

Registered number: 11331835

AGILICO GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

THURSDAY



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COMPANIES HOUSE

AGILICO GROUP LIMITED

COMPANY INFORMATION

Directors	S A Davey E Hickley P Jan L A Kingston S Smythe
Registered number	11331835
Registered office	C/O Harrison Clark Rickerbys Ellenborough House Wellington Street Cheltenham GL50 1YD
Independent auditor	CLA Evelyn Partners Limited Chartered Accountants & Statutory Auditor 45 Gresham Street London EC2V 7BG

AGILICO GROUP LIMITED

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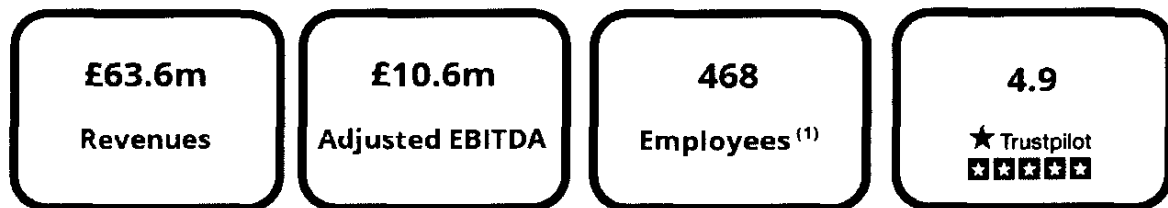
AGILICO GROUP LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

Introduction

The directors present their Group Strategic Report for the year ended 31 March 2023.

Highlights



¹ As at 31 March 2023

The business witnessed another strong performance, growing revenues and EBITDA by 25.8% & 34.3% respectively in the financial year.

Revenue growth was achieved in all three divisions and momentum has continued following year end, particularly across the Group's proprietary products as the effect of a tight labour market focused customers on automating manual processes. The Board is keen to identify new opportunities to expand the Agile Toolkit – the Group's product library – using its skilled development team and M&A where appropriate.

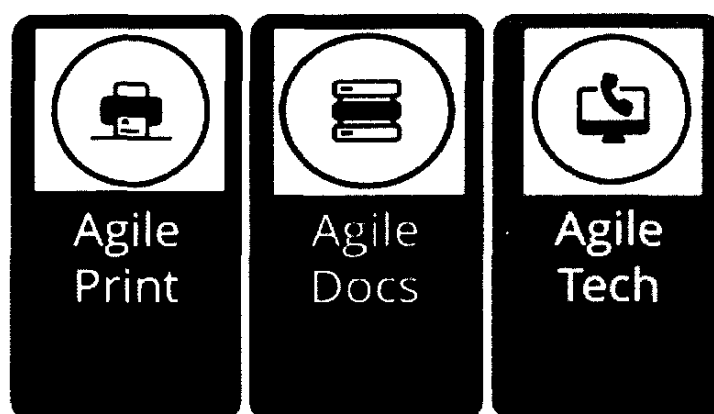
The business also benefited from the acquisition of Capital Documents Solutions Limited, a long-standing business with a first-class reputation in Scotland, which will provide the Group with scale in a key geography.

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GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Vision and purpose

Agilico is a leading supplier of workplace technology. The business operates across three divisions: Agile Print, the UK's largest independent Managed Print Services (MPS) provider; Agile Docs, a software and consulting division; and Agile Tech which supports customers with IT and telecoms solutions. The Agile Docs and Agile Tech divisions both develop IP to support our purpose to make work easy for our customers.



The Board will continue to drive organic and inorganic growth across each of the divisions over the medium term. Organic growth will be supported with the continued development of proprietary products and inorganic growth by the careful deployment of capital towards investments that both support strategy and provide the greatest returns.

Key management

The Board of Directors is as follows:

- Stewart Smythe, Chairman
- Simon Davey, CEO
- Philip Jan, CFO
- Luke Kingston, Non-executive director
- Emily Hickley, Non-executive director

AGILICO GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

During the year the business was led by the following senior management team.



Simon Davey, CEO



Phil Jan, CFO



Elliot Thurley, MD, Agile Docs



Warren Colby, MD (North)



Andy Young, MD (South)



Andrew Aikman, MD (Scotland)

The Group is pleased to report revenues of £63.6m, an increase of 25.8% on the prior year. This was the result of organic growth from improved trading and recovery from the impact of the Covid-19 pandemic compared with prior year, as well as six months' contribution from Capital Document Solutions Limited which was acquired on 30 September 2022. The summary below highlights improved trading across the three divisions.

	Revenues £'m		Gross Profit £'m	
	2022	2023	2022	2023
Agile Print	44.5	54.1	24.0	30.4
Agile Docs	2.7	5.8	2.5	4.6
Agile Tech	3.3	3.7	1.6	1.7
	50.5	63.6	28.1	36.7

The Agile Print division continued to show remarkable resilience growing revenues 21.6% versus prior year while revenues in the Agile Docs and Agile Tech divisions grew 114.8% and 12.1% respectively. Within Agile Tech, existing customers using traditional PSTN and ISDN lines will switch to Agilico's VOIP hosted product, *Agilico Connect*. Whilst this is expected to have a slight drag on revenues in the short-term due to the move to a SaaS model, new revenues will be recurring in nature and at a higher gross margin. Consistent with the medium-term growth plans, the Group will seek to maximise opportunities to cross-sell this product to its highly satisfied customer base within both the Agile Print and Agile Docs divisions.

AGILICO GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

The development of Verify, the Group's automated accounts payable solution, continued at pace helping secure additional revenue from a further twenty-eight new contract wins.

Gross profit across the Group increased to £36.7m, with a margin of 57.7% (2022 - 55.5%), despite inflationary pressures across the business.

Adjusted EBITDA increased 34% from £7.9m to £10.6m as the business benefited from both operating leverage and the acquisition of Capital Document Solutions Limited.

Key performance indicators (KPIs)

Metrics are used to monitor performance of the business at individual, divisional and board levels.

The directors consider turnover, gross profit, adjusted EBITDA; machines in the field (MiF); Agilico Connect seats; and the number of Verify (invoice processing) customers, as the key measures of business performance:

	2022 £'000	2023 £'000	Change %
Turnover	50,533	63,572	25.8
Gross margin %	55.5%	57.7%	
Adjusted EBITDA	7,914	10,631	34.3
No. of Machines in the field ("MiF") at 31 March	29,305	39,993	36.5
No. of Hosted seats on Agilico Connect	2,540	3,616	42.4
No. of Verify Customers	19	47	147.4

Adjusted EBITDA is a non-FRS 102 measure that the Group uses to measure its performance and is defined as earnings before interest, taxation, depreciation (other than on assets leased to customers) and amortisation and after add-backs of costs related to acquisition, restructuring and other one-off costs incurred by the Group.

The directors believe that adjusted EBITDA is a more appropriate measure than operating profit to measure underlying business performance, since it is stated before various non-cash items (such as goodwill amortisation) and items of an exceptional or one-off nature.

