Centrix Limited
Annual report and accounts 2021

Directors' report

For the year ending 31 March 2021

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

Principal activities

The company is now dormant and does not trade. All trade and assets were hived out of the company to AdEPT Technology Group Plc 1 February 2021. As a result, the accounts for the year ending 31 March 2021 consist of 10 months trading and 2 months with no trade. There is no intention for the company to commence trading in the future and so will remain dormant.

Statement of directors' responsibilities

The directors are responsible for preparing 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 101 'Reduced Disclosure Framework'.

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 and then apply them consistently.
- make judgements and accounting estimates that are reasonable and prudent.
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

They are further responsible for ensuring that the report of the directors and other information included in the annual report and financial statements is prepared in accordance with applicable law in the United Kingdom.

The Board

Phil Race
John Swaite

Provision of information to auditor

So far as each of the directors is aware at the time the report was approved:

- there was no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor was aware of that information.

Going concern

On 1 February 2021 the company sold the trade and assets of the business to Adept Technology Group Plc, the parent company. The company ceased to trade at this date. As required by UK accounting standards, the directors have prepared the financial statements on the basis that the company is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

Dividend

Total interim dividends of £12,793,271 were paid in the year (2020: £3,300,000) to AdEPT Technology Group plc and the final dividend recommended for the year is £Nil (2020: £Nil).

Future developments

The company will remain dormant.

Auditor

The auditor, Crowe U.K. LLP, will be proposed for re-appointment in accordance with Section 485 of the Companies Act 2006.

By order of the Board

John Swaite
Director
23 July 2021

Independent Auditor's Report to the Members of Centrix Limited

OPINION

We have audited the financial statements of Centrix Limited (the 'company') for the year ended 31 March 2021, which comprise the income statement, statement of financial position, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 profit 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 United Kingdom, including the Financial Reporting Council'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.

EHMPHASIS OF MATTER – FINANCIAL STATEMENTS PREPARED ON A BASIS OTHER THAN GOING CONCERN

We draw attention to note 2. in the financial statements, which indicates that the company ceased trading during the period, and therefore the directors do not consider it to be appropriate to adopt the going concern basis of accounting in preparing these financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in note 2. Our opinion is not modified in respect of this matter.

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION 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 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included:

- enquiries of management about their own identification and assessment of the risks of irregularities;
- reviewing board minutes and making enquiries of management regarding any non-compliance with laws and regulations and fraud;
- reviewing the revenue, supplier payments and payroll systems for significant deficiencies or susceptibility to fraud;
- reviewing revenue has been recognised appropriately and that the revenue accounting policy is compliant with the financial reporting framework;
- challenging assumptions and judgements made by management in their significant accounting estimates and judgements; and
- reviewing journal entries, in particular any journal entries posted with unusual account combinations, posted by unexpected users and posted on unexpected days.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

USE OF OUR REPORT

This report is made solely to the company's shareholders 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 shareholders 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 shareholders for our audit work, for this report, or for the opinions we have formed.

Crowe UK LLP

Darren Rigden (senior statutory auditor)

for and on behalf of
Crowe UK LLP

Statutory Auditor
Riverside House
46 – 46 High Street
Maidstone
Kent
ME14 1JH

Date: 26th July 2021

Statement of Comprehensive Income

For the year ended 31 March 2021

	Note	10 months ended 31 March 2021 £'000	Year ended, 31 March 2020 £'000
Revenue	5	**7,587**	11,492
Cost of sales		**3,987**	5,738
Gross profit		**3,600**	5,754
Other income	4	**8,177**	-
Administrative expenses		**2,071**	2,769
Operating profit	6	**9,706**	2,985
Finance costs	8	**3**	1
Profit before income tax		**9,703**	2,984
Income tax expense	10	**323**	599
Profit for the period		**9,380**	2,385
Other comprehensive income		**-**	-
Total comprehensive income		**9,380**	2,385

There was no other comprehensive income for the period ended 31 March 2021 (2020: £Nil).

The notes on pages 10 to 21 form part of these financial statements.

Statement of Financial Position

As at 31 March 2021

	Note	31 March 2021 £'000	31 March 2020 £'000
Assets			
Non-current assets			
Intangible assets	11	-	987
Property, plant and equipment	12	-	151
		-	1,138
Current assets			
Inventories	14	-	151
Trade and other receivables	15	-	3,380
Contract assets		-	135
Cash and cash equivalents		-	2,185
		-	5,851
Total assets		-	6,989
Current liabilities			
Trade and other payables	16	-	3,402
Contract liabilities		-	185
Income tax		-	(30)
Deferred tax	13	-	5
		-	3,562
Non-current liabilities			
Long term borrowings	20	-	14
Total liabilities		-	3,576
Net assets		-	3,413
Equity attributable to equity holders			
Share capital	17	-	-
Retained earnings		-	3,413
Total equity		-	3,413

The financial statements have been prepared in accordance with the provisions of Financial Reporting Standard 101 'Reduced Disclosure Framework'.

