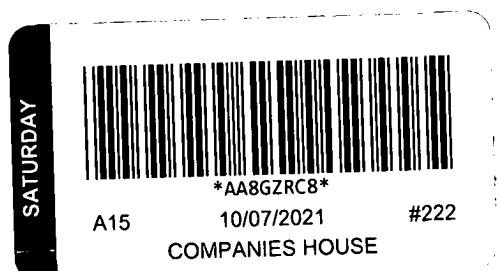


Company Registration No. 02853595 (England and Wales)

**APOGEE CORPORATION LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 OCTOBER 2020**



# APOGEE CORPORATION LIMITED

## COMPANY INFORMATION

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

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# **APOGEE CORPORATION LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 OCTOBER 2020**

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The directors present the strategic report for the year ended 31 October 2020.

#### **Business review**

The Company's main activity is the supply of managed print and outsourced document services to a range of customers, from sole traders to public sector organisations and Limited companies from small to large including multi-national corporations. In the year under review the company's activities have continued within the UK.

The performance for the year was per the revised expectations following the onset of the Covid-19 Pandemic in March 2020. The EBITDA and Operating profit were both lower than the performance in year ending 31 October 2019 due to the significant impact of the pandemic. Income from Multifunctional Devices (MFD) delivery fell during the lockdown periods due to clients' premises being closed and unable to accept delivery. Print volumes on our existing fleet reduced significantly due to schools, universities and offices being closed and staff working from their homes across much of the economy. The largest impact from this was contained to the lockdown periods themselves, when lockdown restrictions reduced in August, delivery of new deals and volumes of printing increased, albeit at a lower level than pre-pandemic. The Company, a market leader in the UK, supplies to a wide range of sectors including the Public Sector including the NHS. These sectors have continued to operate throughout the pandemic, although volumes have been lower than pre-pandemic.

Measures have been taken to reduce costs throughout the period. These include right-sizing the cost structure both in terms of parts, supplies and consumables etc. as well as temporarily furloughing employees in the parts of the business most impacted by the reduced volumes and revenue. The Company has also reviewed its future property requirements and took the decision to mothball a number of properties. The charge of this is included in the exceptional items in the statement of comprehensive income.

In spite of the unfavourable economic environment the Board has accelerate investments and realignment of resources to drive expansion of the business. The Board has developed a multi-years Business Strategy that is going to fuel both organic and inorganic growth. The Business Strategy is based on three pillars to drive shareholder value into the future; Optimise, Grow and New. The Business is optimising its cost base and existing business operations, by leveraging an unparalleled scale in the UK market. The growth is fuelled by investments into solutions for the Hybrid Workforce, market share gains in Public sector, leveraging HP brand and reach, and expanding the number of clients using its outsourced document services. There is also investment taking place in New Businesses, such as Managed IT Services. These investments are positioning the Company for a strong value creation into the future, outpacing competition during the post-Covid economic recovery and capturing new opportunities in line with emerging trends in the market.

Subsequent to the year end the company completed an acquisition in March 2021, with the purchase of the entire share capital of Direct-Tec Group Limited, a provider of managed print services.

The Company has the full financial support of its parent, HP Inc., and the Board are confident the Company will exit the pandemic in a position of strength, by continuing to focus on the 3 strategic pillars.

#### **Principal risks and uncertainties**

The market for retail and service of photocopiers 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 complimentary 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.

# APOGEE CORPORATION LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2020

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#### 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 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.

##### **Interest rate risk**

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

#### 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:

	2020	2019	Change
Turnover	£120.8m	£168.6m	(28.3%)
Gross margin	15.7%	20.3%	(4.6%)
Adjusted EBITDA	£2.6m	£10.8m	(75.9%)
EBITDA margin	2.2%	6.4%	(4.2%)
Staff numbers	939	1,023	(84)

#### Environmental responsibilities

One of the key selling messages is to reduce the cost of a customer's office printing and by reducing unwanted prints. Companies 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.

