

AFA Topco Limited

Annual Report and Financial Statements

Year Ended

31 March 2022

Company Number 12732563

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AFA Topco Limited

Report and financial statements for the year ended 31 March 2022

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Directors

M Avillez Caldeira
J H Paget

Registered office

12-18 Grosvenor Gardens, 5th Floor, London, England, SW1W 0DH

Company number

12732563

Auditors

BDO LLP, Level 12, Thames Tower, Station Road, Reading, RG1 1LX

AFA Topco Limited

Strategic report for the year ended 31 March 2022

Introduction

The directors present their Strategic Report together with the audited financial statements for the year ended 31 March 2022. The comparatives represent the period ended from the date of incorporation on 9 July 2020 to 31 March 2021.

Principal activities

The principal activity of the company is that of a holding company for a group providing national and international development and forensic services.

Results and financial position

Group revenue for the year was £22,730,447 (2021: £9,508,541), with an operating loss of £3,476,522 (2021: loss of £536,127). Net assets for the group are £1,413,746 (2021: £5,876,513) at the balance sheet date.

Business review

AFA Group was created to build a world leader in forensic and criminal justice services.

The trading companies operate under two principal arms. Axiom International Limited and Torchlightgroup Limited ("TAG") which provides international support services in Cyber Security, Criminal Justice, and Forensic sectors. The other arm incorporates Forensic Access Limited and its subsidiaries forming the Forensic Access Group who provide traditional and digital forensic services, Cyber Security and Software services to law enforcement, legal and corporate customers.

During the year the Forensic Access Group acquired three further businesses. As such the Group results only show the trading results for these businesses from the date of acquisition.

Alecto Forensic Services Ltd was acquired on 28 May 2021 through Forensic Access Limited. Alecto provides Archaeology and Anthropology services and a range of forensic training courses to domestic and international law enforcement agencies.

Faraday Forensics Ltd was acquired on 8 October 2021 through IntaForensics Ltd. Faraday provides digital forensics services. The business has since been rebranded as IntaForensics Warrington.

Analytical Services International Ltd ("ASI") was acquired on 10 March 2022 through Forensic Access Limited. ASI is a forensic toxicology laboratory which offers a range of services, such as, therapeutic drug monitoring, clinical trial bioanalysis and forensic toxicology.

There are future acquisitions planned for both principal arms.

Financial key performance indicators

The company was incorporated to hold investments and consolidate the finances of the group. The key performance indicator is to sustain the carrying value of investments to enable external funding to be repaid in due course, and to maintain a healthy balance sheet and operating result.

The net assets of the group on 31 March 2022 were £1,413,746 (2021: £5,876,513).

AFA Topco Limited

Strategic report for the year ended 31 March 2022 (continued)

Financial key performance indicators (continued)

The Group is split into two key areas: The Forensic Access Group is focussed on the provision of forensic services across traditional disciplines in fingerprints, firearms, and biological analysis, and in digital forensics. The addition of Alecto, Faraday and ASI has added the provision of toxicology, anthropology, and archaeology services to the Forensic Access Group. Whereas the other principal arm, TAG manage sophisticated overseas aid programmes for Governments in territories across the world. The focus of business is in cyber security, forensics, security and justice and national security.

The individual trading businesses are monitored by reference to revenue growth. The group revenue of £22,730,447 (2021: £9,508,541) reflects revenues generated by the three acquisitions for the post-completion period. The year end March 2021 comparatives are also representative of 9 months trading performance, therefore, and with the acquisition activity during both financial year's revenue is not monitored at an AFA group level, this will be reported on in future years.

Gross margin is a key area of performance analysis. Gross margin ranges widely across the group depending on the nature of the activities performed. Overall, AFA achieved 28.3% (2021: 25.9%) gross profit. In the individual trading groups these range from 22.2% (2021: 21.3%) in TAG, where there is a large element of pass-through costs in managing overseas projects in difficult areas of the world and 38.7% (2021: 36.4%) in the Forensic Access Group where laboratory-based work is offset by support services managing third party experts. Overall, the gross profit is healthy and reflects the important technical work the teams perform.

Other measures considered are the average number of employees – this now stands at 143 people (2021: 123), and available cash at the year end, which stands at £3,398,916 (2021: £2,500,126).

Financial and Operational risk management

Financial risks are considered in the following ways:

Liquidity and cashflow risk

The directors assess the company's liquidity, by reviewing forward cash forecasts and debt service cover on a regular basis.

Interest rate risk

The company ensures that debt service covenants are fully complied with.

Foreign exchange risk

There is limited foreign exchange exposure but where possible the business looks to mitigate any risk by creating a natural hedge between income and receipts across the Group. Currency transactions are in either sterling or US dollars.

Credit risk

The businesses have a wide customer portfolio covering many sectors. As a high proportion of work is based on UK government receipts, the credit risk is low.

Regulatory, political, and economic risk

The company monitors operational risk by looking at KPIs and overall business performance by business unit on a weekly and monthly basis.

AFA Topco Limited

Strategic report for the year ended 31 March 2022 (*continued*)

Financial and Operational risk management (*continued*)

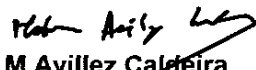
Wider regulatory, political, and economic risks beyond COVID. The Group does operate within a quality framework for forensics. Maintenance of these standards is paramount in the group's philosophy. The standards are set at a high level, and only a very small number of companies have these standards worldwide. Having achieved the bar for the regulatory framework puts us in a good position. Politically there are risks if government spending is restricted, however the key areas in which the businesses operate also align to the areas of focus for Government, namely Security and Justice, Cyber Security and Overseas Aid. Economically the greatest risk would come from a lack of Government funding, for which the business estimate to be low risk.

