	30
Total current tax	<u>(199)</u>	<u>272</u>
Deferred tax		
Origination and reversal of timing differences	(37)	(80)
Adjustment in respect of previous periods	66	(28)
Effect of changes in tax rate	-	1
Total deferred tax	<u>29</u>	<u>(107)</u>
Taxation on (loss)/profit on ordinary activities	<u>(170)</u>	<u>165</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020: *higher than*) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021	2020
	£000	£000
(Loss)/profit on ordinary activities before tax	<u>(11,437)</u>	<u>838</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	(2,173)	159
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,989	3
Adjustments to tax charge in respect of prior periods	14	2
Effect of changes in tax rate	-	1
Total tax (credit)/charge for the year	<u>(170)</u>	<u>165</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

AGILICO WORKPLACE TECHNOLOGIES (SOUTH) LIMITED (FORMERLY D.M.C BUSINESS MACHINES LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
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11. Intangible assets

	Customer contracts £000	Software £000	Goodwill £000	Total £000
Cost				
At 1 April 2020	-	19	3,179	3,198
Additions	1,060	150	14,259	15,469
Intra-group transfers	-	-	287	287
Disposals	-	(128)	-	(128)
At 31 March 2021	<u>1,060</u>	<u>41</u>	<u>17,725</u>	<u>18,826</u>
Amortisation				
At 1 April 2020	-	3	2,087	2,090
Charge for the year	133	3	464	600
At 31 March 2021	<u>133</u>	<u>6</u>	<u>2,551</u>	<u>2,690</u>
Net book value				
At 31 March 2021	<u>927</u>	<u>35</u>	<u>15,174</u>	<u>16,136</u>
At 31 March 2020	<u>-</u>	<u>16</u>	<u>1,092</u>	<u>1,108</u>

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12. Tangible fixed assets

	Land and buildings & leasehold £000	Motor vehicles £000	Fixtures, fittings & equipment £000	Equipment leased to customers £000	IT equipment £000	Total £000
Cost						
At 1 April 2020	23	38	127	271	149	608
Additions	-	-	122	-	67	189
Transfers intra group	99	129	737	283	77	1,325
Acquisition of business	-	45	20	-	-	65
Disposals	(23)	-	-	-	-	(23)
At 31 March 2021	99	212	1,006	554	293	2,164
Depreciation						
At 1 April 2020	23	33	125	101	40	322
Charge for the year	-	13	18	90	30	151
Disposals	(23)	-	-	-	-	(23)
At 31 March 2021	-	46	143	191	70	450

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NOTES TO THE FINANCIAL STATEMENTS
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12. Tangible fixed assets (continued)

Net book value

At 31 March 2021	<u>99</u>	<u>166</u>	<u>863</u>	<u>363</u>	<u>223</u>	<u>1,714</u>
At 31 March 2020	<u>-</u>	<u>5</u>	<u>2</u>	<u>170</u>	<u>109</u>	<u>286</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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13. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 April 2020	3,079
Additions	74,627
At 31 March 2021	77,706
Impairment	
Charge for the period	10,003
At 31 March 2021	10,003
Net book value	
At 31 March 2021	67,703
At 31 March 2020	3,079

AGILICO WORKPLACE TECHNOLOGIES (SOUTH) LIMITED (FORMERLY D.M.C BUSINESS MACHINES LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

13. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Buscom Limited*	Dormant	Ordinary	100%
Canotec Limited	Dormant	Ordinary	100%
First Office Holdings Limited	Holding company	Ordinary	100%
Agilico Systems Limited (formerly DMC Technologies Limited)	IT & other telecommunication activities	Ordinary A, B & C	100%
Hobbs Parker 2000 Limited*	Other telecommunications activities	Ordinary A & B	100%
Canotec South West Limited	Supply and maintenance of office machines	Ordinary A	100%
Faverglen Limited	Holding company	Ordinary	100%
U.C.O.S Holdings Limited	Holding company	Ordinary	100%
Agilico Workplace Technologies (North) Limited (formerly United Carlton Business Machines Limited)	Supply and maintenance of office machines	Ordinary	100%
United Carlton Office Solutions Limited*	Dormant	Ordinary	100%
United Carlton Digital Solutions Limited*	Dormant	Ordinary	100%
Condor Office Solutions Limited	Supply and maintenance of office machines	Ordinary	100%
Systems Technology (S.E.) Limited	Supply and maintenance of office machines	Ordinary	100%
Systems Technology (Holdings) Limited	Holding company	Ordinary	100%
CSL Group Holdings Limited	Holding company	Ordinary	100%
Agilico Workplace Technologies (Midlands) Limited (formerly CSL Business Machines Limited)	Supply and maintenance of office machines	Ordinary	100%
Copying Services (Leicester) Limited*	Dormant	Ordinary	100%
CSL Nottingham Limited*	Dormant	Ordinary	100%
Total Office Maintenance Limited*	Dormant	Ordinary	100%
Derby Office Machines Limited*	Dormant	Ordinary	100%
McDowell & Co Limited	Dormant	Ordinary	100%
Systems Support UK Limited*	Dormant	Ordinary	100%

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**NOTES TO THE FINANCIAL STATEMENTS
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13. Fixed asset investments (continued)

Subsidiary undertakings (continued)

The registered office of all subsidiaries is C/O Harrison Clark Rickerbys, Ellenborough House, Wellington Street, Cheltenham, England, GL50 1YD.