#### Engaging with Stakeholders

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

# **APOGEE CORPORATION LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 OCTOBER 2020**

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#### ***Employees***

The Board receives regular updates in relation to employees which has been strengthened this year by the conducting its first employee engagement survey. The CEO also updates all employees on a weekly basis with regards to the latest business activities and issues. Other members of the Board also ensure employee engagement with regular team meetings and monthly Townhalls with opportunities for question and answer sessions.

#### ***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. During the year the Board receives updates from senior management on key client issues via the business reviews.

The CEO and selected members of the Board also meet existing and potential clients (in light of the Covid-19 pandemic these meetings have occurred regularly through video conferencing to maintain our strong relationships). 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.

#### ***Community participants***

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

Following an independent study of the Company's vehicle fleet the Company's Board has led with the adoption of electronic and hybrid vehicles. There is a plan to adopt more alternative fuel and electric vehicles throughout the business from 2021 to 2025 as current vehicles are retired. This strategy is highly important, unlocking the opportunities identified in fleet and fuel, which accounts for 72% of total energy use in the Company. During this reporting period the company has switched all purchased electricity to renewable sources, achieving zero carbon emissions from purchased electricity. The company has also begun a LED light replacement programme, starting with our largest operational site in Lincoln.

From an external standpoint, 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.

# **APOGEE CORPORATION LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 OCTOBER 2020**

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#### **Decision making**

##### ***Enterprise Reporting System***

During the year the Company initiated a project to replace its current reporting systems with one full Enterprise Reporting System (ERP). The main accounting system has been used by the company since 2003. A functional shortfall in the system has led the company to develop and implement complimentary applications to meet its sales order processing and Client Relationship Management (CRM) requirements. The acquisition of the company by HP Inc in 2018 further highlighted functional gaps in the current environment leading to additional resource cost in order for the company to meet HP's finance reporting timelines and support financial analysis for group consolidation and reporting. Therefore decision to invest in a complete end to end system to provide a foundation for future growth was taken during the financial year following a request for proposal process to assess viable future options. This effort was supported by HP Global Indirect Procurement and a broad spectrum of HP subject matter experts.

##### ***Addressing the impact of Covid-19***

As a result of the Covid-19 pandemic and the measures that have been taken by the government to counteract the impact on public safety the Board took swift and decisive action to protect the health and wellbeing of the Company's employees. The Board began relocating staff to work from home from 16th March 2020, before the Government lockdown on 23rd March. All roles where remote working is possible have been conducting from home since March 2020 and will be whilst government guidance requires it. The Board believes that the Company's previous investments in secure, robust systems, infrastructure and technology platforms have enabled teams to work effectively from home and that that this investment along with a strong team culture, has enabled the Company to protect its colleagues without adversely disrupting service levels to clients, which in turn maintains both client relationships and in the longer term returns for all stakeholders.

#### **Carbon Reporting**

##### ***Group structure for reporting purposes***

As a large, unquoted organisation, Apogee Corporation Limited is required to report its energy use and carbon emissions in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 because it meets the thresholds for reporting.

##### ***Energy efficiency actions***

Following an independent study of the Company's vehicle fleet the Company's Board has led with the adoption of electronic and hybrid vehicles. There is a plan to adopt more alternative fuel and electric vehicles throughout the business from 2021 to 2025 as current vehicles are retired. This strategy is highly important, unlocking the opportunities identified in fleet and fuel, which accounts for 72% of total energy use in the Company. During this reporting period the company has switched all purchased electricity to renewable sources, achieving zero carbon emissions from purchased electricity. The company has also begun a LED light replacement programme, starting with our largest operational site in Lincoln.

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# APOGEE CORPORATION LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

Total energy use covering electricity, gas and transport	6,219,842	kWh
Total emissions generated through combustion of gas	31.19	tCO2e
Total emissions generated through combustion on heating oil	92.83	tCO2e
Total emissions generated through use of purchased electricity	0.00	tCO2e
Total emissions generated through use of fleet fuel	1,068.52	tCO2e
Total gross emissions	1,192.54	tCO2e
Total square foot	179,063	Sq. ft.
Number of vehicles in fleet	437	
Intensity ratio (total gross emissions)	0.00666	tCO2e per sq. ft.

