

Company Registration No. 02853595 (England and Wales)

APOGEE CORPORATION LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 OCTOBER 2022

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APOGEE CORPORATION LIMITED

COMPANY INFORMATION

Directors	A Maruggi S Jackson
Company number	02853595
Registered office	Nimbus House Liphook Way 20/20 Business Park Maidstone Kent ME16 0FZ United Kingdom
Auditor	RSM UK Audit LLP Chartered Accountants 3rd Floor Portland 25 High Street Crawley West Sussex RH10 1BG

APOGEE CORPORATION LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 OCTOBER 2022

The directors present the strategic report for the year ended 31 October 2022.

Principal activity

The Company's main activity is the supply of managed services including print, IT and outsourced document management. Serving a diverse customer base, from sole traders to multi-national corporations and public sector organisations, in the UK and Europe.

Business Review

The performance for the year was in line with expectations. The revenue, EBITDA and operating profit were all improved from the performance in the year ending 31 October 2021 (see Key Performance Indicators below).

During FY22 the market has settled on a post covid position, characterised by a reduction in the Managed Print Services (MPS) versus pre-covid levels in the range of 20-30%, and emerging new opportunities in the area of outsourced Managed IT Services (MITS). Customers are driving more cost savings through digital document workflows and needs for driving automation and transformation. Despite the market conditions the Company has still achieved 19% revenue growth year over year. The changes in market conditions, with a permanently reduced Managed Print Service addressable opportunity and growing opportunities in Managed IT Services has further reinforced the need for the company to rebalance the portfolio of services with increased investment in new services. This has been reflected in a new financial long-term plan which has been impacted in the short to mid-term by the reduction of the Managed Print Services business, while the new services are ramping up but not fully offsetting the reduction.

Exceptional items include £14,608,000 for the costs relating to an internal post-acquisition due diligence review. The best estimate of the probable liability has been provided for and likely to be resolved in CY23.

Key Performance Indicators

The directors review and monitor all aspects of the business but consider that turnover, gross margins, adjusted EBITDA, operating margins and headcount are the key performance indicators for the business. The key indicators can be summarised as follows:

	2022	2021 as restated	Change
Turnover	£95.5m	£80.0m	19.4%
Gross margin	16.9%	8.4%	8.5%
Adjusted EBITDA	(£3.3m)	(£9.2m)	64.5%
EBITDA margin	(3.4%)	(11.5%)	8.1 ppts
Staff numbers	840	835	5

Adjusted EBITDA is defined and calculated as follows:

	2022 £'000s	2021 £'000s
Operating loss	(27,146)	(20,760)
Adjust for:		
Depreciation	836	828
Loss on disposal of fixed assets	99	-
Amortisation	9,799	9,876
Exceptional items other than impairment	13,157	883
Adjusted EBITDA	(3,255)	(9,173)

APOGEE CORPORATION LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

The Board continues to have a strong focus on investment in and realignment of resources to drive expansion of the business. This investment is based on a multi-year strategy focused on organic growth supported by acquisitions where they add good financial value. The strategic framework is built on three pillars:

Optimise: Apogee is dedicated to optimising its cost base and existing business operations by leveraging its substantial scale in the UK market. This optimisation includes ongoing improvements in internal processes and systems.

Grow: A focus on growth is fueled by organic growth through cross selling our services to our existing customer base, investments in acquisitions to support new products and continued international expansion.

New: The company is investing in emerging areas, including Managed IT Services, to stay ahead of market trends and reposition the Company as a full rounded Managed IT services provider.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position, and the company's policies for financial risk management are set out in the Strategic Report. The company has a base of long-term contracts with a large number of customers and suppliers across different geographic areas and industries and the directors believe the company is well placed to manage its business risks successfully.

The company is a subsidiary of HP Inc. and the HP group has provided funding by way of a loan note borrowing facility. Albacore Holdings Jersey Limited, the company's intermediate parent undertaking, has confirmed in writing that it will provide financial support to the company for a period of at least 12 months from the date of approval of these financial statements if required, in addition to confirmation from other HP Inc group companies that repayment of inter-company balances will not be demanded before 1 November 2023.

Albacore Holdings Jersey Limited has itself received a similar letter of support from HP Inc.

Based on forecasts approved by the Board and the confirmation of support from Albacore Holdings Jersey Limited, the company's intermediate parent undertaking, at the time of approving the financial statements the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Principal risks and uncertainties

The market for retail and service of multi-function devices remains highly competitive. The Company seeks to manage the risk of losing customers by promptly dealing with service requirements and by maintaining strong relationships with all customers, by focusing on their needs and offering complementary services that will help them optimise their costs. The strong contracted service revenue base provides a degree of risk mitigation for the Company. With the business in Continental Europe there is a foreign exchange risk, which is minimised by ensuring that both the revenues and costs associated with these contracts are denominated in euros.