The financial statements were approved and authorised for issue by the Board on 23 July 2021 and signed on its behalf.

J Swaite

John Swaite
Director

The notes on pages 10 to 21 form part of these financial statements.

Registered number 02575374

Statement of changes in equity
For the year ended 31 March 2021

	Attributable to equity holders		
	Share capital £'000	Retained earnings £'000	Total equity £'000
Equity at 1 April 2019	**-**	**4,329**	**4,329**
Impact of change in accounting policy (note 4)	**-**	**(1)**	**(1)**
Adjusted equity at 1 April 2019	**-**	**4,328**	**4,328**
Profit for the period	-	2,385	2,385
Other comprehensive income	-	-	-
Total comprehensive income	-	2,385	2,385
Dividends	-	(3,300)	(3,300)
Equity at 1 April 2020	**-**	**3,413**	**3,413**
Profit for the year	-	9,380	9,380
Other comprehensive income	-	-	-
Total comprehensive income	-	9,380	9,380
Dividends	-	(12,793)	(12,793)
Equity at 31 March 2021	**-**	**-**	**-**

The notes on pages 10 to 21 form part of these financial statements.

Notes to the financial statements

For the year ending 31 March 2021

1. Nature of operations and general information

Centrix Limited is one of the UK's leading independent providers of unified telecommunication services. The company is focused on delivering a complete telecommunications service for small and medium-sized business customers with a targeted product range including landline calls, line rental, data connectivity and Avaya Aura hardware services.

Centrix Limited is a private limited company incorporated under the Companies Act, domiciled in the UK (registered in England and Wales under company number 02575374) and the registered office is located at One Fleet Place, London EC4M 7WS.

All trade and assets were hived out of the company to AdEPT Technology Group Plc on 1 February 2021.

2. Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

The financial statements are presented in sterling which is the company's functional and presentation currency. The figures shown in the financial statements are rounded to the nearest thousand pounds.

On 1 February 2021 the company sold the trade and assets of the business to Adept Technology Group Plc, the parent company. The company ceased to trade at this date. As required by UK accounting standards, the directors have prepared the financial statements on the basis that the company is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

The following principal accounting policies have been applied:

Revenue

The following is a description of the principal activities from which the company generates its revenue.

Segment	Product/service	Nature, timing of satisfaction of performance obligations and significant payment terms
Fixed line services	Calls and line rental	Revenue from calls, which excludes value added tax and trade discounts, is recognised in the income statement at the time the call is made. Calls made in the year, but not billed by year end, are accrued within receivables as accrued income. Revenue from line rental is recognised in the month that the charge relates to, commencing with a full month's charge in the month of connection. The performance obligations of calls and line rental services are fulfilled in the month in which the services are consumed by customers. Customer payment terms are 14 days from invoice for call usage and line rental services.
Managed services	Data networks	Revenue arising from the provision of internet and other data connectivity services is recognised evenly over the periods in which the service is provided to the customer. Revenue from installation of data connectivity services are recognised evenly over the term of the customer contract. The performance obligations of data networks are fulfilled when the equipment is installed, the service has gone live and the associated data connectivity rental services are consumed by customers on a monthly basis. All equipment required for data connectivity services is covered by a standard manufacturer warranty which is provided back-to-back with customer terms. Customer payment terms are 14 days from invoice, installation charges (if applicable) are paid for upfront with the rental charges paid on a monthly, annual or quarterly basis.
Managed services	Sale of goods	Revenue from the sale of goods is recognised when the goods have been fully installed and the risks and rewards of ownership have passed to the customer. The performance obligations of the supply of goods and equipment are met when the goods have been delivered, configured and installed. All goods supplied are covered by a standard manufacturer warranty which is provided back-to-back with customer terms. Customer payment terms are 30 days from invoice date. A deposit of up to 33% is invoiced prior to delivery with the balance being invoiced once the equipment has been configured and installed.
Managed services	Support services	Support service revenues are recognised evenly over the customers contractual period for which the charges relate. Support service charges which arise outside of the customer contracts are recognised in the month when the support service is provided. The performance obligations of support services are fulfilled in the month in which the services are consumed by customers. Customer payment terms are 14-30 days from invoice date, support services are invoiced and paid for up to twelve months in advance.