Year on year comparison data will be included in future reports.

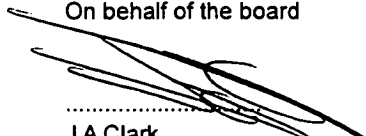
### Methodology

The data detailed in this table represents energy use and emissions for which Apogee Corporation Limited is responsible for the period 01 November 2019 to 31 October 2020. It includes the sub-metered electricity used in our offices, an estimate of gas used for heating and hot water in our offices, and emissions from fuel used in vehicles on company business. These are the energy use and emissions sources required by the regulations for large unquoted organisations.

We have used the Energy Savings Opportunity Scheme version 6, in conjunction with GHG reporting conversion factors for this report. The GHG Protocol Corporate Accounting and Reporting Standard provides requirements and guidance for companies and other organizations preparing a corporate-level GHG emissions inventory.

Intensity ratios have been calculated using the square footage of the total site area. All data used in this report are from verified sources without any direct involvement of Apogee Corporation in the collection of primary data and calculations have been made, using internal expertise from data independently collected by third parties of the company.

On behalf of the board

  
J A Clark  
Director

Date: 10 June 2021

# **APOGEE CORPORATION LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 OCTOBER 2020**

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The directors present their annual report and financial statements for the year ended 31 October 2020.

#### **Principal activities**

The principal activity of the company continued to be that of the supply and maintenance of multi-functional devices to a range of customers, from sole traders to local boroughs and multi-national corporations.

#### **Directors**

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

R J Stanton-Gleaves	(Resigned 17 June 2020)
G A Downey	(Resigned 20 October 2020)
J A Clark	
A Maruggi	(Appointed 16 June 2020)

#### **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.

#### **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.

#### **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.

# APOGEE CORPORATION LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

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On behalf of the board

  
.....  
J A Clark  
Director

Date: .....

10 June 2021

# **APOGEE CORPORATION LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2020**

---

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**

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### **Opinion**

We have audited the financial statements of Apogee Corporation Limited (the 'company') for the year ended 31 October 2020 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 a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2020 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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

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

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

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### **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 and the directors' report.

We have nothing to report in respect of the following matters where 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 8, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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

10 June 2021

# APOGEE CORPORATION LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 OCTOBER 2020

	Notes	2020 £'000	2019 £'000
Turnover	3	120,817	168,557
Cost of sales		(101,886)	(134,313)
<b>Gross profit</b>		<b>18,931</b>	<b>34,244</b>
Administrative expenses		(32,118)	(36,415)
Exceptional items	4	(4,855)	(2,100)
Total administrative expenses		(36,973)	(38,515)
Other operating income		4,158	-
<b>Operating loss</b>	7	<b>(13,884)</b>	<b>(4,271)</b>
Interest receivable and similar income	9	115	28
Interest payable and similar expenses	10	(616)	(602)
<b>Loss before taxation</b>		<b>(14,385)</b>	<b>(4,845)</b>
Tax on loss	11	1,785	(845)
<b>Loss for the financial year</b>		<b>(12,600)</b>	<b>(5,690)</b>

**APOGEE CORPORATION LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31 OCTOBER 2020**

	Notes	2020 £'000	2019 £'000
<b>Fixed assets</b>			
Goodwill	12	39,148	47,586
Other intangible assets	12	9,735	11,672
Total intangible assets		48,883	59,258
Tangible assets	13	1,086	1,303
Investments	14	4,318	4,633
		54,287	65,194
<b>Current assets</b>			
Stocks	16	14,764	19,957
Debtors	17	35,971	51,031
Cash at bank and in hand		25,299	8,707
		76,034	79,695
<b>Creditors: amounts falling due within one year</b>	18	(34,354)	(55,868)
<b>Net current assets</b>		41,680	23,827
<b>Total assets less current liabilities</b>		95,967	89,021
<b>Creditors: amounts falling due after more than one year</b>	19	(18,235)	(693)
<b>Provisions for liabilities</b>	22	(6,504)	(4,500)
<b>Net assets</b>		71,228	83,828
<b>Capital and reserves</b>			
Called up share capital	25	54,054	54,054
Profit and loss reserves	26	17,174	29,774
<b>Total equity</b>		71,228	83,828