	2022 £'000	2023 £'000
Statutory operating loss before interest and taxation	(8,632)	(230)
Depreciation (other than on assets leased to customers)	639	719
Amortisation of intangible assets	14,259	7,975
Non-recurring and separately reported items	1,648	2,167
Adjusted EBITDA	7,914	10,631

Non-recurring and separately reported items are described further in note 6 to the financial statements.

AGILICO GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Risk management

Agilico's operations expose it to a variety of risks, which are continually assessed by management and the directors with appropriate processes implemented to monitor and mitigate their effects. The key risks and the impact on the business are described below.

Economic Risk

The Group operates wholly within the UK and has a diversified customer base which is not reliant on any particular industry sector. Economic risk therefore relates to performance of the underlying UK economy, which continued to improve during the year. The positive momentum was evident in all regions across the business as people returned to the office, as evidenced by external data from National Rail and Transport for London (TfL).

Liquidity Risk

As at 31 March 2023 the Group had cash balances of £10.2m and an undrawn revolving credit facility ("RCF") of £5m. The Group remained cash positive throughout the financial year, and the RCF (which is in place to mitigate any large swings in operating cash flow) was undrawn throughout the year.

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

Credit Risk

The principal credit risk lies with trade debtors. The Group has a large, diversified customer base and manages credit risk through the implementation of robust credit control policies. Such measures include third party credit referencing of new customers, setting of customer credit limits, credit stop/hold policies and regular monitoring of overdue amounts.

Acquisition Risk

The Board operates within an M&A framework to help select key targets and is followed by a thorough diligence process including, but not limited to, financial and legal diligence all of which are reviewed by the Board. The Board is committed to its M&A strategy and will maintain a conservative approach to valuations and deal structures.

Supplier Risk

Agilico's principal suppliers in the year were Konica Minolta, Ricoh, Sharp and Canon. All suppliers faced challenges during the year, but the business was able to work with its stakeholders to ensure customer service levels were maintained at a very high level.

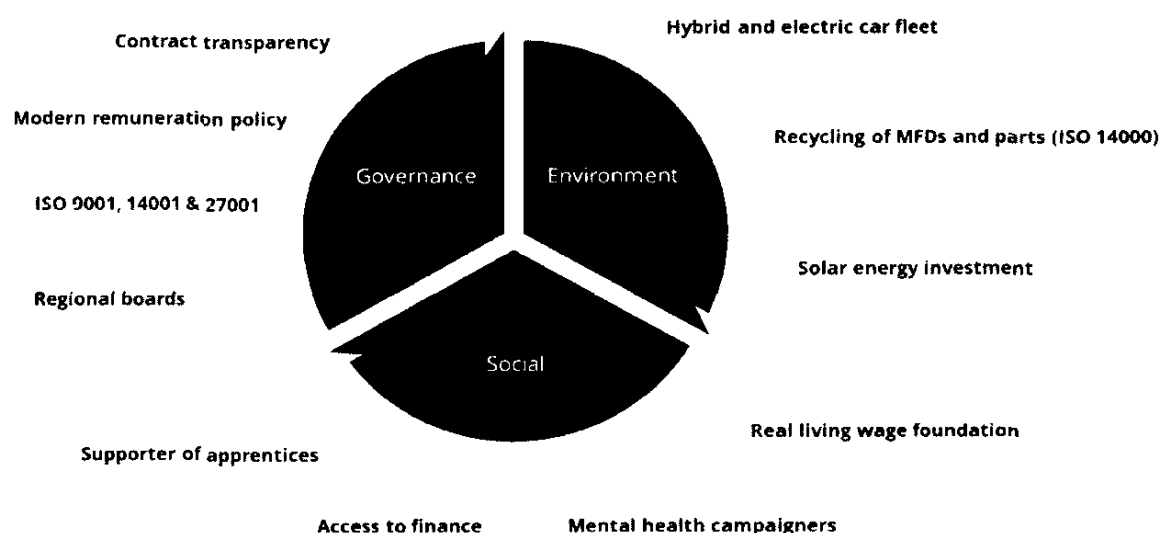
In support of its ESG agenda and Net Zero commitment, the Group also has improved its access to high quality reconditioned machines.

AGILICO GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Environmental, social and governance (ESG)

The Group operates within a defined ESG framework which is summarised below:



During the year, the Group maintained its ISO 9001, 14001 and 27001 accreditations.

Agilico also maintained its Real Living Wage Employer status, meaning every employee in our business now earns more than the Government's recommended minimum wage.

In support of Agilico's activities on reducing its carbon footprint, we continue to invest in our leased real estate portfolio adding solar panel and electric charging stations to support the expansion of our hybrid and electric car fleet.

Section 172 (1) statement

During the year, the directors have considered the needs of the Group's stakeholders as part of their decision-making process. Specifically, the directors consider the likely consequences of its decisions in the long term and the need to act fairly between its stakeholders. The Group's key stakeholders, why they are important to the Group and how they have been considered and engaged are set out below:

Shareholders

Delivering for the Group's shareholders ensures that the business continues to be successful in the long term and can therefore continue to deliver for all our stakeholders. Engagement between the management team of the Group and its shareholders occurs through regular business review meetings and ongoing reporting and feedback.

AGILICO GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Employees

Employees are central to the long-term success of any business and the same is true of Agilico. The senior management team regularly engage and communicate with its employees. The business has a company-wide intranet site (the "Agilico Hub") which allows employees to engage with company news, important updates, and provides links to key resources and people. We are stronger together, so we will always give our colleagues a voice and listen to their thoughts, concerns, and ideas, from all corners of the business.

Employee welfare is a critical component of our relationship with our employees. Good health and wellbeing are integral to building a strong, motivated, and happy team. We offer all our employees a variety of benefits, consumer discounts and support packages through our Agile Perks scheme. This includes providing access to tax-free childcare, a healthcare cash plan, life assurance and an employee assistance programme to offer support and practical advice on issues that may impact on mental health, on a personal and professional level. The happiness and security of our colleagues is of paramount importance, and we will continue to invest in this area. An example of this is the appointment of several regional mental health champions who have received training and become accredited to offer support to colleagues.

Customers

We pride ourselves on customer service and monitor KPIs such as engineer response times and call centre statistics. This is demonstrated by our average Trustpilot scores of 4.9 (out of a maximum of 5). We seek regular customer feedback and engage third party consultants to perform independent surveys of our customer experience. The evolving needs of our customers remains central to our key priorities and continues to shape our strategy and product offering.

Suppliers

Brexit, Covid-19 and the shortage of semi-conductors has created some challenges within the supply chain. However, our standing in the market and good relationships with manufacturers has helped ensure a relatively uninterrupted supply of products for our customers.

Communities

Supporting communities is high on the Agilico agenda. The Group has implemented a volunteer and corporate social responsibility (CSR) activity plan, which is designed to ensure we continue to enhance society and the environment. Agilico encourages its employees to volunteer in the local community and offers paid time off for volunteering during each holiday year. Meanwhile, we raise funds and awareness for a great number of worthy causes, working alongside a variety of inspiring partners, clients, and charitable organisations.

AGILICO GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Streamlined Energy and Carbon Reporting (SECR)

The Group is required to disclose the global energy use and associated greenhouse gas (GHG) for which it is responsible. Data is represented as the number of tonnes of carbon dioxide equivalent (CO₂ -e) emitted.