Financial risk management

Credit risk

The main financial risk arising from the Company's activities is credit risk. This risk is limited as hardware sales to customers are normally financed by leasing companies. The credit risk in respect of service revenue is actively monitored by the Board of Directors and is not considered to be significant at the balance sheet date.

Liquidity risk

The Company monitors cash flow as part of its day to day control procedures. The Board considers cash flow projections on a monthly basis and ensures that appropriate funds are available to be drawn upon as necessary from its parent in order to finance the Company's operations.

Product risk

The Company operates in an ever changing market place due to the constant changes in technology. By supplying equipment from a variety of manufacturers and keeping up to date with their latest innovations, it continues to ensure that it is best able to supply and service its customer's requirements. The company is also diversifying into other income streams, as detailed above. This has the added benefit of not being solely reliant on one product stream.

APOGEE CORPORATION LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

Interest rate risk

The Company is exposed to interest rate risk from parent company borrowings at variable rates.

Environmental responsibilities

One of the key selling messages is to reduce the cost of a customer's office printing by reducing unwanted prints. Customers are able to achieve substantial savings both in energy costs and wasted resources, which help benefit the environment. Many of the contracts the company enters into require disposal of unwanted or redundant equipment and the Company is committed to ensuring that the minimum possible is land filled. Much of the equipment is either recycled or refurbished to be sold abroad. In addition the Company will also rent some refurbished machines should a customer prefer.

Engaging with Stakeholders - s.172 report

The Company recognises that it has a number of stakeholders and that it needs to seek to understand their views in order for the company to enjoy sustainable growth.

This section of the Strategic Report describes how the Directors act in line with Section 172 of the Companies Act 2006, and continue to have regard for:

- The likely consequences of any decision in the long-term;
- The interests of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The impact of the Company's operations on the community and the environment;
- The desirability of the company maintaining a reputation for the high standards of business conduct; and
- The need to act fairly between members of the Company

Employees

The Board receives regular updates in relation to employees. The CEO also updates all employees on a weekly basis with regards to the latest business activities, updates and exceptional performance by individuals. The Board also ensure employee engagement with quarterly all employee meetings and monthly Townhalls with opportunities for question and answer sessions. The company also conducts annual employee surveys, feedback from which has resulted in improvements such as a dedicated online learning resource accessible to all employees.

Regulators

The Board has a clear and robust process for engaging with regulators. The Board conducts regular compliance reviews, based upon the work of the Company's dedicated Compliance Council.

Clients

The Company takes a proactive approach to communicating with clients and updates are provided to the Board by the dedicated Chief Sales Officers, responsible for the Company's public sector and commercial clients. During the year the Board receives updates from senior management on key client issues via the business reviews.

Relevant members of the Board also meet existing and potential clients. The CEO independently regularly meets with key clients to strengthen relationships.

Suppliers

The Company's procurement policy includes commitment to sustainable procurement and mitigation against the risk of modern slavery, bribery or corruption anywhere in our supply chain. The Company also aims to conduct itself to the highest standards and pay all invoices promptly. The Board, through the Compliance Council plays a key oversight in these policies.

APOGEE CORPORATION LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

Community participation

The Company is focused on adding value to the communities in which it operates.

The Company continued its membership of HP's Planet Partner Recycling Program for used printers, toners, cartridges and printing waste. We will be offering this service to our clients in order to offer a truly circular model for waste management and resource efficiency. The Company is also a partner in the PrintReleaf programme, the reforestation sustainability initiative. This initiative measures the paper consumption of customers who sign up, and then plants trees in certified forestry projects around the world based on that usage.

Employees participated in many company organised fundraising campaigns throughout the year. After raising £4,770 for Rethink Mental Illness with Apogee's Christmas Charity Event Calendar in 2021, employees raised much-needed funds in support of various charities: including mental health charity MIND, and Save the Children's Ukraine campaign. In the summer, volunteers actively participated in The Triathlon of Great Britain, with their sponsorship campaigns raising £27,000 for The Royal Marines Charity.

The Company also make time for employees to participate in environmental projects. Later in the year, volunteers from various locations participated in The Great British Beach Clean, removing 227kg of litter from UK beaches.

Streamlined Energy and Carbon Reporting (SECR) framework

The company is entitled not to present energy and carbon information in its directors' report since the information is included in the group SECR report of a parent undertaking.

On behalf of the board



S Jackson
Director

Date: 30/10/23

APOGEE CORPORATION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2022

The directors present their annual report and financial statements for the year ended 31 October 2022.