The financial statements were approved by the board of directors and authorised for issue on 10.6.21 and are signed on its behalf by:

  
J A Clark  
Director

# APOGEE CORPORATION LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2020

	Share capital	Profit and loss reserves	Total
	£'000	£'000	£'000
Balance at 1 November 2018	54,054	35,464	89,518
Year ended 31 October 2019:			
Loss and total comprehensive income for the year	-	(5,690)	(5,690)
Balance at 31 October 2019	54,054	29,774	83,828
Year ended 31 October 2020:			
Loss and total comprehensive income for the year	-	(12,600)	(12,600)
Balance at 31 October 2020	54,054	17,174	71,228

# **APOGEE CORPORATION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020**

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### **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 2020

### 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 on pages 1 and 2. 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 2021. Albacore Holdings Jersey Limited has itself received a similar letter of support from HP Inc.

Given the unpredictable nature and impact of the continuing global pandemic of COVID-19, including the national lockdown implemented from 6 January 2021, management has performed an assessment on the financial impact on the business and on the basis of preparation of the accounts. Income from MFD delivery and print volumes have fallen during the lockdown period, however the risk of this is seen as mostly contained to the lockdown period and it is expected that delivery of new deals and volumes of printing will increase quickly in 2021 post lockdown. The company has the full financial support of the parent, HP Inc. and the Board is confident the company will exit the period ready to continue its strategic growth objectives.

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.

# APOGEE CORPORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2020

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#### 1 Accounting policies (Continued)

##### **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:

Customer relationships	Straight line basis over 10 years
------------------------	-----------------------------------

##### **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.

# APOGEE CORPORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

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### 1 Accounting policies (Continued)

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.

#### **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.

# APOGEE CORPORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

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### 1 Accounting policies (Continued)

#### ***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.

#### ***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.

# APOGEE CORPORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2020

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#### 1 Accounting policies (Continued)

##### 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.

##### 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.

# **APOGEE CORPORATION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 OCTOBER 2020**

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#### **1 Accounting policies (Continued)**

##### **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.

##### **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.

##### **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 2020

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### 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.

#### **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 £10,659,000 (2019: £12,013,000).

#### ***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 2020, this was estimated at 0.86 sets per machine (2019: 0.95).

# APOGEE CORPORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

### 3 Turnover and other revenue

	2020 £'000	2019 £'000
<b>Turnover analysed by class of business</b>		
Goods	77,598	105,270
Services	43,219	63,287
	<u>120,817</u>	<u>168,557</u>
	<b>2020 £'000</b>	<b>2019 £'000</b>
<b>Other revenue</b>		
Interest income	115	28
Grants received	4,158	-
	<u></u>	<u></u>
	<b>2020 £'000</b>	<b>2019 £'000</b>
<b>Turnover analysed by geographical market</b>		
United Kingdom	118,823	161,287
Rest of Europe	1,710	6,651
Rest of the World	284	619
	<u>120,817</u>	<u>168,557</u>

### 4 Exceptional costs

	2020 £'000	2019 £'000
Onerous property lease provision	2,846	-
Employee severance costs	-	362
Reorganisation and integration costs	2,009	1,352
Legal and professional fees	-	386
	<u>4,855</u>	<u>2,100</u>

The onerous property lease costs incurred during the year represent the total costs for the mothballed leased properties until termination, which is expected to occur in June 2023 and arising from the global pandemic.

The employee severance costs and the reorganisation and integration costs incurred in the current and prior year relate to restructuring and reorganisation costs incurred following the acquisition of the company and its group by Hewlett-Packard Holdings Limited on 2 November 2018.

Legal and professional fees in 2019 relate to abortive acquisition costs.