Where customer contracts have multiple components to be delivered (e.g. equipment rental and internet services), the revenue attributable to each component is calculated based on the fair value of each component.

The whole of the revenue is attributable to the provision of voice and data telecommunication services to both residential and business customers. All revenue arose within the United Kingdom.

Grant income

The company recognises income from government grants under the accruals model as permitted by IAS 20. Grants are recognised in the income statement as other income in the same period as the related expenditure.

Intangible assets and amortisation

Intangible assets are recognised at fair value at the acquisition date. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Impairment reviews are conducted annually from the first anniversary following acquisition.

Customer base	- 10 Years

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost, less depreciation and any provision for impairment. Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value of each asset, over its expected useful life on the following bases:

Fixtures and fittings	– Five years straight line
Office equipment	– Three years straight line
Rental equipment at customer premises	– Contract agreement period
Right of use asset	– Contract agreement period

Lease accounting

The company leases equipment under operating leases to non-related parties. Leases of equipment where the company retains substantially all risks and rewards incidental to ownership are classified as operating leases. The underlying assets are recognised in tangible fixed assets. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the company in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Inventories

Inventories are valued at the lower of cost and net realisable value after making allowance for any obsolete or slow moving items. Net realisable value is reviewed regularly to ensure accurate carrying values. Cost is determined on a first-in-first-out basis and includes transportation and handling costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Pensions

The company contributes to personal pension plans. The amount charged to the income statement in respect of pension costs is the contribution payable in the year.

Income tax

Income tax is the tax currently payable based on taxable profit for the year.

Deferred income tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred income tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred income tax liabilities are provided in full, with no discounting. Deferred income tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred income tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred income tax assets or liabilities are recognised as a component of income tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred income tax is also charged or credited directly to equity.

Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors.

Short term debtors are measured at transaction price, less any impairment.

Short term trade creditors are measured at transaction price.

3. Critical accounting estimates and judgements

The key assumptions concerning the future and other key sources of estimation and uncertainty at the balance sheet date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below for the previous year. Given the hive up on 1 February 2021 to the parent company, and that the company will not be trading in the future, the directors do not believe there are any other key sources of estimation and uncertainty at the balance sheet date.***Stock provision***

A provision is made in respect of obsolete or slow moving items. The provision is estimated based on the age of the items which are held in stock.

Credit losses on bad debt

Management reviews are performed to estimate the level of provision required for irrecoverable debt under the requirements of IFRS9. Provisions are made specifically against invoices where recoverability is uncertain. Further information on the receivables allowance account is given in Note 15.

4. Other income

	2021 £'000	2020 £'000
Coronavirus Job Retention Scheme claims	**45**	-
Gain on disposal of trade and assets	**8,132**	-

On 1 February 2021 the trade and assets of the company were transferred to the parent company resulting in a gain on disposal of £8,132,000. The company will remain dormant in the future.

5. Revenue

Timing of revenue recognition

	10 Months ended 31 January 2021 £'000	Year ended 31 March 2020 £'000
Products transferred at a point in time	**1,144**	2,304
Products and services transferred over time	**6,443**	9,188
	7,587	11,492

The following table provides information about receivables, contract assets and contract liabilities with customers:

	2021 £'000	2020 £'000
Receivables, which are included in 'Trade and other receivables'	-	1,202
Contract assets	-	134
Contract liabilities	-	(185)

Contract assets relate to the deferred direct costs in respect of data circuit installations which have been completed and are being recognised across the customers contractual term to which the installation relates. The contract liabilities relate to the deferred revenue in respect of data installations which have been completed and the revenue is being recognised across the term of the customer contract.

Significant changes in the contract assets and contract liabilities balances during the period are as follows:

	2021 £'000	2020 £'000
Revenue deferred into future periods	**(114)**	(185)
Deferred revenue recognised in the period	**170**	123
Direct costs deferred into future periods	**83**	134
Deferred direct costs recognised in the period	**(62)**	(76)

The performance obligations of the underlying contracts to which the contract assets relate are expected to be met over periods of up to 3 years. However, the performance obligations for all revenues and costs that have been deferred into future periods have been satisfied at the year end, as these relate to the installation and equipment of data networks which have been completed and the service is being used by the customer.

There are no impairment losses in relation to the contract assets recognised under IFRS 15.