Principal activities

The Company's main activity is the supply of managed services including print, IT and outsourced document management. Serving a diverse customer base, from sole traders to multi-national corporations and public sector organisations, in the UK and Europe.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J A Clark	(Resigned 20 May 2022)
A Maruggi	
S Jackson	(Appointed 20 May 2022)

Results and dividends

The results for the year are set out on page 11.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Disabled persons

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the company. Particular attention is given to training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the company.

Employee involvement

The flow of information to staff has been maintained by our staff email bulletins and staff conferences. Members of the management team regularly visit branches and discuss matters of current interest and concern to the business with members of staff.

Future developments

The Board is continuing its approach to expansion, investing in organic growth by recruiting high quality personnel, increasing sales activities and acquiring businesses which will assist the company in achieving its strategic aims.

Auditor

In accordance with the company's articles, a resolution proposing that RSM UK Audit LLP be reappointed as auditor of the company will be put at a General Meeting.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of the business review, principal risks and uncertainties, and financial key performance indicators.

APOGEE CORPORATION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



.....
S Jackson
Director

Date: 30/10/23
.....

APOGEE CORPORATION LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2022

The directors are responsible for preparing the Strategic Report and 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APOGEE CORPORATION LIMITED

Opinion

We have audited the financial statements of Apogee Corporation Limited (the 'company') for the year ended 31 October 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and 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 October 2022 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.

Other information

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APOGEE CORPORATION LIMITED (CONTINUED)

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 7, 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APOGEE CORPORATION LIMITED (CONTINUED)

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

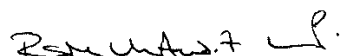
As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and inspecting and tax computations prepared by external tax advisors.

The audit engagement team identified the risk of management override of controls, revenue recognition and the valuation of intangibles as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, testing of revenue, including cut-off, and challenge of judgements and estimates applied in the valuation of intangibles.

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

Use of our report

This report is made solely to the 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.



Geoff Wightwick BA FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
3rd Floor
Portland
25 High Street
Crawley
West Sussex, RH10 1BG
30/10/23.....

APOGEE CORPORATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 OCTOBER 2022

		2022	2021
	Notes	£'000	as restated (see note 3) £'000
Turnover	4	95,475	79,970
Cost of sales		(79,388)	(73,248)
Gross profit		16,087	6,722
Administrative expenses		(30,076)	(28,468)
Exceptional items	5	(13,157)	(883)
Total administrative expenses		(43,233)	(29,351)
Other operating income		-	1,869
Operating loss	8	(27,146)	(20,760)
Interest receivable and similar income	10	138	22
Interest payable and similar expenses	11	(567)	(623)
Loss before taxation		(27,575)	(21,361)
Tax on loss	12	3,477	2,357
Loss for the financial year		(24,098)	(19,004)

APOGEE CORPORATION LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 OCTOBER 2022**

		2022	2021
	Notes	£'000	as restated (see note 3) £'000
Fixed assets			
Goodwill	13	33,425	41,286
Other intangible assets	13	8,454	8,904
Total intangible assets		41,879	50,190
Tangible assets	14	1,644	1,740
Investments	15	4,318	4,318
		47,841	56,248
Current assets			
Stocks	17	18,912	15,860
Debtors falling due after more than one year	18	8,533	7,560
Debtors falling due within one year	18	69,067	46,531
Cash at bank and in hand		9,956	15,154
		106,468	85,105
Creditors: amounts falling due within one year	20	(57,321)	(45,038)
Net current assets		49,147	40,067
Total assets less current liabilities		96,988	96,315
Creditors: amounts falling due after more than one year	21	(25,466)	(25,554)
Provisions for liabilities	24	(17,127)	(5,632)
Net assets		54,395	65,129
Capital and reserves			
Called up share capital	27	54,054	54,054
Share premium account	28	12,905	12,905
Capital contribution reserve	28	13,364	-
Profit and loss reserves	28	(25,928)	(1,830)
Total equity		54,395	65,129

The financial statements were approved by the board of directors and authorised for issue on 30/10/23 and are signed on its behalf by:



S. Jackson
Director

APOGEE CORPORATION LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2022

	Notes	Share capital £'000	Share premium account £'000	Capital contribution reserve £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 November 2020		54,054	-	-	17,174	71,228
Year ended 31 October 2021:						
Loss and total comprehensive income for the year		-	-	-	(19,004)	(19,004)
Issue of share capital	27	-	12,905	-	-	12,905
Balance at 31 October 2021		54,054	12,905	-	(1,830)	65,129
Year ended 31 October 2022:						
Loss and total comprehensive income for the year		-	-	-	(24,098)	(24,098)
Capital contribution		-	-	13,364	-	13,364
Balance at 31 October 2022		54,054	12,905	13,364	(25,928)	54,395

APOGEE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2022

1 Accounting policies

Company information

Apogee Corporation Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Nimbus House, Liphook Way, 20/20 Business Park, Maidstone, Kent, United Kingdom, ME16 0FZ.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Reduced disclosures

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Manzana Bidco Limited. These consolidated financial statements are available from its registered office, Nimbus House, Liphook Way, 20/20 Business Park, Maidstone, Kent, England, ME16 0FZ.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

APOGEE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2022

1 Accounting policies (Continued)

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position, and the company's policies for financial risk management are set out in the Strategic Report. The company has a base of long-term contracts with a large number of customers and suppliers across different geographic areas and industries and the directors believe the company is well placed to manage its business risks successfully.