Future developments

The company is expecting to complete a refinance in Autumn 2023. This is to raise finance to repay existing debt and provide liquidity to support future acquisition plans.

Approval

The Strategic Report was approved and authorised for issue by the Board of Directors on 7 September 2023 and was signed on its behalf by:


M Avillez Caldeira
Director

AFA Topco Limited

Directors' report for the year ended 31 March 2022

The directors present their annual report and the financial statements for the year ended 31 March 2022. The comparatives represent the period ended from the date of incorporation on 9 July 2020 to 31 March 2021.

Results and dividends

The loss for the period, after taxation, amounted to £4,562,009 (2021: £1,021,761).

The directors do not recommend the payment of a dividend.

Directors

The directors who served during the period were:

M Avillez Caldeira
J V G Rosa (resigned 20 May 2021)
J H Paget (appointed 20 May 2021)

Information included in the strategic report

Information relating to future developments, financial instrument risk and post balance sheet events is detailed in the strategic report rather than this report.

Qualifying third party indemnity provisions

The company has made qualifying third-party indemnity provisions for the benefit of its directors which remain in force at the date of this report.

Disclosure of information to auditors

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 Group's auditors are unaware; and
- The director has taken all 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 Group's auditors are aware of that information.

Going concern

In preparing the financial statements, the Directors are required to assess the group and company's ability to continue to trade as a going concern for the foreseeable future.

In undertaking this assessment, the Directors have considered appropriate measures to respond to operational and financial risks to ensure the group remains a going concern for a period of at least 12 months. The Directors have reviewed cash flow forecasts for the business covering a period of at least 12 months from the date of approval of these financial statements, and together with the projected revenues and cash generation, they are confident that sufficient funding is available to support ongoing trading activities.

Net current liabilities of £7,047,679 (2021: £1,246,847) at the balance sheet date existed due to the use of a short-term bridging loan which was used finance acquisitions made by the group. The short-term bridging loan is a 9-month rolling facility with Investec Bank plc, which has full recourse to and is secured by the equity investors.

The operating loss of £3,476,522 (2021: loss of £536,127) has been impacted by an impairment of Faraday and Intaforensics, which resulted in a £772,037 charge to the income statement. In Spring 2023, the Forensic Access Group has completed a headcount right-sizing programme to complete integration and delivery of synergies, which this created in an ongoing annualised cost saving of £2m. Cost savings and organic growth are supporting future profitability improvements.

The Directors are expecting to refinance the company in Autumn 2023, which will be used to refinance existing debt, provide funding to support future acquisitions and fund deferred consideration on previous acquisitions amounting

AFA Topco Limited

Directors' report for the year ended 31 March 2022

Going concern (continued)

to £3.8m. Whilst the directors are confident the refinancing will be completed in due course, the company does have an alternate funding source to meet this obligation should the refinance be delayed.

The bank facilities demand adherence to covenants and a quarterly review of the 12-month forecast of these covenants. The Group adheres to these covenants and is expected to continue to do so within the forecast period. Appropriate stress tests have been performed to ensure covenants can still be met in a downside scenario.

The financial statements have therefore been prepared on a going concern basis.

Post balance sheet events


Torchlight Solutions limited, Torchlight Defence Limited and Torchlight Security & Justice Limited dissolved on 21 June 2022.

Post year end, the directors have reviewed the trading results of Faraday Forensics Limited. As a result of this review, Faraday Forensics Limited has ceased to trade and this resulted in full impairment of the investment at the balance sheet date.

The Company allotted 280,009 Ordinary shares with nominal value of £1 on 31 May 2022 and allotted 706,010 Ordinary shares with nominal value of £1 on 19 May 2023.

Approval

The Directors' Report was approved and authorised for issue by the Board of Directors on 7 September 2023 and was signed on its behalf by:



M Avillez Caldeira
Director

AFA Topco Limited

Directors' responsibilities statement for the year ended 31 March 2022

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

Company law requires the directors to prepare financial statements for each financial period. 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 judgments 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.*

AFA Topco Limited

Independent auditor's report

Opinion on the financial statements

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 2022 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of AFA Topco Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 March 2022 which comprise Consolidated statement of comprehensive income, Consolidated and Parent Company balance sheets, Consolidated and Parent Company statement of changes in equity, Consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the 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.

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 or 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.

AFA Topco Limited

Independent auditor's report *(continued)*

Other information

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

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.

Other Companies Act 2006 reporting

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.

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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 Statement of Directors Responsibilities, 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.

AFA Topco Limited

Independent auditor's report (*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.

Extent to which the audit was capable of detecting irregularities, including fraud

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:

Identifying and assessing potential risks related to irregularities, including fraud

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- Obtaining an understanding of the legal and regulatory framework that the Group operates in, focusing on those laws and regulations that had a significant effect on the financial statements or that had a fundamental effect on the operations of the Group, namely:
 - Companies Act 2006
 - The accounting framework
 - Relevant tax legislation
- Enquiring of management and those charged with governance, including obtaining and reviewing supporting documentation, concerning the Group's policies and procedures relating to:
 - Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Discussing amongst the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in management override of controls, specifically in relation to the posting of journal adjustments and the inappropriate use of estimates.

Audit response to risks identified:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations;
- Performing a detailed review of the Group's year-end adjusting entries, including consolidation adjustments;

AFA Topco Limited

Independent auditor's report (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Audit response to risks identified (continued):

- Discussion with those charged with governance and review of supporting documentation to identify any instances of non-compliance with laws and regulations;
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgments made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

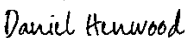
We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the 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.