The Group collected data on its energy consumption and CO₂ emissions for the year as follows:

- Scope 1 – this refers to emissions from sources that an organisation owns or controls directly. We report the emissions from fuel consumed by the Group's 167 owned/leased vehicles, which were calculated by collating the total business miles travelled during the year and multiplying this by the respective CO₂ emissions factor per vehicle. In addition, we report the quantity of gas consumed in the Group's locations, which was calculated by collating the number of kWh used over the year.
- Scope 2 – this refers to emissions that an organisation causes indirectly and come from where the energy it purchases and uses is produced. We report the emissions from the generation of electricity purchased for the Group's locations, calculated by collating the number of kWh used over the year.

Information was then converted to equivalent tonnes of carbon dioxide in all cases. The Group has used the 2022 emission conversion factors developed by the Department for Business, Energy and Industrial Strategy in the calculation of the GHG emissions and intensity metrics (figures for the year ending 31 March 2022 were prepared using 2021 conversion factors).

The Group's energy usage for the year to 31 March 2023 is set out below.

	Tonnes of CO ₂ -e		MWh	
	2022	2023	2022	2023
Scope 1 - transport fuel use	349.8	377.4	n/a	n/a
Scope 1 - buildings related energy consumption - combustion of gas	81.2	133.3	443.4	730.1
Scope 2 - buildings related energy consumption - purchase of electricity	80.8	98.8	380.7	465.2
Total tCO₂ and energy consumption (Scope 1 & 2)	511.8	609.4		
Average headcount	305	393		
Intensity metric: Scope 1 and 2 GHG emissions per average no. employees	1.69	1.55		

The Group's emissions increased by 19% during the year from 511.8t of CO₂ to 609.4t, however this was predominantly due to the acquisition of Capital Document Solutions ("CDS") in September 2022 and therefore the total reported figures include six months' emissions of the acquired CDS business. The acquisition of CDS added four office locations and 54 vehicles to the Group's fleet. Excluding the impact of the CDS acquisition, emissions decreased by 16%.

As a major leader in the workplace technology sector, Agilico recognises the role we must play in tackling the climate emergency and the positive impact it can have. Thus, whilst good progress has been made in this area to date, we have taken the bold step to reduce our impact on carbon emissions head on and have recently launched our mission to reach net zero by 2030.

The initiatives underpinning our sustainable practice goals include the following:

Use of electric/hybrid vehicles – currently 52% of our fleet are hybrid/electric vehicles and our aim is to have 80% of our fleet hybrid/electric by 2024. We continue to expand the number of electric charging points at our locations across the UK to facilitate our additional goal of having 20% of our fleet fully electric by 2024.

AGILICO GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Solar energy – with multiple office and warehouse locations across the UK, our goal is to power key sites with renewable energy as far as possible. We continually seek to improve our carbon footprint of our regional locations. We have installed solar panels at our head office in Southampton and will look to extend the use of solar panels across the rest of our estate where possible.

Circular economy – our national MFD refurbishment centre is already addressing circular economy challenges, giving a new lease of life to used machines. This allows our customers to benefit from more cost-efficient and sustainable alternatives to acquiring new MFDs.

Responsible waste management – we have a continuous focus on recycling parts and devices and by moving to a single waste management provider nationally, we will be able to precisely measure and further reduce our collective waste.

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

Simon Davey

S A Davey
Director

Date: 26/09/2023

AGILICO GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

The directors present their report and the financial statements for the year ended 31 March 2023.

Results and dividends

The loss for the year, after taxation, amounted to £9,348k (2022 - loss £13,118k).

No dividends were paid or declared in the year (2022 - £Nil).

Directors

The directors who served during the year were:

S A Davey
E Hickley
P Jan
L A Kingston
S Smythe

Future developments

Where necessary, disclosures relating to future developments have been made in the Group Strategic Report and have not been repeated here in accordance with Section 414C of the Companies Act 2006.

Engagement with employees

The Group has adopted a policy of promotion from within and all staff are encouraged to make a real commitment to the growth of the Group. Full and fair consideration is given to applications for employment by disabled persons, having regard to their respective aptitudes and abilities. The Group's policy includes, where applicable, continued employment, training, and career development as appropriate for those who may become disabled.

Information is made available to employees on a regular basis through our Agilico 'employee hub' and regular communication from senior management. This allows employees the opportunity to consult on matters that affect their interests and to gain an awareness of all financial and economic factors affecting the Group's performance.

Engagement with suppliers, customers and others

Disclosures relating to the Group's engagement with suppliers, customers and others have been made in the Group Strategic Report under the heading "Section 172 (1) statement".

Qualifying third party indemnity provisions

Qualifying third party indemnity provision is in place for the benefit of all directors of the Group.

AGILICO GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Post balance sheet events

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

Auditor

The auditor, CLA Evelyn Partners Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

Simon Davey

S A Davey
Director

Date: 26/09/2023

AGILICO GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AGILICO GROUP LIMITED

Opinion

We have audited the financial statements of Agilico Group Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Consolidated Analysis of Net Debt and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2023 and of the Group's 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 Group and Parent 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 Group and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

AGILICO GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AGILICO GROUP LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and their 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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 12, 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

AGILICO GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AGILICO GROUP LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

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

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements and which are central to the Group's ability to conduct its business and where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the Group.

- Companies Act 2006 in respect of the preparation and presentation of the financial statements.
- FRS102 in respect of the preparation and presentation of the financial statements.
- The UK regulatory principles, including those governed by the Financial Conduct Authority (FCA).

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

We enquired with the Group's management as to the existence of litigation and no material items were identified;

- We have enquired of legal correspondence throughout the year, and nothing has come to light in respect of non-compliance;
- We obtained written management representations regarding disclosure of any non-compliance with laws and regulations;
- We enquired of FCA correspondence as part of compliance with the laws and regulations and nothing has come to light in respect of non-compliance.

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

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

- Testing of the recognition and recoverability of year-end trade debtors and accrued income;
- Testing journal entries, selected based on specific risk assessments applied based on client processes and controls surrounding manual journals;
- Testing the occurrence of revenue, specifically around the balance sheet date.

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

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

AGILICO GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AGILICO GROUP LIMITED (CONTINUED)

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

CLA Evelyn Partners Limited

Nicholas Jacques (Senior Statutory Auditor)

for and on behalf of

CLA Evelyn Partners Limited

Chartered Accountants

Statutory Auditor

45 Gresham Street

London

EC2V 7BG

Date: 26/09/2023

AGILICO GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £000	2022 £000
Turnover	4	63,572	50,533
Cost of sales		(26,877)	(22,471)
Gross profit		36,695	28,062
Administrative expenses		(36,925)	(36,708)
Other operating income	5	-	11
Operating loss	6	(230)	(8,632)
Interest receivable and similar income	10	34	-
Interest payable and similar expenses	11	(9,482)	(6,453)
Loss before taxation		(9,678)	(15,085)
Tax on loss	12	330	1,967
Loss for the financial year		(9,348)	(13,118)

There was no other comprehensive income for 2023 (2022 - £Nil).

The notes on pages 26 to 58 form part of these financial statements.