The company is a subsidiary of HP Inc. and the HP group has provided funding by way of a loan note borrowing facility. Albacore Holdings Jersey Limited, the company's intermediate parent undertaking, has confirmed in writing that it will provide financial support to the company for a period of at least 12 months from the date of approval of these financial statements if required, in addition to confirmation from other HP Inc group companies that repayment of inter-company balances will not be demanded before 1 November 2023. Albacore Holdings Jersey Limited has itself received a similar letter of support from HP Inc.

Based on forecasts approved by the Board and the confirmation of support from Albacore Holdings Jersey Limited, the company's intermediate parent undertaking, at the time of approving the financial statements the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax. Turnover for goods is recognised when the risks and rewards of ownership have passed to the customer, which is normally when the goods are delivered, and is recognised at the fair value of the consideration receivable. Service income is recognised over the length of the contract.

Exceptional costs

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the company. These are items which are material, either because of their size or nature, or are non-recurring, and are presented within the line items to which they best relate.

Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is between 5 and 10 years.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Software	See below
Customer relationships	Straight line basis over 10 years

APOGEE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2022

1 Accounting policies (Continued)

Software is currently in the development stage. Management will consider the amortisation rate of the software once the asset is in use.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Over the length of the lease
Fixtures, fittings and office equipment	15% - 33% per annum on cost
Motor vehicles	25% per annum on cost
Equipment leased to customers	20% per annum on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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.

At each reporting date, an assessment is made for the impairment of any obsolete or slow moving items. Any excess of the carrying amount of stocks over its 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.

APOGEE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

1 *Accounting policies (Continued)*

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and other short-term liquid investments with original maturities of three months or less.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

Other financial assets

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

APOGEE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2022

1 Accounting policies (Continued)

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, and amounts due to fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

APOGEE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2022

1 Accounting policies (Continued)

Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

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 statement of financial position 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.

Rentals 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 except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the company's net investment outstanding in respect of leases.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

APOGEE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

1 Accounting policies (Continued)

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

APOGEE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

2 Judgements 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 estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

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

Impairment of fixed assets

The directors exercise judgement in determining whether there are indicators of impairment of the company's intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Exceptional costs

Costs incurred by the company that are considered to be exceptional and non-recurring have been included within exceptional costs. Management exercises judgement in determining which costs fall within this category.

Back-to-back leases

The Company operates certain contracts where there is a back-to-back lease with a funder and customer. Under these contracts, the Company finances the sale of equipment to its end customer through a lease with a third party funder, enabling the Company to sub lease the equipment to its end customer. This creates a back-to-back lease, recognised as an other financial liability due to the funder matched by a financial asset due from the customer. As the customer pays the Company for the use of the equipment, the Company immediately passes these receipts on to the funder, essentially acting as an intermediary for the settlement of the lease.

The Directors do not consider that the Company is providing any finance in this arrangement and therefore no interest is recognised in relation to these amounts. The accounting treatment of these contractual arrangements is considered a key judgement.

Settlements

Management exercises judgement in relation to the treatment of contracts which give rise to settlement payments. Hardware settlement costs arise in respect of customers' outstanding obligations to funders under pre-existing leases at a time when a new contract has been agreed with a new or existing customer. In most cases these outstanding obligations are recovered through new lease arrangements which results in a cost and corresponding income entry. The Directors consider the Company to be acting as an agent in these transactions between the funder and the customer and as a result offset these amounts in the Income Statement.

APOGEE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2022

2 Judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Intangible fixed assets

Intangible fixed assets are amortised over their estimated useful economic life. Estimates of the useful economic life of goodwill and other intangible assets acquired in a business combination are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit the useful life of the intangibles and assumptions that market participants would consider in respect of similar businesses. Total amortisation charge in the year was £9,799,000 (2021: £9,876,000).

Stock in field

Stock in field is the value of unutilised toner which has been supplied to customers and residing at customer sites, either in machines or in storage, to be used in future periods. Toner is valued based on an estimate of the number of complete toner sets per customer machine. At 31 October 2022, this was estimated at 0.75 sets per machine (2021: 0.72).