DocuSigned by:

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Daniel Henwood (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Reading
United Kingdom

Date: 07 September 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

AFA Topco Limited

Consolidated statement of comprehensive income for the year ended 31 March 2022

		Year ended 31 March 2022 £	9 month period ended 31 March 2021 £
	Note		
Turnover	4	22,730,447	9,508,541
Cost of sales		(16,287,804)	(7,049,800)
Gross profit		6,442,643	2,458,741
Administrative expenses		(9,147,128)	(2,995,949)
Other operating income	5	-	1,081
Impairment charge	11	(772,037)	-
Operating loss	5	(3,476,522)	(536,127)
Interest receivable and similar income	8	1,145	1,172
Interest payable and expenses	9	(1,171,675)	(469,644)
Loss before taxation		(4,647,052)	(1,004,599)
Taxation on loss	10	85,043	(17,162)
Loss for the financial period		(4,562,009)	(1,021,761)
Loss for the year attributable to:			
Non-controlling interests		(579,350)	(70,902)
Owners of the parent Company		(3,982,659)	(950,859)
		(4,562,009)	(1,021,761)

The notes on pages 19 to 42 form part of these financial statements.

AFA Topco Limited

Consolidated balance sheet at 31 March 2022

Company number 12732563		2022	2022	2021	2021
	Note	£	£	£	£
Fixed assets					
Intangible assets	11		23,385,736		13,231,450
Tangible assets	12		1,244,117		651,739
Investments	13		125		-
			<hr/>		<hr/>
			24,629,978		13,883,189
Current assets					
Stocks	14	334,811		271,154	
Debtors: amounts falling due within one year	15	5,936,957		5,143,925	
Cash at bank and in hand		3,398,916		2,500,126	
		<hr/>		<hr/>	
		9,670,684		7,915,205	
Creditors: amounts falling due within one year	16	(16,718,363)		(9,162,052)	
		<hr/>		<hr/>	
Net current liabilities			(7,047,679)		(1,246,847)
			<hr/>		<hr/>
Total assets less current liabilities			11,582,299		12,636,342
Creditors: amounts falling due after more than one year	17	(16,168,553)		(6,700,301)	
Provisions for liabilities					
Deferred taxation	18		-		(59,528)
			<hr/>		<hr/>
Net assets			1,413,746		5,876,513
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	19		5,529,596		5,529,596
Profit and loss account	20		(4,933,518)		(950,859)
Other reserves	20		556,246		556,246
			<hr/>		<hr/>
Equity attributable to owners of the parent Company			1,152,324		5,134,983
Non-controlling interests			261,422		741,530
			<hr/>		<hr/>
			1,413,746		5,876,513
			<hr/>		<hr/>

The financial statements were approved and authorised for issue by the Board of Directors on 7 September 2023 and were signed on its behalf by:


M Aveliz Caldeira
 Director

The notes on pages 19 to 42 form part of these financial statements.

AFA Topco Limited

Consolidated statement of changes in equity for the year ended 31 March 2022

	Called up share capital £	Profit and loss account £	Other reserves £	Equity attributable to owners of parent Company £	Non- controlling interest £	Total equity £
At 9 July 2020	-	-	-	-	-	-
Loss for the period	-	(950,859)	-	(950,859)	(70,902)	(1,021,761)
Total comprehensive loss for the period	-	(950,859)	-	(950,859)	(70,902)	(1,021,761)
Shares issued during the period	5,529,596	-	-	5,529,596	-	5,529,596
Transactions with non- controlling interests	-	-	556,246	556,246	384,355	940,601
Non-controlling interests on acquisition of subsidiary	-	-	-	-	428,077	428,077
Total transactions with owners	5,529,596	-	556,246	6,085,842	812,432	6,898,274
At 31 March 2021	5,529,596	(950,859)	556,246	5,134,983	741,530	5,876,513
Loss for the year	-	(3,982,659)	-	(3,982,659)	(579,350)	(4,562,009)
Total comprehensive loss for the period	-	(3,982,659)	-	(3,982,659)	(579,350)	(4,562,009)
Non-controlling interests on acquisition of subsidiary	-	-	-	-	99,242	99,242
Total transactions with owners	-	-	-	-	99,242	99,242
At 31 March 2022	5,529,596	(4,933,518)	556,246	1,152,324	261,422	1,413,746

The notes on pages 19 to 42 form part of these financial statements.

AFA Topco Limited

Consolidated statement of cash flows for the year ended 31 March 2022

	Year ended 31 March 2022 £	9 month period ended 31 March 2021 £
Cash flows from operating activities		
Loss for the financial period	(4,562,009)	(1,021,761)
Adjustments for:		
Amortisation of intangible assets	1,493,907	516,613
Depreciation of tangible assets	228,693	97,494
Impairment of intangible assets	772,037	-
Loss on disposal of tangible assets	8,632	9,237
Interest payable	1,171,675	469,644
Interest receivable	(1,145)	(1,172)
Taxation (credit)/charge	(85,043)	17,162
Decrease/(increase) in debtors	442,172	(627,508)
(Decrease)/increase in creditors	(580,154)	1,475,613
Decrease/(increase) in stock	267,314	(110,939)
Corporation tax (paid)/received	(108,190)	79,920
Net cash (used)/generated from operating activities	(952,111)	904,303
Cash flows from investing activities		
Purchase of tangible fixed assets	(163,880)	(116,584)
Purchase of subsidiary (net of cash acquired)	(9,615,433)	(11,219,003)
Interest received	1,145	1,172
Net cash used in investing activities	(9,778,168)	(11,334,415)
Cash flows from financing activities		
Issue of ordinary shares	-	5,529,596
Investor loan notes	-	4,997,285
Other new loans	15,257,400	3,196,000
Loans repaid	(3,203,934)	-
Repayment of management loan notes	-	(689,260)
Capital repayment of finance lease	(22,015)	-
Interest paid	(402,382)	(103,383)
Net cash generated from financing activities	11,629,069	12,930,238
Net increase in cash and cash equivalents	898,790	2,500,126
Cash and cash equivalents at beginning of period	2,500,126	-
Cash and cash equivalents at the end of period	3,398,916	2,500,126
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	3,398,916	2,500,126