AGILICO GROUP LIMITED
REGISTERED NUMBER:11331835

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2023

	Note	2023 £000	2022 £000
Fixed assets			
Intangible assets	13	44,942	45,847
Tangible assets	14	1,381	1,751
		<u>46,323</u>	<u>47,598</u>
Current assets			
Stocks	16	11,086	9,977
Debtors: amounts falling due within one year	17	12,476	10,525
Cash at bank and in hand	18	10,173	8,103
		<u>33,735</u>	<u>28,605</u>
Creditors: amounts falling due within one year	19	(24,086)	(15,867)
Net current assets		<u>9,649</u>	<u>12,738</u>
Total assets less current liabilities		<u>55,972</u>	<u>60,336</u>
Creditors: amounts falling due after more than one year	20	(96,542)	(91,750)
Provisions for liabilities			
Deferred taxation	22	(438)	(217)
Other provisions	23	-	(24)
		<u>(438)</u>	<u>(241)</u>
Net liabilities		<u>(41,008)</u>	<u>(31,655)</u>
Capital and reserves			
Called up share capital	24	16,937	16,937
Share premium account	25	1,015	1,015
Other reserves	25	-	(3)
Treasury reserve	25	(5)	-
Profit and loss account	25	(58,955)	(49,604)
Shareholders' deficit		<u>(41,008)</u>	<u>(31,655)</u>

AGILICO GROUP LIMITED
REGISTERED NUMBER:11331835

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2023

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

Simon Davey
Director

S A Davey
Director

Date: 26/09/2023

Philip Jan
Director

P Jan
Director

26/09/2023

The notes on pages 26 to 58 form part of these financial statements.

AGILICO GROUP LIMITED
REGISTERED NUMBER:11331835

COMPANY BALANCE SHEET
AS AT 31 MARCH 2023

	Note	2023 £000	2022 £000
Current assets			
Debtors: amounts falling due within one year	17	27,806	25,286
Cash at bank and in hand	18	3	-
		<u>27,809</u>	<u>25,286</u>
Creditors: amounts falling due within one year	19	(2,246)	(1,526)
Net current assets		<u>25,563</u>	<u>23,760</u>
Net assets		<u>25,563</u>	<u>23,760</u>
Capital and reserves			
Called up share capital	24	16,937	16,937
Share premium account	25	1,015	1,015
Treasury reserve	25	(5)	-
Profit and loss account brought forward		5,808	4,010
Profit for the year		1,808	1,798
		<u>7,616</u>	<u>5,808</u>
Profit and loss account carried forward	25	7,616	5,808
Shareholders' funds		<u>25,563</u>	<u>23,760</u>

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

Simon Davey
Simon Davey, Secretary, 2023/24 AGM

S A Davey
Director

Date: 26/09/2023

Philip Jan
Philip Jan, 2023/24 AGM

P Jan
Director

26/09/2023

The notes on pages 26 to 58 form part of these financial statements.

AGILICO GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Called up share capital £000	Share premium account £000	Other reserves £000	Treasury reserve £000	Profit and loss account £000	Total equity £000
At 1 April 2021	16,937	1,005	(3)	-	(36,486)	(18,547)
Comprehensive income for the year						
Loss for the year	-	-	-	-	(13,118)	(13,118)
Contributions by and distributions to owners						
Shares issued during the year	-	10	-	-	-	10
At 1 April 2022	16,937	1,015	(3)	-	(49,604)	(31,655)
Comprehensive income for the year						
Loss for the year	-	-	-	-	(9,348)	(9,348)
Contributions by and distributions to owners						
Transfer to/from profit and loss account	-	-	3	-	(3)	-
Amounts purchased into treasury reserve	-	-	-	(5)	-	(5)
At 31 March 2023	16,937	1,015	-	(5)	(58,955)	(41,008)

AGILICO GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Called up share capital £000	Share premium account £000	Treasury reserve £000	Profit and loss account £000	Total equity £000
At 1 April 2021	16,937	1,005	-	4,010	21,952
Comprehensive income for the year					
Profit for the year	-	-	-	1,798	1,798
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Contributions by and distributions to owners					
Shares issued during the year	-	10	-	-	10
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 1 April 2022	16,937	1,015	-	5,808	23,760
Comprehensive income for the year					
Profit for the year	-	-	-	1,808	1,808
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Contributions by and distributions to owners					
Amounts purchased into treasury reserve	-	-	(5)	-	(5)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2023	16,937	1,015	(5)	7,616	25,563
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

AGILICO GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	2023 £000	2022 £000
Cash flows from operating activities		
Loss for the financial year	(9,348)	(13,118)
Adjustments for:		
Amortisation of intangible assets	7,975	14,259
Depreciation of tangible assets	858	959
Profit on disposal of tangible assets	(21)	(9)
Interest payable	9,482	6,453
Interest receivable	(34)	-
Taxation charge	(330)	(1,967)
Decrease/(increase) in stocks	1,138	(335)
Decrease/(increase) in debtors	518	(582)
Decrease in creditors	(742)	(2,809)
Decrease in provisions	(24)	(154)
Corporation tax received/(paid)	144	(949)
Net cash generated from operating activities	9,616	1,748
Cash flows from investing activities		
Purchase of intangible fixed assets	(436)	(186)
Purchase of tangible fixed assets	(204)	(481)
Sale of tangible fixed assets	21	113
Interest received	34	-
Purchase of subsidiary undertakings, net of cash acquired	(3,974)	(4,692)
Net cash used in investing activities	(4,559)	(5,246)
Cash flows from financing activities		
Issue of ordinary shares	-	10
Other new loans	3,000	5,410
Interest paid	(5,982)	(3,929)
Ordinary shares purchased into treasury	(5)	-
Net cash (used in)/generated from financing activities	(2,987)	1,491
Net increase/(decrease) in cash and cash equivalents	2,070	(2,007)

AGILICO GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

	2023 £000	2022 £000
Cash and cash equivalents at beginning of year	8,103	10,110
Cash and cash equivalents at the end of year	<u>10,173</u>	<u>8,103</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u>10,173</u>	<u>8,103</u>

AGILICO GROUP LIMITED

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2023

	At 1 April 2022 £000	Cash flows £000	Other non- cash changes £000	At 31 March 2023 £000
Cash at bank and in hand	8,103	2,070	-	10,173
Bank loans	(76,810)	-	(792)	(77,602)
Finance leases	(33)	31	-	(2)
Loan notes	(14,940)	(3,000)	-	(17,940)
	<u>(83,680)</u>	<u>(899)</u>	<u>(792)</u>	<u>(85,371)</u>

Other non-cash changes in respect of bank loans represent amortisation of debt issue costs.

AGILICO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. General information

Agilico Group Limited is a private company, limited by shares, domiciled and incorporated in England and Wales (registered number: 11331835). The registered office address is C/O Harrison Clark Rickerbys, Ellenborough House, Wellington Street, Cheltenham, GL50 1YD.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

In preparing the separate financial statements of the Parent Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the year has been presented as the reconciliation for the Group and the Parent Company would be identical;
- No Statement of Cash Flows has been presented for the Parent Company; and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the Parent Company as their remuneration is included in the totals for the Group as a whole.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

AGILICO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. *Accounting policies (continued)*

2.3 Going concern

In carrying out their duties in respect of going concern, the directors have reviewed the Group's forecast cash flows, liquidity, borrowing facilities and relating covenant requirements and the expected operational activities of the Group.