# APOGEE CORPORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

### 5 Employees

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

	2020 Number	2019 Number
Sales and distribution	779	871
Administration	160	152
	<u>939</u>	<u>1,023</u>

Their aggregate remuneration comprised:

	2020 £'000	2019 £'000
Wages and salaries	39,106	42,916
Social security costs	3,733	3,101
Pension costs	736	769
	<u>43,575</u>	<u>46,786</u>

### 6 Directors' remuneration

	2020 £'000	2019 £'000
Remuneration for qualifying services	1,061	1,450
Company pension contributions to defined contribution schemes	29	18
Compensation for loss of office	120	574
	<u>1,210</u>	<u>2,042</u>

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

	2020 £'000	2019 £'000
Remuneration for qualifying services	348	737
Company pension contributions to defined contribution schemes	28	-
	<u>376</u>	<u>737</u>

# APOGEE CORPORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

### 7 Operating loss

	2020 £'000	2019 £'000
Operating loss for the year is stated after charging/(crediting):		
Exchange losses/(gains)	54	(40)
Government grants	(4,158)	-
Fees payable to the company's auditor for the audit of the company's financial statements	145	130
Depreciation of owned tangible fixed assets	952	1,007
Loss on disposal of tangible fixed assets	3	32
Amortisation of intangible assets	10,690	12,013
Operating lease charges	2,044	2,288
	<u>          </u>	<u>          </u>

### 8 Auditor's remuneration

	2020 £'000	2019 £'000
Fees payable to the company's auditor and its associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	145	130
	<u>          </u>	<u>          </u>
<b>For other services</b>		
All other non-audit services	4	4
	<u>          </u>	<u>          </u>

### 9 Interest receivable and similar income

	2020 £'000	2019 £'000
<b>Interest income</b>		
Interest on bank deposits	28	28
Interest receivable from group companies	87	-
	<u>          </u>	<u>          </u>
Total income	115	28
	<u>          </u>	<u>          </u>

### 10 Interest payable and similar expenses

	2020 £'000	2019 £'000
Interest on bank overdrafts and loans	5	-
Interest on convertible loan notes	597	602
Interest payable to group undertakings	14	-
	<u>          </u>	<u>          </u>
	616	602
	<u>          </u>	<u>          </u>

# APOGEE CORPORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

### 11 Taxation

	2020 £'000	2019 £'000
<b>Current tax</b>		
Adjustments in respect of prior periods	(8)	8
Group tax relief	(1,034)	-
<b>Total current tax</b>	<b>(1,042)</b>	<b>8</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(731)	360
Changes in tax rates	(10)	-
Adjustment in respect of prior periods	(2)	477
<b>Total deferred tax</b>	<b>(743)</b>	<b>837</b>
<b>Total tax (credit)/charge</b>	<b>(1,785)</b>	<b>845</b>

The total tax (credit)/charge 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:

	2020 £'000	2019 £'000
Loss before taxation	(14,385)	(4,845)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(2,733)	(921)
Tax effect of expenses that are not deductible in determining taxable profit	968	2,553
Adjustments in respect of prior years	(10)	484
Group relief	-	(1,229)
Changes in tax rates	(10)	(42)
<b>Taxation (credit)/charge for the year</b>	<b>(1,785)</b>	<b>845</b>

The UK main corporation tax rate was expected to reduce to 17% from 1 April 2020, as announced in the Finance Bill 2016, which was substantively enacted on 12 September 2016.

In the Budget of 11 March 2020, the Chancellor announced the reversal of the previously enacted reduction in the rate of corporation tax. This reversal was subsequently confirmed by a resolution under the Provisional Collection of Taxes Act 1968, which set the rate at 19%. Deferred tax has been recognised at the 31 October 2020 enacted rate of 19%.

The Finance Bill 2021 included the announcement that the corporation tax rate for years starting from April 2023 would increase to 25% on profits over £250,000 and that the rate for small profits under £50,000 will remain at 19% and there will be a tapered rate for businesses with profits under £250,000 so that they pay less than the main rate.