The notes on pages 19 to 42 form part of these financial statements.

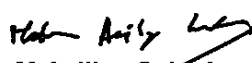
AFA Topco Limited

Company balance sheet at 31 March 2022

Company number 12732563		2022 £	2022 £	2021 £	2021 £
	Note				
Fixed assets					
Investments	13		4,316,025		4,316,025
Current assets					
Debtors: amounts falling due after more than one year	15	10,465,849		9,483,040	
Debtors: amounts falling due within one year	15	6,268,001		-	
Cash at bank and in hand		1,094,583		443,454	
		<u>17,828,433</u>		<u>9,926,494</u>	
Creditors: amounts falling due within one year	16	<u>(10,549,775)</u>		<u>(3,483,953)</u>	
Net current assets			<u>7,278,658</u>		<u>6,442,541</u>
Total assets less current liabilities			<u>11,594,683</u>		<u>10,758,566</u>
Creditors: amounts falling due after more than one year	17		<u>(5,816,292)</u>		<u>(5,287,538)</u>
Net assets			<u>5,778,391</u>		<u>5,471,028</u>
Capital and reserves					
Called up share capital	19	5,529,596		5,529,596	
Profit and loss account	20	248,795		(58,568)	
			<u>5,778,391</u>		<u>5,471,028</u>

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. The profit of the company for the period was £307,363 (9 month period ended 31 March 2021 – loss of £58,568).

The financial statements were approved and authorised for issue by the Board of Directors on 7 September 2023 and were signed on its behalf by:


M Aveliz Caldeira
Director

The notes on pages 19 to 42 form part of these financial statements.

AFA Topco Limited

Company statement of changes in equity for the year ended 31 March 2022

	Called up share capital £	Profit and loss account £	Total equity £
At 9 July 2020	-	-	-
Loss for the period	-	(58,568)	(58,568)
Total comprehensive loss for the period	-	(58,568)	(58,568)
Shares issued during the period	5,529,596	-	5,529,596
Total transactions with owners	5,529,596	-	5,529,596
At 31 March 2021	5,529,596	(58,568)	5,471,028
Profit for the year	-	307,363	307,363
Total comprehensive profit for the period	-	307,363	307,363
At 31 March 2022	5,529,596	248,795	5,778,391

The notes on pages 19 to 42 form part of these financial statements.

AFA Topco Limited

Notes forming part of the financial statements for the year ended 31 March 2022

1 General information

AFA Topco Limited is a private company, limited by shares and incorporated in England and Wales (with registered number 12732563). The address of the registered office is 12-18 Grosvenor Gardens, 5th Floor, London, England, SW1W 0DH. The nature of the Company's operations and its principal activities are set out in the Strategic report.

The financial statements cover the year ended 31 March 2022. The comparatives represent the period ended from the date of incorporation on 9 July 2020 to 31 March 2021.

The financial statements are prepared in pounds sterling (£) and rounded to the nearest £1.

2 Accounting policies

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 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 judgment 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.

The following principal accounting policies have been applied:

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.

The following companies are exempt from the requirements of the UK Companies Act 2006 relating to the audit of individual accounts by virtue of S479A of the Act:

- AFA Midco A Limited - Company number 12734828
- AFA Midco F Limited - Company number 12734865
- AFA International Limited - Company number 12736924
- Axiom International Limited - Company number 07171834
- Overleaf Holdings Limited - Company number 09970985
- Torchlightgroup Holdings Limited - Company number 09595548
- Torchlightgroup Limited - Company number 07672340
- Forensic Access Limited - Company number 05107377
- Intaforensic Ltd - Company number 05292275
- Analytical Services International Limited - Company number 02704238
- Alecto Forensic Services Limited - Company number 08562708
- Faraday Forensics Ltd - Company number 07615098

AFA Topco Limited

Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

2 Accounting policies (continued)

Basis of consolidation (continued)

- Forensic Axis Limited - Company number 08311056
- Forensic Futures Limited - Company number 04638203
- Forensis Group Ltd - Company number 10834000

The following companies are exempt from the requirements of the UK Companies Act 2006 relating to the audit of individual accounts by virtue of S394A of the Act:

- Intasoftware Limited - Company number 13091869

Going concern

In preparing the financial statements, the Directors are required to assess the group and company's ability to continue to trade as a going concern for the foreseeable future.

In undertaking this assessment, the Directors have considered appropriate measures to respond to operational and financial risks to ensure the group remains a going concern for a period of at least 12 months. The Directors have reviewed cash flow forecasts for the business covering a period of at least 12 months from the date of approval of these financial statements, and together with the projected revenues and cash generation, they are confident that sufficient funding is available to support ongoing trading activities.