The forecasts prepared by management included sensitivity analysis to consider the impact of principal risks and uncertainties brought about by current macroeconomic conditions, in particular with respect to the continued recovery of the business post the Covid-19 pandemic and interest rate rises.

The sensitised forecasts demonstrate that the Group is expected to have sufficient cash reserves and available headroom under its borrowing facilities (including a £5m RCF which is currently undrawn) and is forecast to remain in compliance with its financial covenants for a period of at least twelve months from the date of signing these financial statements.

Based on these sensitised forecasts, the directors believe that the Group is well placed to manage its financing and other business risks satisfactorily and have not identified any material uncertainties that may cast significant doubt on the Group's ability to continue to operate for the foreseeable future. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

2.4 Foreign currency translation

Functional and presentation currency

The Group's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

AGILICO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- *it is probable that the Group will receive the consideration due under the transaction; and*
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Operating leases: the Group as lessor

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

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight-line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

2.7 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.8 Government grants

Grants of a revenue nature are recognised in profit or loss in the same period as the related expenditure.

AGILICO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. *Accounting policies (continued)*

2.9 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.10 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Costs of acquisition and borrowing costs

Costs incurred in relation to a business combination are capitalised as part of the cost of investment where the costs are directly attributable to the acquisition.

Borrowing costs which are directly attributable to the issuance of debt are recognised as debt issue costs and amortised over the term of the debt.

Any costs which are incurred both for the issuance of debt and as part of the cost acquisition, but are not directly and wholly attributable to one or the other, are recognised based on a reasonable allocation between the cost of investment and borrowing costs. If recognised as borrowing costs, they are subsequently amortised over the term of the debt.

Where the costs do not relate to either the cost of the acquisition or the issuance of debt, they are expensed as incurred.

AGILICO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.12 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to profit or loss over its useful economic life.

Internally developed software costs

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research is recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliability measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

AGILICO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as follows.

Depreciation is provided on the following basis:

Leasehold improvements	- over 10 years
Land and buildings leasehold	- 25% reducing balance and 10% straight-line and shorter of the life of the building or the lease term
Motor vehicles	- 30% reducing balance and between 25% - 33.3% straight-line
Fixtures, fittings and equipment	- 25% reducing balance and between 15% - 50% straight-line
Computer equipment	- 25% reducing balance and between 25% - 50% straight-line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.14 Leased assets: the Group as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Group. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

AGILICO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. *Accounting policies (continued)*

2.16 Stocks

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

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

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.17 Holiday pay accrual

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

2.18 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

AGILICO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.19 Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the group will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Group's cash management.

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

2.20 Treasury reserve

Amounts held in the treasury reserve relate to shares purchased back by the Company from former shareholders.

2.21 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

AGILICO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.22 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

AGILICO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Group'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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors consider that the following judgements have had the most significant effect on amounts recognised in the financial statements:

Financial instruments classification

The classification of financial instruments as "basic" or "other" requires judgement as to whether all the applicable conditions for classification as basic are met. This includes consideration of the form of the instrument and its return.

The directors consider that the key sources of estimation uncertainty in preparing the financial statements are:

Intangible fixed assets

Intangible fixed assets include goodwill arising on business combinations and the fair value of customer contracts and trade names recognised on acquisition. Determining whether an impairment has occurred typically requires various estimates and assumptions, including what cash flows are directly attributable to the potentially impaired asset, the useful life over which the cash flows will occur and their amount.

Estimates of future cash flows and the selection of appropriate rates of amortisation relating to particular assets or groups of assets involve the exercise of a significant amount of judgement.

In determining the appropriateness of the carrying value of goodwill, an annual impairment review is carried out. The asset is impaired if the carrying value of the asset exceeds its recoverable amount. When assessing the recoverable amount of the asset, which is the higher of the asset's fair value less costs to sell and the value in use, estimation is required. The value in use calculation requires the directors to group the assets at the lowest levels for which there are separately identifiable cash flows (cash generating units), estimate the future cash flows expected to arise from them and a suitable discount rate in order to calculate their present value. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Bad debt provision

At each reporting date and throughout the year, the Group's debtor balance is reviewed to identify any impairment required, and specific provisions are made against this balance. The value of these provisions at 31 March 2023 are £263k (2022 - £264k).

AGILICO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

3. Judgements in applying accounting policies (continued)

Toner in field valuation

It is generally accepted practice in our market to provide consumable stock (in which the Group retains title) which produces service revenue in future months from the customer. A calculation of the value of this stock in the field is based upon reasonable statistical estimates of the quantity of those consumable stocks held by customers at the period end, valued in accordance with the accounting policy as stated in note 2. The stock in field is included in note 16.

4. Turnover

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

	2023 £000	2022 £000
Agile Print	54,102	44,478
Agile Tech	3,662	3,337
Agile Docs	5,808	2,718
	<u>63,572</u>	<u>50,533</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2023 £000	2022 £000
Furlough income	-	14
	<u>-</u>	<u>14</u>

AGILICO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

6. Operating loss

The operating loss is stated after charging:

	2023 £000	2022 £000
Exchange differences	5	5
Bad debt expense	158	159
	<u>163</u>	<u>164</u>

The below items form part of administrative expenses which form part of the operating loss:

	2023 £000	2022 £000
Non-recurring items		
Acquisition and integration expenses	444	264
Restructuring costs	152	225
Vacant property costs	201	67
Other	1,162	915
	<u>1,959</u>	<u>1,471</u>
Separately reported items	-	-
Non-executive remuneration and shareholder costs	217	186
Asset disposals	(9)	(9)
	<u>208</u>	<u>177</u>
	<u>2,167</u>	<u>1,648</u>

Acquisition and integration expenses are those costs attributable to acquisitions, both successful and unsuccessful, made by the Group.

Restructuring costs, vacant property costs and other exceptional items include one-off costs deemed to be non-operational as they are non-recurring or unrelated to the core operations.

Non-executive remuneration and shareholder costs and asset disposals are deemed to be separately reportable as they are specifically excluded from EBITDA for the measurement of bank covenants

AGILICO GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

7. Auditor's remuneration

During the year, the Group obtained the following services from the Company's auditor and its associates:

	2023 £000	2022 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	104	86
Fees payable to the Group's auditor and its associates for the audit of the Group's subsidiaries' annual financial statements	130	100
	<u>234</u>	<u>186</u>
Fees payable to the Group's auditor and its associates in respect of:		
Audit-related assurance services and other services	12	7
Accounts preparation	19	18
	<u>31</u>	<u>25</u>

8. Employees

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

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Wages and salaries	18,541	13,585	-	-
Social security costs	2,054	1,618	-	-
Cost of defined contribution scheme	611	369	-	-
Internally developed software costs capitalised	(278)	(134)	-	-
	<u>20,928</u>	<u>15,438</u>	<u>-</u>	<u>-</u>

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

	2023 No.	2022 No.
Sales	77	54
Administration	316	249
	<u>393</u>	<u>303</u>

AGILICO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

9. Directors' remuneration

	2023 £000	2022 £000
Directors' emoluments	542	381
Group contributions to defined contribution pension schemes	16	11
	<u>558</u>	<u>392</u>

During the year retirement benefits were accruing to 3 directors (2022 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £275k (2022 - £171k).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £8k (2022 - £5k).