# APOGEE CORPORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

### 12 Intangible fixed assets

	Goodwill	Customer relationships	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 1 November 2019	97,514	19,376	116,890
Transfer from investments	315	-	315
At 31 October 2020	97,829	19,376	117,205
<b>Amortisation and impairment</b>			
At 1 November 2019	49,928	7,704	57,632
Amortisation charged for the year	8,753	1,937	10,690
At 31 October 2020	58,681	9,641	68,322
<b>Carrying amount</b>			
At 31 October 2020	39,148	9,735	48,883
At 31 October 2019	47,586	11,672	59,258

### 13 Tangible fixed assets

	Leasehold improvements	Fixtures, fittings and office equipment	Motor vehicles	Equipment leased to customers	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 November 2019	664	4,015	61	1,323	6,063
Additions	51	688	-	-	739
Disposals	-	(25)	-	-	(25)
At 31 October 2020	715	4,678	61	1,323	6,777
<b>Depreciation and impairment</b>					
At 1 November 2019	353	3,174	55	1,178	4,760
Depreciation charged in the year	81	729	5	137	952
Eliminated in respect of disposals	-	(21)	-	-	(21)
At 31 October 2020	434	3,882	60	1,315	5,691
<b>Carrying amount</b>					
At 31 October 2020	281	796	1	8	1,086
At 31 October 2019	311	841	6	145	1,303

# APOGEE CORPORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

### 14 Fixed asset investments

	Notes	2020 £'000	2019 £'000
Investments in subsidiaries	15	4,318	4,633

### Movements in fixed asset investments

	Shares in group undertakings £'000
<b>Cost or valuation</b>	
At 1 November 2019	84,325
Transfer to goodwill	(315)
At 31 October 2020	84,010
<b>Impairment</b>	
At 1 November 2019 & 31 October 2020	79,692
<b>Carrying amount</b>	
At 31 October 2020	4,318
At 31 October 2019	4,633

# APOGEE CORPORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2020

#### 15 Subsidiaries

Details of the company's subsidiaries at 31 October 2020 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 multi-functional devices	Ordinary		100.00
Phoenix Office Supplies Limited *	As above	Supply and maintenance of multi-functional 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	
Mask Documents Limited *	As above	Dormant	Ordinary	100.00	
Willow Graphics Limited *	As above	Dormant	Ordinary	100.00	
Konx Wales Limited *	As above	Dormant	Ordinary	100.00	
Xera-Logic Group Limited	As above	Dormant	Ordinary	100.00	
Xact Document Solutions	As above	Dormant	Ordinary		100.00
Digipro Limited	As above	Dormant	Ordinary		100.00
Top 4 Office Limited *	As above	Dormant	Ordinary		100.00
Apogee Edisclosure Limited *	As above	Dissolved	Ordinary	100.00	
Direct Business Systems (Scotland) Limited *	17 Shairps Business Park, Houstoun Road, West Lothian, Scotland	Dormant	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
Apogee France SAS	12-14-16 Rue Sarah Bernhardt, 92600 Asnieres-sur-seine, France	Dormant	Ordinary		100.00
Apogee France Holdings SAS	12/14 rond-point des Champs-Élysées – 75008 Paris, France	Holding company	Ordinary		100.00

All companies above denoted with a \* were dissolved following the year end.

# APOGEE CORPORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

### 16 Stocks

	2020 £'000	2019 £'000
Finished goods and goods for resale	14,764	19,957

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

### 17 Debtors

	2020 £'000	2019 £'000
<b>Amounts falling due within one year:</b>		
Trade debtors	22,422	33,466
Corporation tax recoverable	-	1,930
Amounts owed by group undertakings	6,401	4,743
Other debtors	2,010	3,656
Prepayments and accrued income	2,495	4,594
	33,328	48,389
Deferred tax asset (note 23)	2,643	2,642
	35,971	51,031

### 18 Creditors: amounts falling due within one year

	Notes	2020 £'000	2019 £'000
Obligations under finance leases	21	-	57
Other borrowings	20	-	17,503
Trade creditors		7,880	16,373
Amounts owed to group undertakings		6,290	5,035
Taxation and social security		6,554	1,550
Other creditors		2,538	6,029
Accruals and deferred income		11,092	9,321
		34,354	55,868

# APOGEE CORPORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

### 19 Creditors: amounts falling due after more than one year

	Notes	2020 £'000	2019 £'000
Obligations under finance leases	21	-	14
Other borrowings	20	17,503	-
Amounts owed to group undertakings		660	607
Other creditors		72	72
		<u>18,235</u>	<u>693</u>

Other creditors includes £72,000 of deferred consideration arising from the acquisition of City Docs Limited (2019: £72,000).