Net current liabilities of £7,047,679 (2021: £1,246,847) at the balance sheet date existed due to the use of a short-term bridging loan which was used to finance acquisitions made by the group. The short-term bridging loan is a 9-month rolling facility with Investec, which has full recourse to and is secured by the equity investors.

The operating loss of £3,476,522 (2021: loss of £536,127) has been impacted by an impairment of Faraday and Intaforensics, which resulted in a £772,037 charge to the income statement. In Spring 2023, the Forensic Access Group has completed a headcount right-sizing programme to complete integration and delivery of synergies, which this created in an ongoing annualised cost saving of £2m. Cost savings and organic growth are supporting future profitability improvements.

The Directors are expecting to refinance the company in Autumn 2023, which will be used to refinance existing debt, provide funding to support future acquisitions and fund deferred consideration on previous acquisitions amounting to £3.8m. Whilst the directors are confident the refinancing will be completed in due course, commitment has been received from existing investors to provide available liquidity to meet this obligation should the refinance be delayed.

The bank facilities demand adherence to covenants and a quarterly review of the 12-month forecast of these covenants. The Group adheres to these covenants and is expected to continue to do so within the forecast period.

The financial statements have therefore been prepared on a going concern basis.

Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the Group's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

On consolidation, the results of overseas operations are translated into Sterling at an average for the period. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

AFA Topco Limited

Notes forming part of the financial statements for the year ended 31 March 2022 (*continued*)

2 Accounting policies (*continued*)

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of discounts, rebates and value added tax. The following criteria must be met before revenue is recognised:

Rendering of services

Revenue for the Group is generated from professional and consultancy services, software sales, maintenance and support contracts and time and materials contracts to both national and international clients.

Revenue 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 revenue 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.

For services rendered under Time and Materials contracts, revenue is recognised at the point the service is delivered by reference to the agreed contract service rates provided that the amount can be measured reliably, it is probable that the Group will receive the consideration and the costs associated with the delivery are incurred and measured reliably.

Revenue is recognised as contract activity progress and entitlement to consideration is earned. The amount by which recorded revenue is in excess of payments on account and invoiced amounts are recognised in debtors within amounts due from customers on contract work. Payments received in excess of recorded revenue are included in creditors within deferred income.

Revenue from digital forensic services are typically awarded on a fixed price basis. Revenue is taken when there is a binding arrangement with a customer, work has commenced and there is entitlement to consideration based on performance.

Retained services revenue is also recognised on a straight-line basis over the term of the contract.

Software licensing sales are recognised at a point in time, being once the software is provided to the customer as this is the point at which the customer obtains the benefit of the service and the obligation to the customer has been fulfilled.

Revenue in respect of contracts for maintenance and support are spread across the length of the contracted period.

Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

Interest payable

Interest payable is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

AFA Topco Limited

Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

2 Accounting policies (continued)

Government grants

Payments received from the government for furloughed employees are a form of grant. This grant money is receivable as compensation for expenses already incurred, and where this is not in respect of future related costs, is recognised in other income in the period in which it becomes receivable and the related expense is incurred.

Pensions

Defined contribution pension plan

The Group operates defined contribution plans 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 the Consolidated Statement of Comprehensive Income 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.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, 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.

AFA Topco Limited

Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

2 Accounting policies (continued)

Intangible assets

Goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'.

Estimates of the useful economic life of goodwill 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 useful life and assumptions that market participants would consider in respect of similar businesses. Goodwill is being amortised to 'administrative expenses' on a straight-line basis over 10 years.

Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Short-term leasehold property	-	Over life of lease
Equipment	-	25% reducing balance and 33% straight line
Fixtures and fittings	-	25% reducing balance and 20% straight line
Motor vehicles	-	25% reducing balance and 20% 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 the Consolidated Statement of Comprehensive Income.

Investments in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment.

Other fixed asset investments

Investments in other fixed asset investments are measured at cost less accumulated impairment.

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 is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

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 the statement of comprehensive income.

AFA Topco Limited

Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

2 Accounting policies (continued)

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

AFA Topco Limited

Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

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

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make judgements and estimates that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenues and expenses during the reporting period.

Judgements

In preparing the financial statements, the following judgements which have, or could have, a material impact on the financial statements were made:

- Determining whether there are indicators of impairment of the Group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset. If there are any such indicators, the directors then undertake an impairment assessment. At the reporting date, there were no impairment indicators.
- Purchase price allocation was performed on the acquisitions undertaken during the period in order to determine the fair value of any tangible and intangible assets purchased, with the remaining value over the purchase consideration allocated to goodwill. As a result of the directors' review, no separately identifiable intangible assets were identified.

Other key sources of estimation uncertainty

Amortisation and depreciation of fixed assets (see notes 11 and 12)

Intangible assets are amortised over the estimated useful life. The actual lives of the assets and residual values are assessed annually or at initial recognition of the related fixed asset and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

4 Turnover

The whole of the turnover is attributable to the provision of services in relation to the Group's principal activities.