10. Interest receivable

	2023 £000	2022 £000
Other interest receivable	<u>34</u>	<u>-</u>

11. Interest payable and similar expenses

	2023 £000	2022 £000
Interest on bank borrowings	6,172	4,060
Interest on loan notes	2,013	1,567
Non-equity preference share dividends	-	(133)
Amortisation of debt issue costs	1,297	959
	<u>9,482</u>	<u>6,453</u>

AGILICO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

12. Taxation

	2023 £000	2022 £000
Corporation tax		
Current tax on profits for the year	113	195
Adjustments in respect of previous periods	(191)	(370)
Total current tax	<u>(78)</u>	<u>(175)</u>
Deferred tax		
Origination and reversal of timing differences	(191)	(1,566)
Effect of changes in tax rates	(11)	37
Adjustments to deferred tax in respect of previous periods	(50)	157
Losses and other deductions	-	(420)
Total deferred tax	<u>(252)</u>	<u>(1,792)</u>
Taxation on loss on ordinary activities	<u>(330)</u>	<u>(1,967)</u>

AGILICO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022 - *higher than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2023 £000	2022 £000
Loss on ordinary activities before tax	(9,678)	(15,085)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	(1,839)	(2,866)
Effects of:		
Expenses not deductible	1,314	1,332
Tax rate changes	(35)	6
Adjustments to tax charge in respect of prior periods	(197)	(213)
Non-taxable income	(8)	-
Rounding	-	5
Losses	-	(467)
Deferred tax not recognised	460	236
Share options	(25)	-
Total tax credit for the year	(330)	(1,967)

Factors that may affect future tax charges

Finance Act 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. The full anticipated effect of these changes is reflected in the above deferred tax balances.

AGILICO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

13. Intangible assets

Group

	Brand £000	Internally developed software £000	Customer technology £000	External software £000	Purchased goodwill £000
Cost					
At 1 April 2022	495	962	1,430	77	59,476
Additions	-	278	-	157	-
On acquisition of subsidiaries	-	-	-	-	4,801
At 31 March 2023	<u>495</u>	<u>1,240</u>	<u>1,430</u>	<u>234</u>	<u>64,277</u>
Amortisation					
At 1 April 2022	23	685	107	42	16,990
Charge for the year	62	183	286	33	6,138
At 31 March 2023	<u>85</u>	<u>868</u>	<u>393</u>	<u>75</u>	<u>23,128</u>
Net book value					
At 31 March 2023	<u>410</u>	<u>372</u>	<u>1,037</u>	<u>159</u>	<u>41,149</u>
At 31 March 2022	<u>472</u>	<u>277</u>	<u>1,323</u>	<u>35</u>	<u>42,486</u>

AGILICO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

13. Intangible assets (continued)

	Customer contracts £000	Total £000
Cost		
At 1 April 2022	37,138	99,578
Additions	-	435
On acquisition of subsidiaries	1,834	6,635
At 31 March 2023	<u>38,972</u>	<u>106,648</u>
Amortisation		
At 1 April 2022	35,884	53,731
Charge for the year	1,273	7,975
At 31 March 2023	<u>37,157</u>	<u>61,706</u>
Net book value		
At 31 March 2023	<u>1,815</u>	<u>44,942</u>
At 31 March 2022	<u>1,254</u>	<u>45,847</u>

AGILICO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

14. Tangible fixed assets

Group

	Leasehold improvements £000	Land and buildings leasehold £000	Motor vehicles £000	Fixtures, fittings and equipment £000
Cost				
At 1 April 2022	127	25	260	2,714
Additions	153	2	-	125
Acquisition of subsidiary	-	943	163	1,643
Disposals	(22)	(2)	(66)	(503)
Reclassifications	6	-	-	(177)
At 31 March 2023	<u>264</u>	<u>968</u>	<u>357</u>	<u>3,802</u>
Depreciation				
At 1 April 2022	43	25	128	1,512
Charge for the year	18	5	59	605
Disposals	(22)	-	(53)	(500)
Acquisition of subsidiary	-	855	145	1,581
Reclassifications	-	-	-	(120)
At 31 March 2023	<u>39</u>	<u>885</u>	<u>279</u>	<u>3,078</u>
Net book value				
At 31 March 2023	<u>225</u>	<u>83</u>	<u>78</u>	<u>724</u>
At 31 March 2022	<u>84</u>	<u>-</u>	<u>132</u>	<u>1,202</u>

AGILICO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

14. Tangible fixed assets (continued)

	Computer equipment £000	Total £000
Cost		
At 1 April 2022	686	3,812
Additions	58	338
Acquisition of subsidiary	-	2,749
Disposals	(268)	(861)
Reclassifications	171	-
At 31 March 2023	<u>647</u>	<u>6,038</u>
Depreciation		
At 1 April 2022	353	2,061
Charge for the year	171	858
Disposals	(268)	(843)
Acquisition of subsidiary	-	2,581
Reclassifications	120	-
At 31 March 2023	<u>376</u>	<u>4,657</u>
Net book value		
At 31 March 2023	<u>271</u>	<u>1,381</u>
At 31 March 2022	<u>333</u>	<u>1,751</u>

AGILICO GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

15. Fixed asset investments

	Investment in subsidiary company £
Cost	
At 1 April 2022	1
At 31 March 2023	<u>1</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Agilico Holdco Limited	Holding company	Ordinary	100%
Agilico Midco Limited*	Holding company	Ordinary	100%
Agilico Bidco Limited*	Holding company	Ordinary	100%
Agilico Workplace Technologies (South) Limited*	Supply and maintenance of office machines	Ordinary & Ordinary D	100%
Canotec South West Limited*	Dormant	Ordinary A	100%
First Office Holdings Limited*	Holding company	Ordinary	100%
Agilico Systems Limited*	IT & other telecommunication activities	Ordinary A, B & C	100%
Hobbs Parker 2000 Limited*	Dormant	Ordinary	100%
U.C.O.S. Holdings Limited*	Holding company	Ordinary	100%
Agilico Workplace Technologies (North) Limited*	Supply and maintenance of office machines	Ordinary	100%
Systems Technology (Holdings) Limited*	Holding company	Ordinary A & B	100%
Systems Technology (S.E.) Limited*	Dormant	Ordinary A & B	100%
Condor Office Solutions Limited*	Dormant	Ordinary	100%
CSL Group Holdings Limited*	Holding company	Ordinary A & B	100%