*held indirectly

During the year, the Group conducted a corporate re-organisation. As part of this re-organisation, the Company acquired the entire issued share capital of CSL Group Holdings Limited, Condor Office Solutions Limited, Systems Technology (Holdings) Limited, McDowell & Co. Limited and U.C.O.S. Holdings Limited from another group company by way of a share-for-share exchange. Total consideration was £78.5m by the issuance by the Company of 5,000 new ordinary shares.

In addition, the Company acquired the entire issued share capital of CSL Business Machines Limited, Agilico Workplace Technologies (North) Limited (formerly United Carlton Office Solutions Limited) and Agilico Systems Limited (formerly DMC Technologies Limited) from other group companies for a total consideration of £8.1m, which was settled via the intercompany account.

14. Stocks

	2021	2020
	£000	£000
Finished goods and goods for sale	7,288	3,124
	7,288	3,124

Included within goods for sale is £2,826k (2020: £1,030k) of stock in field.

15. Debtors

	2021	2020
	£000	£000
Trade debtors	2,670	2,240
Amounts owed by parent companies	2,050	3,582
Amounts owed by group companies	275	331
Other debtors	346	168
Prepayments and accrued income	1,319	669
Deferred taxation	4	73
	6,664	7,063

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

16. Creditors: Amounts falling due within one year

	2021	2020
	£000	£000
Trade creditors	3,711	1,111
Amounts owed to group undertakings	18,290	2,826
Other taxation and social security	727	852
Obligations under finance lease and hire purchase contracts	-	12
Other creditors	780	154
Accruals and deferred income	1,187	1,143
	<u>24,695</u>	<u>6,098</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

17. Finance leases obligations

Minimum lease payments under hire purchase fall due as follows:

	2021	2020
	£000	£000
Within one year	<u>-</u>	<u>12</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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18. Deferred taxation

	2021 £000	2020 £000
Fixed asset timing differences	4	(71)
Short term timing differences	(8)	(2)
	<u>(4)</u>	<u>(73)</u>
	2021 £000	2020 £000
Deferred tax (asset)/liability at 1 April	(73)	33
Credited to profit and loss	69	(106)
Asset at 31 March	<u><u>(4)</u></u>	<u><u>(73)</u></u>

19. Provisions

	Onerous leases £000
At 1 April 2020	-
Charged to profit or loss	178
At 31 March 2021	<u><u>178</u></u>

Where leasehold properties become vacant, the Company provides for all costs, net of any anticipated income, to the end of the lease or the anticipated date of the disposal or sub-lease.

20. Share capital

	2021 £000	2020 £000
Allotted, called up and fully paid		
53,008 (2020: 48,008) Ordinary shares of £1.00 each	53	48
24 (2020: 24) Ordinary 'D' shares of £1.00 each	-	-
	<u>53</u>	<u>48</u>

During the period, 5,000 Ordinary shares were issued for a total consideration of £78,463,680.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

21. 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.

Capital redemption reserve

This reserve relates to the nominal value of shares that the Company has bought back.

Profit and loss account

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

22. Contingent liabilities

During the prior year, the Group entered into a new senior loan facility agreement, which is secured by a debenture over the assets of the Group. The Company has entered into a cross-guarantee of the loan facility. The loan balances outstanding under the Group's loan facility at 31 March 2021 were £77.1m (2020: £82.1m).

23. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £134k (2020: £159k). Contributions totalling £36k (2020: £39k) were payable to the fund at the balance sheet date and are included in other creditors.

24. Commitments under operating leases - the Company as lessee

At 31 March the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £000	2020 £000
Not later than 1 year	916	303
Later than 1 year and not later than 5 years	1,272	637
	<u>2,188</u>	<u>940</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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25. Commitments under operating leases - the Company as lessor

The Company leases out multi-functional devices to customers under non-cancellable operating leases. At 31 March, the Company had future rental income under these leases as follows:

	2021	2020
	£000	£000
Not later than 1 year	252	266
Later than 1 year and not later than 5 years	68	195
	320	461

26. 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.

On 31 March 2021 three hive ups of trade and assets were completed from group companies at net book value. The transfer of assets included tangible fixed assets, stock, trade debtors, prepayments, trade creditors, accruals and other creditors. The total combined book value and fair value of the transfer was £3,566,948 which was settled via the intercompany account.

27. Post balance sheet events

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

28. Controlling party

The immediate parent undertaking is Agilico Bidco Limited (formerly Tokyo Bidco Limited), a company registered in England and Wales.

The ultimate parent undertaking and ultimate controlling party is Horizon Capital LLP, a Limited Liability Partnership registered in England and Wales.

The largest and smallest group for which group accounts for the year ended 31 March 2021 have been drawn up, is that headed by Agilico Group Limited (formerly Tokyo Topco Limited). Copies of the group accounts are available from Companies House.