	Year ended 31 March 2022 £	9 month period ended 31 March 2021 £
Analysis of turnover by country of destination:		
United Kingdom	9,707,385	2,922,360
Rest of the world	13,023,062	6,586,181
	<hr/>	<hr/>
	22,730,447	9,508,541
	<hr/>	<hr/>

AFA Topco Limited

Notes forming part of the financial statements
for the year ended 31 March 2022 (continued)

5 Operating loss

	Year ended 31 March 2022 £	9 month period ended 31 March 2021 £
The operating loss is stated after charging/(crediting):		
Amortisation	1,493,907	516,613
Impairment	772,037	-
Depreciation	228,693	97,494
Operating lease rentals	432,705	173,988
Exchange differences	(2,257)	946
Government grant receivable – JRS furlough income	-	(1,081)
	<u> </u>	<u> </u>

6 Auditor's remuneration

	Year ended 31 March 2022 £	9 month period ended 31 March 2021 £
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	190,116	46,500
Fees payable to the Group's auditor in respect of:		
The audit of the company's subsidiaries pursuant to legislation	-	136,244
	<u>190,116</u>	<u>182,744</u>

7 Employees

	Year ended 31 March 2022 £	9 month period ended 31 March 2021 £
Group		
Staff costs, including directors' remuneration, consist of:		
Wages and salaries	6,265,525	2,258,618
Social security costs	615,925	239,436
Cost of defined contribution scheme	251,663	70,232
	<u>7,133,113</u>	<u>2,568,286</u>

AFA Topco Limited

Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

7 Employees (continued)

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

	Number	Number
Administration and Management	30	34
Sales and marketing	7	9
Technicians	106	80
	<u>143</u>	<u>123</u>

The company has no employees other than the directors, who did not receive any remuneration.

The total compensation paid to key management personnel for services provided to the group was £1,717,995 (9 month period ended 31 March 2021 - £583,953). This balance includes pension contributions of £73,074 (9 month period ended 31 March 2021 - £13,177) and payments through PSC of £97,500 (9 month period ended 31 March 2021 - £Nil). Key management personnel consists solely of directors of subsidiaries.

8 Interest receivable

	Year ended 31 March 2022 £	9 month period ended 31 March 2021 £
Bank interest receivable	<u>1,145</u>	<u>1,172</u>

9 Interest payable and similar expenses

	Year ended 31 March 2022 £	9 month period ended 31 March 2021 £
Loan interest	492,395	103,494
Investor loan note interest payable	528,754	290,253
Management loan note interest payable	147,933	68,073
Other interest	2,593	7,824
	<u>1,171,675</u>	<u>469,644</u>

The investor loan note interest payable is in respect of 10% fixed rate unsecured investor loan notes due for repayment in 2030.

The management loan note interest payable is in respect of 10% fixed rate unsecured management loan notes due for repayment in 2030.

AFA Topco Limited

Notes forming part of the financial statements
for the year ended 31 March 2022 (continued)

10 Taxation on loss

	Year ended 31 March 2022 £	9 month period ended 31 March 2021 £
UK corporation tax		
Current tax on loss of the period	39,699	17,542
Adjustment in respect of prior periods	(58,203)	-
Total current tax	(18,504)	17,542
<i>Deferred tax</i>		
Origination and reversal of timing differences	(90,123)	(380)
Adjustment in respect of prior periods	1,955	-
Effect of tax rate change on opening balance	21,629	-
Total deferred tax	(66,539)	(380)
Taxation on loss on ordinary activities	(85,043)	17,162

Factors affecting tax (credit)/charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	£	£
Loss on ordinary activities before tax	(4,647,052)	(1,004,599)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	(882,940)	(190,874)
Effects of:		
Fixed asset differences	7,793	(380)
Losses carried back	5,699	-
Expenses not deductible for tax purposes	554,836	98,156
Adjustment in respect of prior periods (current)	(58,203)	-
Adjustment in respect of prior periods (deferred)	1,955	-
Remeasurement of deferred tax for changes in tax rates	(277,439)	-
Movement in unrecognised deferred tax assets	563,256	110,260
Total tax (credit)/charge for the period	(85,043)	17,162

Factors that may affect future tax charges

Future tax charges may be affected by the extent to which tax losses accumulated to date in holding companies will be able to be offset against future trading profits of other Group companies.

AFA Topco Limited

Notes forming part of the financial statements for the year ended 31 March 2022 (*continued*)

10 Taxation (continued)

Factors that may affect future tax charges (continued)

From 1 April 2023, the Corporation Tax main rate for non-ring fenced profits will be increased to 25% applying to profits over £250,000. A small profits rate (SPR) will also be introduced for companies with profits of £50,000 or less so that they will continue to pay Corporation Tax at 19%. Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective Corporation Tax rate.

11 Intangible assets

Group	Goodwill £
<i>Cost</i>	
At 1 April 2021	13,748,063
Acquisition of subsidiaries	12,531,871
Adjustment to goodwill	(111,642)
	<hr/>
At 31 March 2022	26,168,292
	<hr/>
<i>Impairment</i>	
At 1 April 2021	-
Charge for the year	772,036
	<hr/>
At 31 March 2022	772,036
	<hr/>
<i>Amortisation</i>	
At 1 April 2021	516,613
Charge for the year	1,493,907
	<hr/>
At 31 March 2022	2,010,520
	<hr/>
<i>Net book value</i>	
At 31 March 2022	23,385,736
	<hr/>
At 31 March 2021	13,231,450
	<hr/>

The company did not have any intangible fixed assets as at 31 March 2022 or 31 March 2021.

The adjustment to goodwill relates to contingent consideration paid on one of the company's acquired in the prior period being less than previously estimated.