3 Prior period adjustment

The directors have identified two prior period errors in the preparation of the financial statements for the year ended 31 October 2022. These errors were:

Customers settling contracts

The amounts relating to the cost of customers settling contracts where the Company acts as an intermediary between the customer and the finance house were incorrectly grossed up in both revenue and cost of sales in the Income Statement. The effect of correcting this error is to reduce both revenue and cost of sales for the year ended 31 October 2021.

Contracts with funders

On certain contracts the Company has a legal liability to the funder, generally recoverable from the Company's end customer, which was omitted from the balance sheet in error. The effect of correcting this error is to recognise a liability reflecting amounts remaining on these contracts at 31 October 2021 and a corresponding financial asset receivable, reflecting amounts due from the end customer. These amounts are split between amounts due before October 2022 and amounts due after October 2022.

There was no impact on the result for the period ending 31 October 2021 or net assets at 31 October 2021 as a result of these adjustments.

Changes to the statement of financial position

	As previously reported £'000	Adjustment £'000	As restated at 31 Oct 2021 £'000
Current assets			
Debtors due after one year	-	7,560	7,560
Debtors due within one year	42,359	4,172	46,531
Creditors due within one year			
Finance leases	-	(4,172)	(4,172)
Creditors due after one year			
Finance leases	-	(7,560)	(7,560)
Net assets	65,129	-	65,129

APOGEE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2022

3 Prior period adjustment

	As previously reported	Adjustment	As restated at 31 Oct 2021 (Continued)
Capital and reserves			
Total equity	65,129	-	65,129

Changes to the income statement

	As previously reported £'000	Adjustment £'000	As restated £'000
Period ended 31 October 2021			
Turnover	101,659	(21,689)	79,970
Cost of sales	(94,937)	21,689	(73,248)
Loss for the financial period	(19,004)	-	(19,004)

4 Turnover and other revenue

	2022 £'000	2021 as restated £'000
Turnover analysed by class of business		
Goods	47,962	40,788
Services	47,513	39,182
	95,475	79,970

	2022 £'000	2021 £'000
Other revenue		
Interest income	138	22
Grants received	-	1,869

	2022 £'000	2021 as restated £'000
Turnover analysed by geographical market		
United Kingdom	93,022	77,640
Rest of Europe	2,294	1,942
Rest of the World	159	388
	95,475	79,970

APOGEE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

5 Exceptional items

	2022 £'000	2021 £'000
(Income)/expenditure		
Onerous property lease provision/(provision reversal)	59	(134)
Dilapidations provision (released)	(40)	-
Employee severance costs	358	792
Exceptional income	(1,828)	-
Other provisions	14,608	225
	<u>13,157</u>	<u>883</u>

The onerous property lease costs represent the total costs for the mothballed leased properties until termination.

Dilapidations provision relates to a reversal in the dilapidation provision due to costs being lower than anticipated.

The employee severance costs incurred during the year relate to a restructuring exercise that has taken place.

Exceptional income relates to a recharge of costs to the ultimate parent company.

Other provisions in the year relate to the results of internal post acquisition due diligence reviews, likely to be resolved during 2023.

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022 Number	2021 Number
Sales and distribution	683	691
Administration	157	144
Total	<u>840</u>	<u>835</u>

Their aggregate remuneration comprised:

	2022 £'000	2021 £'000
Wages and salaries	38,517	37,370
Social security costs	4,294	4,097
Pension costs	855	766
	<u>43,666</u>	<u>42,233</u>

APOGEE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2022

7 Directors' remuneration

	2022 £'000	2021 £'000
Remuneration for qualifying services	712	578
Company pension contributions to defined contribution schemes	1	1
	<u>713</u>	<u>579</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022 £'000	2021 £'000
Remuneration for qualifying services	319	305
Company pension contributions to defined contribution schemes	1	1
	<u></u>	<u></u>

8 Operating loss

	2022 £'000	2021 £'000
Operating loss for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(27)	158
Government grants	-	(1,869)
Depreciation of owned tangible fixed assets	836	828
Loss on disposal of tangible fixed assets	99	17
Amortisation of intangible assets	9,799	9,876
Operating lease charges	2,695	1,348
	<u></u>	<u></u>

Government grants of £nil (2021: £1,868,656) represents grant income receivable in respect of the Coronavirus Job Retention Scheme in the UK.