6. Operating profit

The operating profit is stated after charging:

	10 Months ended 31 January 2021 £'000	Year ended 31 March 2020 £'000
Amortisation of intangible assets	**134**	167
Depreciation of tangible fixed assets	**28**	83
Depreciation of right-to-use assets	**63**	80

7. Auditor remuneration

	10 Months ended 31 January 2021 £'000	Year ended 31 March 2020 £'000
Fees payable to the company's auditor for the audit of the company's annual financial statements	**7**	12
Fees payable to the company's auditor and their associates in respect of:		
– other services relating to taxation	**3**	3

8. Finance costs

	10 Months ended 31 January 2021 £'000	Year ended 31 March 2020 £'000
Interest receivable	**(1)**	(3)
IFRS 16 lease liability interest	**4**	4

9. Employee costs

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

	10 Months ended 31 January 2021 £'000	Year ended 31 March 2020 £'000
Wages and salaries	**1,453**	**1,844**
Social security costs	**169**	**219**
Pension costs	**30**	**38**
	1,656	**2,101**

The average monthly number of employees, during the period was 30 (2020: 32).

The company operates defined contribution pension schemes. The pension charge represents contributions payable by the company and amounted to £29,794 (2020: £37,740). At 31 March 2021 there were pension commitments of £Nil (2020: £3,714).

10. Income tax expense

	10 Months ended 31 January 2021 £'000	Year ended 31 March 2020 £'000
Current tax		
UK corporation tax on profit for the year	**328**	602
Adjustments in respect of prior periods	**(9)**	(4)
Total current tax	**319**	598
Deferred tax		
Origination and reversal of timing differences	**(5)**	(6)
Adjustments in respect of prior periods	**9**	6
Effect of tax rate change on opening balance	**-**	1
Total deferred tax (see Note 13)	**4**	1
Total income tax expense	**323**	599

Factors affecting tax charge for year

The relationship between expected tax expense based on the effective tax rate of Centrix Limited at 19% (2020: 19%) and the tax expense actually recognised in the income statement can be reconciled as follows:

	10 Months ended 31 January 2021 £'000	Year ended 31 March 2020 £'000
Profit before income tax	**9,703**	2,984
Tax rate	**19**	19
Expected tax charge	**1844**	567
Expenses not deductible for tax purposes	**-**	1
Adjustments to tax charge in respect of prior periods	**1**	2
Depreciation and amortisation on assets not qualifying for capital allowances	**26**	28
Impact of change in deferred tax rate on opening deferred tax	**-**	1
Dividend income not taxable	**(1,548)**	-
Actual tax expense net	**323**	599

There were no material factors that may affect future tax charges.

11. Intangible Assets

	Customer base £'000	Total £'000
Cost		
At 31 March 2020	**1,560**	**1,560**
Additions	-	-
Transfer to parent company	(1,560)	(1,560)
At 31 March 2021	**-**	**-**
Amortisation		
At 31 March 2020	**573**	**573**
Charge for the year	135	135
Transfer to parent company	(708)	(708)
At 31 March 2021	**-**	**-**
Net book value		
At 31 March 2021	**-**	**-**
At 31 March 2020	**987**	**987**

The useful life of the customer base acquired has been estimated at 10 years. The amortisation charge for the year is included within administrative expenses in the Statement of Comprehensive Income.

12. Property, plant and equipment

	Fixtures and fittings £'000	Office equipment £'000	Right-to-use asset £'000	Total £'000
Cost				
At 31 March 2020	**162**	**500**	**81**	**743**
Additions	-	6	166	174
Disposals	-	(162)	(50)	(212)
Transfer to parent company	(162)	(344)	(197)	(703)
At 31 March 2021	-	-	-	-
Depreciation				
At 31 March 2020	**129**	**438**	**24**	**592**
Charge for the year	2	28	63	86
Disposals	-	(160)	(48)	(208)
Transfer to parent company	(131)	(306)	(39)	(476)
At 31 March 2021	-	-	-	-
Net book value				
At 31 March 2021	-	-	-	-
At 31 March 2020	33	62	57	151

Net book value of office equipment includes £Nil relating to equipment rented to customers (2020: £6,852).

The right of use asset is made up as follows:

	31 March 2021 £'000	**31 March 2020 £'000**
Property	-	**30**
Motor vehicles	-	**20**
Other	-	**7**
	-	**57**

The depreciation charge for right of use assets is as follows:

	10 Months ended 31 January 2021 £'000	Year ended 31 March 2020 £'000
Property	**52**	**61**
Motor vehicles	**8**	**17**
Other	**3**	**2**
	63	**80**

13. Deferred taxation

	2021 £'000	2020 £'000
At 1 April 2020	**6**	5
Income statement (credit)/charge	**4**	1
Transfer to parent company	**(10)**	-
At 31 March 2021	-	6

The deferred tax liability is made up as follows:

	2021 £'000	2020 £'000
Accelerated capital allowances	-	8
Short-term timing differences	-	(2)
	-	6

14. Inventories

	2021 £'000	2020 £'000
Consumables	-	151

As at 31 March 2021, inventories of £Nil (2020: £35,765) were fully provided for.