AGILICO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

15. Fixed asset investments (continued)

Name	Principal activity	Class of shares	Holding
Agilico Workplace Technologies (Midlands) Limited*	Supply and maintenance of office machines	Ordinary	100%
McDowell & Co Limited*	Dormant	Ordinary & Ordinary A	100%
Diamond Group (Holdings) Limited*	Holding company	Ordinary	100%
Diamond Business Systems Limited*	Dormant	Ordinary	100%
Diamond ICT Limited*	Dormant	Ordinary	100%
Invu (UK) Limited*	Holding company	Ordinary	100%
Invu 2007 Limited*	Software and related services, design and sales	Ordinary	100%
Agilico Software Limited*	Software and related services, design and sales	Ordinary	100%
Invu (International Holdings) Limited*	Holds intellectual property rights	Ordinary	100%
Capital Document Solutions Limited*#	Supply and maintenance of office machines	Ordinary & A	100%
Highland Office Equipment Limited*#	Dormant	Ordinary	100%
H O E Limited*#	Dormant	Ordinary	100%
West End Business Systems Limited*#	Dormant	Ordinary	100%
Highland Office Limited*#	Dormant	Ordinary	100%
Capital Copiers (Edinburgh) Limited*#	Dormant	Ordinary	100%
Capital Solutions Employee Benefit Trust Limited*#	Employee benefit trust	Ordinary	100%

*held indirectly

#registered in Scotland

All subsidiary undertakings are incorporated in England and Wales except for Capital Document Solutions Limited and its direct subsidiaries which are incorporated in Scotland. The registered office of all subsidiaries incorporated in England and Wales is C/O Harrison Clark Rickerbys Ellenborough House, Wellington Street, Cheltenham, GL50 1YD. The registered office of all subsidiaries registered in Scotland is 101 McDonald Road, Edinburgh, EH7 4NW.

During the year, the following entities were dissolved, Canotec Limited, Faverglen Limited, Buscom Limited, United Carlton Office Solutions Limited, United Carlton Digital Solutions Limited, Systems Support UK Limited, Derby Office Machines Limited, Total Office Maintenance Limited, Copying Services (Leicester) Limited and CSL Nottingham Limited.

The following entities were dissolved post year end, U.C.O.S. Holdings Limited, CSL Group Holdings Limited, McDowell & Co Limited, First Office Holdings Limited, Canotec South West Limited and Hobbs Parker 2000 Limited.

AGILICO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

16. Stocks

	Group 2023 £000	Group 2022 £000
Finished goods and goods for resale	11,086	9,977

Included within goods for resale is £5,515k (2022 - £4,837k) of stock in field.

17. Debtors

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Trade debtors	8,437	7,206	-	-
Amounts owed by group undertakings	-	-	27,800	25,272
Other debtors	68	759	6	14
Prepayments and accrued income	3,971	2,560	-	-
	<u>12,476</u>	<u>10,525</u>	<u>27,806</u>	<u>25,286</u>

Amounts owed by group undertakings are unsecured, repayable on demand and attract an interest rate, where applicable, of 10% on the outstanding balance (2022 - 10%).

18. Cash and cash equivalents

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Cash at bank and in hand	10,173	8,103	3	-

AGILICO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

19. Creditors: Amounts falling due within one year

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Trade creditors	6,275	4,187	36	85
Deferred consideration	2,500	-	-	-
Amounts owed to group undertakings	-	-	2,152	1,441
Corporation tax	386	-	-	-
Other taxation and social security	2,444	2,198	-	-
Obligations under finance lease and hire purchase contracts	2	8	-	-
Other creditors	841	2,146	-	-
Accruals and deferred income	11,638	7,328	58	-
	<u>24,086</u>	<u>15,867</u>	<u>2,246</u>	<u>1,526</u>

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

20. Creditors: Amounts falling due after more than one year

	Group 2023 £000	Group 2022 £000
Bank loans	77,602	76,810
Loan notes	17,940	14,940
Deferred consideration	1,000	-
	<u>96,542</u>	<u>91,750</u>

AGILICO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

21. Loans

An analysis of the maturity of loans is provided below:

	Group 2023 £000	Group 2022 £000
Amounts falling due 2-5 years		
Bank loans	77,602	76,810
Amounts falling due after more than 5 years		
Loan notes	17,940	14,940
	<u>95,542</u>	<u>91,750</u>

In December 2019, the Group entered into a senior facility agreement ("SFA") with a consortium of lenders. The facilities, originally amounting to £90.2m and subsequently amended to £85.1m in August 2023, comprise a Facility B of £55.2m, a committed acquisition facility ("CAF") of £24.9m and a revolving credit facility ("RCF") of £5.0m. All borrowings under these facilities are secured by a debenture over the assets of the Group.

Terms of the facilities are as follows:

1) Facility B and CAF: Interest payable on these facilities is sterling overnight index average ("SONIA"), plus a margin percentage which is currently 5.5%, plus a credit adjustment spread as the base rate was switched to SONIA from LIBOR. The margin is adjusted based on leverage ratios and ranges between 4% and 6.5%. A commitment fee of 35% of the applicable margin is payable on any undrawn amount. Interest is paid either quarterly or six-monthly in arrears, with the capital repayable in full by 6 December 2025.

2) RCF: Interest payable on the RCF is SONIA, plus a margin percentage which is currently 5.0%, plus a credit adjustment spread as the base rate was switched to SONIA from LIBOR. The margin is adjusted based on leverage ratios and ranges between 4% and 6.0%. A commitment fee of 35% of the applicable margin is payable on any undrawn amount. The RCF is a short-term facility and is repayable, together with any accrued interest, at the end of a drawn period (1, 3, or 6 months). The RCF has a termination date of 6 June 2025. During the year, the RCF was undrawn and the non-utilisation rate at the balance sheet date was 1.75%.

The loan notes are unsecured and are payable in the event of a listing or trade sale. Cumulative interest accrues at a rate of 10% per year and is payable when the loan notes are repaid.

The amounts drawn at the respective balance sheet dates under these facilities were as follows:

AGILICO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

21. Loans (continued)

	2023 £000	2022 £000
Facility B	55,200	55,200
CAF	24,914	24,914
	<hr/>	<hr/>
Gross bank loans under SFA	80,114	80,114
	<hr/>	<hr/>
Loan notes	17,940	14,940
Capitalised debt issue costs	(2,512)	(3,304)
	<hr/>	<hr/>
Net borrowings	<u>95,542</u>	<u>91,750</u>

Debt issue costs are fees associated with the establishment of loan facilities and are capitalised and amortised over the payback period of the facilities to which they relate. During the year £506k was capitalised in respect of debt issue costs (2022 - £549k).

AGILICO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

22. Deferred taxation

Group

	2023 £000	2022 £000
At beginning of year	217	1,289
Credited to profit or loss	(252)	(1,806)
Arising on business combinations	473	734
At end of year	438	217
	Group	Group
	2023	2022
	£000	£000
Fixed asset timing differences	(51)	(15)
Short-term timing differences	(57)	(51)
Intangibles	815	763
Losses	(269)	(480)
	438	217

The net deferred tax liability primarily relates to the reversal of timing differences on acquired intangible and tangible assets and capital allowances through depreciation and amortisation, offset by expected tax deductions when payments are made to utilise provisions.

The Parent Company had no deferred tax provision at 31 March 2023 (2022 - £Nil).