9 Auditor's remuneration

	2022 £'000	2021 £'000
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the company	192	155
	<u></u>	<u></u>
For other services		
All other non-audit services	5	4
	<u></u>	<u></u>

APOGEE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2022

10 Interest receivable and similar income

	2022 £'000	2021 £'000
Interest income		
Interest on bank deposits	15	1
Interest receivable from group companies	65	21
Other interest income	58	-
	<u>138</u>	<u>22</u>

11 Interest payable and similar expenses

	2022 £'000	2021 £'000
Interest on bank overdrafts and loans	-	3
Interest on convertible loan notes	561	617
Interest payable to group undertakings	6	3
	<u>567</u>	<u>623</u>

12 Taxation

	2022 £'000	2021 £'000
Current tax		
Adjustments in respect of prior periods	-	269
Group tax relief	(3,908)	(2,419)
Total current tax	<u>(3,908)</u>	<u>(2,150)</u>
Deferred tax		
Origination and reversal of timing differences	388	212
Changes in tax rates	-	(393)
Adjustment in respect of prior periods	43	(26)
Total deferred tax	<u>431</u>	<u>(207)</u>
Total tax credit	<u>(3,477)</u>	<u>(2,357)</u>

APOGEE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

12 Taxation (Continued)

The total tax credit for the year included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	2022 £'000	2021 £'000
Loss before taxation	(27,575)	(21,361)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(5,239)	(4,059)
Tax effect of expenses that are not deductible in determining taxable profit	102	1,771
Adjustments in respect of prior years	-	243
Group relief	(326)	-
Deferred tax adjustments in respect of prior years	43	-
Fixed asset differences	1,849	-
Changes in tax rates	-	(393)
Remeasurement of deferred tax for changes in tax rates	93	-
Deferred tax not recognised	(61)	81
Losses eliminated	62	-
Taxation credit for the year	(3,477)	(2,357)

Changes to UK corporation tax rates were substantively enacted by the Finance Bill 2021 on 24 May 2021. These included an increase of the corporation tax rate to 25% from 1 April 2023. As this change was substantively enacted at the balance sheet date, deferred tax is recognised at a rate of 25% in the current year (2021: 25%).

13 Intangible fixed assets

	Goodwill £'000	Software £'000	Customer relationships £'000	Total £'000
Cost				
At 1 November 2021	107,906	1,106	19,376	128,388
Additions - internally developed	-	1,488	-	1,488
At 31 October 2022	107,906	2,594	19,376	129,876
Amortisation and impairment				
At 1 November 2021	66,620	-	11,578	78,198
Amortisation charged for the year	7,861	-	1,938	9,799
At 31 October 2022	74,481	-	13,516	87,997
Carrying amount				
At 31 October 2022	33,425	2,594	5,860	41,879
At 31 October 2021	41,286	1,106	7,798	50,190

APOGEE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2022

13 Intangible fixed assets (Continued)

Goodwill with a carrying value of £33,425,000 has a remaining useful life of between 3 and 5 years.

Customer relationships with a carrying value of £5,860,000 has a remaining useful life of 3 years.

14 Tangible fixed assets

	Leasehold improvements	Fixtures, fittings and office equipment	Motor vehicles	Equipment leased to customers	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 November 2021	615	1,927	49	679	3,270
Additions	571	305	-	-	876
Disposals	(7)	(882)	(40)	-	(929)
At 31 October 2022	1,179	1,350	9	679	3,217
Depreciation and impairment					
At 1 November 2021	250	587	19	674	1,530
Depreciation charged in the year	223	601	7	5	836
Eliminated in respect of disposals	(7)	(769)	(17)	-	(793)
At 31 October 2022	466	419	9	679	1,573
Carrying amount					
At 31 October 2022	713	931	-	-	1,644
At 31 October 2021	365	1,340	30	5	1,740

15 Fixed asset investments

	Notes	2022 £'000	2021 £'000
Investments in subsidiaries	16	4,318	4,318

APOGEE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2022

15 Fixed asset investments (Continued)

Movements in fixed asset investments

	Shares in group undertakings £'000
Cost or valuation	
At 1 November 2021 & 31 October 2022	84,010
Impairment	
At 1 November 2021 & 31 October 2022	79,692
Carrying amount	
At 31 October 2022	4,318
At 31 October 2021	4,318

APOGEE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2022

16 Subsidiaries

Details of the company's subsidiaries at 31 October 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Office Perfection Limited	Nimbus House, Liphook Way, 20/20 Business Park, Maidstone, Kent	Holding company	Ordinary	100.00	-
F Smith & Co (Office Equipment) Limited	As above	Holding company	Ordinary	100.00	-
The Danwood Group Limited	As above	Holding company	Ordinary	100.00	-
Apogee Rentals Limited	As above	Rental and leasing of multifunctional devices	Ordinary	-	100.00
Printware Limited	As above	Holding company	Ordinary	-	100.00
City Docs Limited	As above	Dormant	Ordinary	100.00	-
City Docs Solutions Limited	As above	Dormant	Ordinary	100.00	-
Xera-Logic Group Limited	As above	Dormant	Ordinary	100.00	-
Xact Document Solutions Limited	As above	Dormant	Ordinary	-	100.00
Digipro Limited	As above	Dormant	Ordinary	-	100.00
Direct-Tec Group Limited	As above	Holding company	Ordinary	100.00	-
Direct-Tec UK Limited	As above	Rental and leasing of multifunctional devices	Ordinary	-	100.00
Apogee Corporation (Ireland) Limited	Bishopsgate, Henry St, Limerick, Ireland	Supply and maintenance of multi-functional devices	Ordinary	100.00	-
Apogee Corporation (Jersey) Limited	94 Halkett Place, St Helier, Jersey	Supply and maintenance of multi-functional devices	Ordinary	-	100.00