AFA Topco Limited

Notes forming part of the financial statements
for the year ended 31 March 2022 *(continued)*

12 Tangible fixed assets

Group	Freehold property £	Short-term leasehold property £	Motor vehicles £	Equipment £	Fixtures and fittings £	Total £
<i>Cost</i>						
At 1 April 2021	-	393,633	27,496	59,319	265,046	745,494
Acquisition of subsidiary	122,116	73,154	-	10,058	377,902	583,230
Additions	-	21,526	20,789	164,649	37,281	244,245
Disposals	-	-	-	(12,913)	(2,594)	(15,507)
At 31 March 2022	122,116	488,313	48,285	221,113	677,635	1,557,462
<i>Depreciation</i>						
At 1 April 2021	-	26,612	1,454	7,067	58,622	93,755
Charge for the year	-	74,933	8,212	59,959	85,589	228,693
Disposals	-	-	-	(7,179)	(1,924)	(9,103)
At 31 March 2022	-	101,545	9,666	59,847	142,287	313,345
<i>Net book value</i>						
At 31 March 2022	122,116	386,768	38,619	161,266	535,348	1,244,117
At 31 March 2021	-	367,021	26,042	52,252	206,424	651,739

The company did not have any tangible fixed assets as at 31 March 2022 or 31 March 2021.

AFA Topco Limited

Notes forming part of the financial statements
for the year ended 31 March 2022 (*continued*)

13 Fixed asset investments

Group	Other fixed asset investments £
<i>Cost</i>	
At 1 April 2021	-
Addition via acquisition of subsidiary	125
<i>Net book value</i>	
At 31 March 2022	125
Company	Investments in subsidiary companies £
<i>Cost</i>	
At 31 March 2021 and 31 March 2022	4,316,025
<i>Net book value</i>	
At 31 March 2021 and 31 March 2022	4,316,025

Subsidiary undertaking

The following were subsidiary undertaking of the company:

Name	Registered office	Class of shares	Proportion of voting rights and ordinary share capital held
AFA Midco F Limited*	12-18 Grosvenor Gardens, 5th Floor, London, SW1W 0DH.	Ordinary	95%
AFA Midco A Limited*	12-18 Grosvenor Gardens, 5th Floor, London, SW1W 0DH.	Ordinary	71%
AFA International Limited	12-18 Grosvenor Gardens, 5th Floor, London, SW1W 0DH..	Ordinary	71%
Forensis Group Ltd	Aspect House, Grove Business Park, Wantage, Oxfordshire, England, OX12 9FA.	Ordinary	95%
Forensic Access Limited	Aspect House, Grove Business Park, Wantage, Oxfordshire, England, OX12 9FA.	Ordinary	95%
Forensic Axis Limited	63-65 Petty France Ground Floor, London, England, SW1H 9EU.	Ordinary	71%
Forensic Futures Limited	63-65 Petty France Ground Floor, London, England, OX12 9FA.	Ordinary	71%
Alecto Forensic Services Limited	Aspect House, Grove Business Park, Wantage, Oxfordshire, England, OX12 9FA.	Ordinary	95%
Analytical Services International Limited	Aspect House, Grove Business Park, Wantage, Oxfordshire, England, OX12 9FA.	Ordinary	95%

AFA Topco Limited

Notes forming part of the financial statements
for the year ended 31 March 2022 (continued)

13 Fixed asset investments (continued)

Intaforensics Ltd	Aspect House, Grove Business Park, Wantage, Oxfordshire, England, OX12 9FA.	Ordinary	95%
Faraday Forensics Limited	Aspect House, Grove Business Park, Wantage, Oxfordshire, England, OX12 9FA.	Ordinary	95%
Intasoftware Limited	Aspect House, Grove Business Park, Wantage, Oxfordshire, England, OX12 9FA.	Ordinary	95%
Torchlightgroup Limited	63-65 Petty France Ground Floor, London, England, SW1H 9EU.	Ordinary	71%
Torchlightgroup Holdings Limited	63-65 Petty France Ground Floor, London, SW1H 9EU.	Ordinary	71%
Overleaf Holdings Limited	63-65 Petty France Ground Floor, London, SW1H 9EU.	Ordinary	71%
Torchlight Solutions Limited	63-65 Petty France Ground Floor, London, SW1H 9EU.	Ordinary	71%
Torchlight Defence Limited	63-65 Petty France Ground Floor, London, SW1H 9EU.	Ordinary	71%
Torchlight Security & Justice Limited	63-65 Petty France Ground Floor, London, England, SW1H 9EU.	Ordinary	71%
Axiom International Limited	63-65 Petty France Ground Floor, London, England, SW1H 9EU.	Ordinary	71%

* Directly held subsidiaries

Associate undertaking

The following was an associate undertaking of the company:

Name	Registered office	Class of shares	Holding
Carifor Limited	11 Liguanea Avenue, Kingston 6, Jamaica.	Ordinary	35%

Torchlight Solutions limited, Torchlight Defence Limited and Torchlight Security & Justice Limited dissolved on 21 June 2022.

14 Stocks

	Group 2022 £	Company 2022 £	Group 2021 £	Company 2021 £
Work in progress	19,391	-	247,173	-
Stock of consumables	315,420	-	23,981	-
	<u>334,811</u>	<u>-</u>	<u>271,154</u>	<u>-</u>

AFA Topco Limited

Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

15 Debtors

	Group 2022 £	Company 2022 £	Group 2021 £	Company 2021 £
Due after more than one year:				
Loan notes owed by group undertakings	-	6,835,043	-	6,182,271
Amounts owed by group undertakings	-	3,630,806	-	3,300,769
	<u>-</u>	<u>10,465,849</u>	<u>-</u>	<u>9,483,040</u>

The above loan notes are unsecured, bear interest at a rate of 10% per annum, which is compounded annually and repayable in full on 1 September 2030. The balance includes accrued interest of £859,944 (2021 - £146,885).

The amounts owed by group undertakings are unsecured, bear interest of 10% per annum, which is compounded annually and repayable in full on 1 September 2030. The balance includes accrued interest of £458,171 (2021 - £188,389).