### 20 Borrowings

	2020 £'000	2019 £'000
Other loans	<u>17,503</u>	<u>17,503</u>
Payable within one year	-	17,503
Payable after one year	<u>17,503</u>	<u>-</u>

Other loans represents loan notes totalling £17,503,000 (2019: £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 30 September 2020, deeds of waiver were signed by the lending entity confirming that the above loan will not be recalled before 1 November 2021 and hence the entity does not have to meet these liabilities before the aforementioned date. To the extent not previously repaid, purchased or cancelled the amounts are subsequently due for repayment on the dates noted above.

### 21 Finance lease obligations

	2020 £'000	2019 £'000
Future minimum lease payments due under finance leases:		
Less than one year	-	57
Between one and five years	-	14
	<u>-</u>	<u>71</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term in 2019 was 1 year. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

# APOGEE CORPORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

### 22 Provisions for liabilities

	Notes	2020 £'000	2019 £'000
Dilapidations		696	578
Onerous lease		3,994	1,366
		<u>4,690</u>	<u>1,944</u>
Deferred tax liabilities	23	1,814	2,556
		<u>6,504</u>	<u>4,500</u>

Movements on provisions apart from deferred tax liabilities:

	Dilapidations £'000	Onerous lease £'000	Total £'000
At 1 November 2019	578	1,366	1,944
Additional provisions in the year	118	2,847	2,965
Utilisation of provision	-	(219)	(219)
At 31 October 2020	<u>696</u>	<u>3,994</u>	<u>4,690</u>

#### *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 April 2025, 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 June 2023.

# APOGEE CORPORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

### 23 Deferred taxation

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

	Liabilities 2020 £'000	Liabilities 2019 £'000	Assets 2020 £'000	Assets 2019 £'000
<b>Balances:</b>				
Decelerated capital allowances	-	-	2,581	2,587
Losses	-	-	62	55
Short-term timing differences	1,814	2,556	-	-
	<u>1,814</u>	<u>2,556</u>	<u>2,643</u>	<u>2,642</u>

#### Movements in the year:

	2020 £'000
Liability/(Asset) at 1 November 2019	(86)
Credit to profit or loss	(743)
Liability/(Asset) at 31 October 2020	<u>(829)</u>

### 24 Retirement benefit schemes

	2020 £'000	2019 £'000
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>736</u>	<u>769</u>

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.

### 25 Share capital

	2020 £'000	2019 £'000
<b>Ordinary share capital</b>		
Issued and fully paid		
54,054,412 Ordinary shares of £1 each	<u>54,054</u>	<u>54,054</u>
	<u>54,054</u>	<u>54,054</u>

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.

### 26 Reserves

#### Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

# APOGEE CORPORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

### 27 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 2020 the group VAT balances amounted to a net creditor of £5,089,531 and this is reflected in the respective companies' balance sheets at the year end (2019: debtor of £11,298).

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.

### 28 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:

	2020 £'000	2019 £'000
Within one year	2,731	2,675
Between one and five years	6,015	6,064
In over five years	1,266	1,419
	<u>10,012</u>	<u>10,158</u>

Included in these commitments are onerous property leases against which a provision of £4m has been made.

### 29 Events after the reporting date

Subsequent to the year end the company completed an acquisition in March 2021, with the purchase of the entire share capital of Direct-Tec Group Limited, a provider of managed print services.

### 30 Related party transactions

#### Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Purchases 2020 £'000	2019 £'000
Entities under common control	<u>241</u>	<u>218</u>

# **APOGEE CORPORATION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020**

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### **31 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.