17 Stocks

	2022 £'000	2021 £'000
Finished goods and goods for resale	18,912	15,860

There is no material difference between the replacement cost of stocks and the amounts stated above.

Stock is stated after provisions of £733,644 (2021: £1,242,701).

APOGEE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2022

18 Debtors

	2022	2021 as restated
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	29,427	27,873
Amounts owed by group undertakings	27,183	8,109
Finance leases receivable (note 19)	4,477	4,172
Other debtors	717	307
Prepayments and accrued income	5,054	3,275
	<u>66,858</u>	<u>43,736</u>
Deferred tax asset (note 25)	2,209	2,795
	<u>69,067</u>	<u>46,531</u>
	2022	2021
	£'000	as restated £'000
Amounts falling due after more than one year:		
Finance leases receivable (note 19)	8,533	7,560
	<u>8,533</u>	<u>7,560</u>
Total debtors	<u>77,600</u>	<u>54,091</u>

Trade debtors are stated after provisions for impairment of £3,327,374 (2021: £2,481,556).

19 Finance lease receivables

	2022	2021 as restated
	£'000	£'000
Gross amounts receivable under finance leases:		
Within one year	4,586	4,172
In the second to fifth years inclusive	8,736	7,560
	<u>13,322</u>	<u>11,732</u>
Unearned finance income	(312)	-
	<u>13,010</u>	<u>11,732</u>
Present value of minimum lease payments receivable	<u>13,010</u>	<u>11,732</u>
The present value is receivable as follows:		
Within one year	4,477	4,172
In the second to fifth years inclusive	8,533	7,560
	<u>13,010</u>	<u>11,732</u>

APOGEE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2022

19 Finance lease receivables (Continued)

Analysis of finance leases

The company enters into financial leasing arrangements for second hand equipment. The average term of finance leases entered into is 5 years.

On certain contracts the Company has a legal liability to the funder, generally recoverable from the Company's end customer. Of the total finance lease receivable balance, £4,338,332 (2021: £4,172,420) is due within one year, and £7,962,978 (2021: £7,559,592) is due after one year. No interest arises on these amounts.

20 Creditors: amounts falling due within one year

		2022	2021
	Notes	£'000	as restated £'000
Obligations under finance leases	23	4,338	4,172
Trade creditors		7,125	14,039
Amounts owed to group undertakings		9,283	6,049
Corporation tax		-	209
Other taxation and social security		2,370	1,969
Other creditors		10,868	4,677
Accruals and deferred income		23,337	13,923
		<u>57,321</u>	<u>45,038</u>

21 Creditors: amounts falling due after more than one year

		2022	2021
	Notes	£'000	as restated £'000
Obligations under finance leases	23	7,963	7,560
Other borrowings	22	17,503	17,503
Amounts owed to group undertakings		-	491
		<u>25,466</u>	<u>25,554</u>

22 Borrowings

	2022	2021
	£'000	£'000
Other loans	<u>17,503</u>	<u>17,503</u>
Payable after one year	<u>17,503</u>	<u>17,503</u>

APOGEE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2022

22 Borrowings (Continued)

Other loans represents loan notes totalling £17,503,000 (2021: £17,503,000) which bear interest at the rate of 3.4% per annum. The loan was originally due for repayment on demand, or otherwise by 31 October 2023.

On 28 October 2022, a deed of waiver was signed by the lending entity confirming that the above loan of £17,503,000 will not be recalled before 1 November 2023 and hence the group does not have to meet this liability before the aforementioned date and it has been classified as due after one year. To the extent not previously repaid, purchased or cancelled the amount is subsequently due for repayment on the date noted above.

23 Finance lease obligations

	2022	2021 as restated
	£'000	£'000
Future minimum lease payments due under finance leases:		
Less than one year	4,338	4,172
Between one and five years	7,963	7,560
	<u>12,301</u>	<u>11,732</u>

On certain contracts the Company has a legal liability to the funder, generally recoverable from the Company's end customer. Of the total finance lease obligations balance, £4,338,332 (2021: £4,172,420) is due within one year, and £7,962,978 (2021: £7,559,592) is due after one year. No interest arises on these amounts.