AGILICO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

23. Provisions

Group

	Onerous lease £000
At 1 April 2022	24
Utilised in year	(24)
	<hr/>
At 31 March 2023	-
	<hr/> <hr/>

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

24. Share capital

	2023 £000	2022 £000
Shares classified as equity		
Allotted, called up and fully paid		
780,630 (2022 - 780,630) A Ordinary shares of £0.01 each	8	8
211,070 (2022 - 211,070) B Ordinary shares of £0.01 each	2	2
2,506,499 (2022 - 2,506,499) A Preference shares of £1.00 each	2,507	2,507
5,067,257 (2022 - 5,067,257) C Preference shares of £1.00 each	5,067	5,067
9,352,894 (2022 - 9,352,894) L Preference shares of £1.00 each	9,353	9,353
	<hr/>	<hr/>
	16,937	16,937
	<hr/> <hr/>	<hr/> <hr/>

A and B ordinary shares are voting shares and carry rights to receive dividends.

A, C and L preference shares are non-voting shares and carry the right to a fixed cumulative preferential dividend at the rate of 10% per annum subject to certain conditions being met.

AGILICO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

25. Reserves

Share premium account

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at an amount in excess of nominal value.

Treasury reserve

This reserve relates to shares purchased by the Company from leavers.

Profit and loss account

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

AGILICO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

26. Business combinations

Acquisition of Capital Document Solutions Limited

On 30 September 2022, the Group gained control of Capital Document Solutions Limited and its subsidiaries ("Capital"), through the purchase of 100% of the share capital of that company. The principal activity of Capital is Managed Print Services.

The book value and fair value of assets and liabilities acquired were as follows:

	Book value £000	Fair value adjustments £000	Fair value £000
Fixed Assets			
Tangible	168	-	168
Intangible	-	1,834	1,834
	<u>168</u>	<u>1,834</u>	<u>2,002</u>
Current Assets			
Stocks	2,248	-	2,248
Debtors	2,517	-	2,517
Cash at bank and in hand	8,434	-	8,434
	<u>13,367</u>	<u>1,834</u>	<u>15,201</u>
Total Assets			
Creditors			
Due within one year	(4,127)	-	(4,127)
Deferred taxation	(125)	(348)	(473)
	<u>9,115</u>	<u>1,486</u>	<u>10,601</u>
Total identifiable net assets			
			<u>4,801</u>
Goodwill			
			<u>15,402</u>
Total purchase consideration			
			<u>15,402</u>
Consideration			
			£000
Cash			11,744
Deferred consideration			3,500
Directly attributable costs			158
			<u>15,402</u>
Total purchase consideration			<u>15,402</u>

AGILICO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

26. Business combinations (continued)

A further £506k of costs were capitalised as part of debt issue costs, in relation to the acquisition.

Fair value adjustments arising on acquisition relate to the separate recognition of Customer relationship intangible assets of £1,834k which are amortised over a period of 2 years.

Goodwill on the purchase of Capital is attributable to considered to have a useful life of ten years.

Capital contributed £7.742m to the Group's revenue and £649k of profit before tax, from the date of acquisition.

27. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £611k (2022 - £369k). Contributions totalling £343k (2022 - £28k) were payable to the fund at the reporting date.

28. Commitments under operating leases

Lessee

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

	Group 2023 £000	Group 2022 £000
Not later than 1 year	4,016	2,610
Later than 1 year and not later than 5 years	7,135	3,781
Later than 5 years	637	-
	<u>11,788</u>	<u>6,391</u>

Lessor

The Group leases out a number of multi-functional devices to customers under non-cancellable operating leases for the following minimum lease payments.

	Group 2023 £000	Group 2022 £000
Not later than 1 year	2,726	1,834
Later than 1 year and not later than 5 years	4,133	2,848
	<u>6,859</u>	<u>4,682</u>

AGILICO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

29. Related party transactions

The Parent Company has provided a guarantee exempting the following subsidiaries from the requirements of audit under section 479A of the Companies Act 2006 relating to subsidiary companies:

Company name	Registered number	Country of incorporation
Agilico Systems Limited	02511016	England and Wales
Agilico Workplace Technologies (Midlands) Limited	00953247	England and Wales
Agilico Workplace Technologies (North) Limited	02118025	England and Wales
Systems Technology (Holdings) Limited	04450116	England and Wales
Systems Technology (S.E.) Limited	02330639	England and Wales
Condor Office Solutions Limited	02206294	England and Wales
Diamond Group Holdings Limited	09448157	England and Wales
Diamond Business Systems Limited	03674562	England and Wales
Diamond ICT Limited	07045892	England and Wales
Invu (UK) Limited	03375359	England and Wales
Invu 2007 Limited	06283287	England and Wales
Invu (International Holdings) Limited	03340939	England and Wales
Agilico Software Limited	03319922	England and Wales
H O E Limited	SC060264	Scotland
Capital Copiers (Edinburgh) Limited	SC418097	Scotland
Highland Office Limited	SC364510	Scotland
Highland Office Equipment Limited	SC253405	Scotland
West End Business Systems Limited	SC080252	Scotland
Capital Solutions Employee Benefit Trustees Limited	SC206130	Scotland

Key management personnel are those persons having authority and responsibility for planning, controlling and directing the activities of the Group. In the opinion of the board, the Group's key management are the directors. Total remuneration of key management personnel during the year was £558k (2022 - £392k).

During the year, costs were incurred with a shareholder of the Group totalling £208k (2022 - £161k). Part of the costs incurred relate to the issue of debt and equity instruments during the period. Those costs have been amortised over the expected useful life to which the instruments relate.

During the year, loan notes were issued to shareholders of the Group totalling £3,000k (2022 - £2,415k). The amount of shareholder loan notes outstanding at the year end was £17,940k (2022 - £14,940k).

AGILICO GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

29. Related party transactions (continued)

Interest on the loan notes has been accrued at 10%. The total interest recognised in the period was £2,013k (2022 - £1,567k). The amount of accrued interest outstanding at the year-end was £5,737k (2022 - £3,724k).

During the year, 5,000 ordinary B shares were repurchased by the Company, for £10k and transferred to two new shareholders. A further 2,500 ordinary B shares were repurchased by the Company, for £5k and are held in Treasury reserve at the year end.

During the year, the Agilico Group (through its subsidiaries Agilico Bidco Limited, Agilico Systems Limited and Agilico Software Limited) procured data engineering and software consultancy services from Ascent Software (UK) Limited (a shareholder and director of which is also a shareholder and non-executive director of the Company). The value of these services, which were conducted on an arms length basis in the ordinary course of business, was £154,497.

During the prior year, 5,000 ordinary B shares were issued by the Company to two shareholders for a consideration of £10k. A total of 12,500 ordinary B shares were transferred between shareholders for a consideration of £2 per share. Within this transfer, a former director sold 5,000 shares for a consideration of £10k and another director acquired 2,500 shares for a consideration of £5k.

The Company has taken advantage of the exemption in FRS 102 Section 33.1A to not disclose transactions with wholly owned group entities.

30. Post balance sheet events

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

31. Controlling party

The immediate parent undertaking is Horizon Capital DMC Limited Partnership, registered in England and Wales.

The ultimate parent undertaking is Horizon Capital LLP, registered in England and Wales.