There is no material difference between the replacement cost of inventories and the amount stated above. Stock of £598,593 has been expensed during the year (2020: £1,205,136).

15. Trade and other receivables

	2021 £'000	2020 £'000
Trade receivables	-	1,202
Amounts owed by group undertakings	-	728
Other receivables	-	46
Prepayments and accrued income	-	1,540
	-	3,516

The company initially recognise trade and other receivables at fair value, which is usually the original invoiced amount. They are subsequently carried at amortised cost using the effective interest method. The carrying amount of these balances approximates to fair value due to the short maturity of amounts receivable.

The company provide services to business customers, mainly on credit terms. We know that certain debts due to us will not be paid through the default of a small number of our customers. Because of this, the company recognise an allowance for doubtful debts on initial recognition of receivables, which is deducted from the gross carrying amount of the receivable. The allowance is calculated by reference to credit losses expected to be incurred over the lifetime of the receivable. In estimating a loss allowance, we consider historical experience and informed credit assessment alongside other factors such as the current state of the economy and particular industry issues. The company consider reasonable and supportable information that is relevant and available without undue cost or effort.

Once recognised, trade receivables are continuously monitored and updated. Allowances are based on the historical loss experiences for the relevant aged category as well as forward-looking information and general economic conditions. Allowances are calculated by individual customer-facing units in order to reflect the specific nature of the customers relevant to that customer generating unit.

Trade receivables and contract assets

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. As at 31 March 2021, trade receivables of £Nil (2020: £24,933) were fully provided for.

All debts which are older than 90 days relate to interim amounts in respect of large customer projects which have not yet fully completed and are considered to be fully recoverable on completion. The movement of the provision for impairment of trade receivables is as follows:

	£'000
At 1 April 2019 adjusted	6
Receivables provided for during the year as uncollectable	18
Receivables collected during the year which were previously provided	-
At 1 April 2020	**25**
Receivables provided for during the year as uncollectable	-
Receivables collected during the year which were previously provided	-
Transfer to parent company	(25)
At 31 March 2021	-

The creation and release of a provision for impaired receivables have been included in administration expenses in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering cash. Management regularly reviews the outstanding receivables and does not consider that any further impairment is required. The other asset classes within trade and other receivables do not contain impaired assets.

16. Trade and other payables

	2021 £'000	2020 £'000
Trade payables	-	1,006
Other taxes and social security costs	-	320
Other payables	-	66
Accruals and deferred income	-	2,208
	-	3,600

Included in trade payables are amounts due to companies within the group of £Nil (2020: £28,144).

17. Share capital

	2021 £'000	2020 £'000
Allotted, called up and fully paid		
200 (2020: 200) Ordinary shares of £1 each	-	-

Movement in shares in issue

	31 March 2021	31 March 2020
Ordinary shares of £1 each	200	200
Issued under share option schemes	-	-
	200	200

18. Related party transactions

The company has taken advantage of the previsions of FRS 101 paragraph 8(k) which exempts qualifying entities from disclosing related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by a member of that group.

19. Capital commitments

At 31 March 2021 there were capital commitments of £Nil (2020: £Nil).

20. Long term borrowings

	2021 £'000	2020 £'000
Between two to five years	-	14
	-	14

Long term borrowings relate to the lease liability for right-to-use assets.

21. Lease liability

Included within long-term borrowings (Note 20) between two and five years is an amount of £Nil (2020: £14,105) which relates to IFRS 16 lease liability.

	31 March 2021 £'000	31 March 2020 £'000
Between one and two years	-	66
Between two and five years	-	14
More than five years	-	-
	-	80

Total cash payments in respect of IFRS 16 lease agreements during the year was £67,148 (2020: £85,906).

22. Controlling party

The ultimate parent company and controlling party is AdEPT Technology Group plc by virtue of its 100% shareholding, a company registered in United Kingdom, a company registered in England and Wales.

The smallest group in which the results of the company are consolidated is that headed by AdEPT Technology Group plc. The consolidated accounts of this company are available from 77 Mount Ephraim, Tunbridge Wells, Kent TN4 8BS.

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