24 Provisions for liabilities

	Notes	2022 £'000	2021 £'000
Dilapidations		741	653
Onerous lease		1,443	2,209
Other provisions		13,313	985
		<u>15,497</u>	<u>3,847</u>
Deferred tax liabilities	25	1,630	1,785
		<u>17,127</u>	<u>5,632</u>

Movements on provisions apart from deferred tax liabilities:

	Dilapidations £'000	Onerous lease £'000	Other provisions £'000	Total £'000
At 1 November 2021	653	2,209	985	3,847
Additional provisions in the year	174	345	12,863	13,382
Utilisation of provision	(86)	(1,111)	(535)	(1,732)
At 31 October 2022	<u>741</u>	<u>1,443</u>	<u>13,313</u>	<u>15,497</u>

APOGEE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2022

24 Provisions for liabilities (Continued)

Deferred taxation

The company's deferred taxation provision relates entirely to the recognition of intangible assets in respect of business combinations. The provision is being released to the profit and loss account over the life of the underlying intangible asset.

Property provisions

The company recognises a provision for future dilapidation costs that may be incurred upon exit of leased properties. The dilapidation provision is calculated based on an estimated cost per square foot. It is expected that the provision required will change as the company enters and exits leased properties. At the financial period end the company's property leases extend up to September 2032, over which time the present and any future provisions will be utilised.

The company also maintains a provision for the costs related to onerous property leases. These costs represent the total costs for the leased properties until termination, net of any expected income from sub-letting. The latest date of expected termination occurs in January 2029.

Other provisions

Other Provisions in the year relate to the results of internal post acquisition due diligence reviews, likely to be resolved during 2023. The Company has taken the available exemption under FRS 102.21.17 and not disclosed the information required by FRS 102.21.14 as the review is not yet complete.

25 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

	Liabilities 2022 £'000	Liabilities 2021 £'000	Assets 2022 £'000	Assets 2021 £'000
Balances:				
Decelerated capital allowances	-	-	2,209	2,776
On business combination on acquisition	-	-	-	(26)
Short-term timing differences	1,630	1,785	-	45
	<u>1,630</u>	<u>1,785</u>	<u>2,209</u>	<u>2,795</u>
Movements in the year:				2022 £'000
Asset at 1 November 2021				(1,010)
Charge to profit or loss				431
Asset at 31 October 2022				<u>(579)</u>

APOGEE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2022

26 Retirement benefit schemes

	2022 £'000	2021 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	855	774

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. At 31 October 2022 there were pension contributions of £852 outstanding (2021: £177,910).

27 Share capital

	2022 Number	2021 Number	2022 £'000	2021 £'000
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	54,054,413	54,054,413	54,054	54,054

The ordinary shares have attached to them one full voting right, full dividend rights and capital distribution (including winding up) rights and shall rank pari passu with all other shares.

28 Reserves

Share premium

The share premium account comprises the excess received on issue of shares over the par value.

Capital contribution reserve

Where the company receives consideration from its parent company without a contractual obligation to make repayment, the amount is described as a capital contribution and is recorded in a separate equity reserve "Capital contribution". During the year the company's ultimate parent agreed a contribution of £13,364,000. No shares were issued in respect of the arrangement.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

29 Financial commitments, guarantees and contingent liabilities

The company is included in a group registration for VAT purposes and is therefore jointly and severally liable for all other group companies' unpaid debts in this connection. As at 31 October 2022 the group VAT balances amounted to a net creditor of £1,980,660 and this is reflected in the respective companies' balance sheets at the year end (2021: creditor of £1,029,662).

In the normal course of business the company receives claims from customers or suppliers or other providers. At the balance sheet date there were claims outstanding which have not been provided for as the directors do not expect any liability to arise.

APOGEE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

30 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £'000	2021 £'000
Within one year	2,602	2,826
Between one and five years	3,442	4,000
In over five years	444	1,896
	<u>6,488</u>	<u>8,722</u>

Included in these commitments are onerous property leases for which a provision of £1,443,766 has been made.

31 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2022 £'000	2021 £'000
Acquisition of intangible assets	-	1,302
	<u>-</u>	<u>1,302</u>

32 Ultimate controlling party

The company's immediate parent company is Apogee Group Limited, a company incorporated in England and Wales.

The smallest group in which the results of the company were consolidated is that headed by Manzana Bidco Limited. The consolidated accounts of this company are available to the public and may be obtained from Companies House.

The largest group in which the results of the company were consolidated is that headed by HP Inc, the ultimate parent company. The consolidated accounts of this company are available to the public and may be obtained from the company's head office, 1501 Page Mill Road, Palo Alto, CA 94304, United States.