	Group 2022 £	Company 2022 £	Group 2021 £	Company 2021 £
Due within one year:				
Trade debtors	2,663,663	-	2,035,122	-
Amounts owed by group undertakings	-	6,268,001	-	-
Other debtors	414,484	-	932,589	-
Prepayments and accrued income	2,858,810	-	2,176,214	-
	<u>5,936,957</u>	<u>6,268,001</u>	<u>5,143,925</u>	<u>-</u>

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

16 Creditors: amounts falling due within one year

	Group 2022 £	Company 2022 £	Group 2021 £	Company 2021 £
Other loans	10,250,000	10,250,000	3,203,934	3,203,934
Obligations under finance lease and hire purchase contracts	26,779	-	-	-
Trade creditors	2,344,435	-	2,254,258	-
Corporation tax	318,054	-	129,851	-
Other taxation and social security	658,454	-	709,803	-
Other creditors	1,019,949	280,019	792,865	280,019
Accruals and deferred income	2,100,692	19,756	2,071,341	-
	<u>16,718,363</u>	<u>10,549,775</u>	<u>9,162,052</u>	<u>3,483,953</u>

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

AFA Topco Limited

Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

16 Creditors: amounts falling due within one year (continued)

Other loans

Included within other loans is a loan for £10,250,000. The loan is secured against Limerston Capital Partners I, L.P fund, bear interest at a variable rate linked to SONIA and include a margin of 2.9% and are repayable in full on 9 December 2022.

17 Creditors: amounts falling due after more than one year

	Group 2022 £	Company 2022 £	Group 2021 £	Company 2021 £
Other loans	5,007,400	-	-	-
Investor loan notes	5,816,292	5,816,292	5,287,538	5,287,538
Management loan notes	1,560,696	-	1,412,763	-
Obligations under finance lease and hire purchase contracts	34,165	-	-	-
Other creditors	3,750,000	-	-	-
	<u>16,168,553</u>	<u>5,816,292</u>	<u>6,700,301</u>	<u>5,287,538</u>

Other loans

Included within other loans is a loan for £5,007,400. The loan is secured via a fixed and floating charge over assets of the Group, bear interest at a variable rate linked to SONIA and include a margin of 7.5% annually and are repayable in full on 28 May 2026.

Investor loan notes

The investor loan notes are unsecured, bear interest at a rate of 10% per annum, compounded annually and are repayable in full on 1 September 2030. Accrued interest of £819,007 (2021 - £290,253) is included in the balance.

Management loan notes

The management loan notes are unsecured, bear interest at a rate of 10% per annum, compounded annually and are repayable in full on 1 September 2030. Accrued interest of £216,006 (2021 - £68,073) is included in the balance.

Other creditors

Included within other creditors is deferred consideration of £750,000 which was due on 30 June 2023, and a contingent consideration for £3m which is due on 31 July 2023, both of which form part of the consideration for ASI.

AFA Topco Limited

Notes forming part of the financial statements
for the year ended 31 March 2022 (continued)

17 Creditors: amounts falling due after more than one year (continued)

The maturity of sources of debt finance are as follows:

	Other loans 2022 £	Investor loan notes 2022 £	Management loan notes 2022 £	Finance leases 2022 £	Total 2022 £
In one year or less	10,250,000	-	-	26,779	10,276,779
In more than one year but not more than two years	-	-	-	34,165	34,165
In more than two years but not more than five years	5,007,400	-	-	-	5,007,400
In more than five years	-	5,816,292	1,560,696	-	7,376,988
	<u>15,257,400</u>	<u>5,816,292</u>	<u>1,560,696</u>	<u>60,944</u>	<u>22,695,332</u>
	Other loans 2021 £	Investor loan notes 2021 £	Management loan notes 2021 £	Finance leases 2021 £	Total 2021 £
In one year or less	3,203,934	-	-	-	3,203,934
In more than one year but not more than two years	-	-	-	-	-
In more than two years but not more than five years	-	-	-	-	-
In more than five years	-	5,287,538	1,412,763	-	6,700,301
	<u>3,203,934</u>	<u>5,287,538</u>	<u>1,412,763</u>	<u>-</u>	<u>9,904,235</u>

No amounts due in more than five years are due in instalments.

18 Deferred taxation

	Group 2022 £	Group 2021 £
At beginning of period	(59,528)	-
Credited to profit or loss	66,539	360
Arising on acquisition of subsidiaries	(7,011)	(59,888)
	<u>-</u>	<u>(59,528)</u>
At end of period	-	(59,528)

AFA Topco Limited

Notes forming part of the financial statements
for the year ended 31 March 2022 *(continued)*

18 Deferred taxation (continued)

	Group 2022 £	Group 2021 £
Accelerated capital allowances	(118,354)	(61,588)
Other short term timing differences	5,395	2,060
Tax losses carried forward and other deductions	112,959	-
	<u>-</u>	<u>(59,528)</u>

The Group has estimated tax losses of circa £4.6m (2021 - £0.6 million) available to carry forward against future profits. No deferred tax asset is recognised in respect of these losses, as it is uncertain whether they will be able to be utilised in the future.

19 Share capital

	2022 £	2021 £
<i>Allotted, called up and fully paid</i>		
5,529,596 Ordinary shares of £1.00 each	5,529,596	5,529,596
	<u>5,529,596</u>	<u>5,529,596</u>

20 Reserves

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Profit and loss account

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

Other reserves

This reserve relates to differences which have arisen as a result of transactions with non-controlling interests that do not result in a loss of control.

21 Pension commitments

At 31 March 2022 the Group had unpaid pension contributions totalling £36,409 (2021 - £42,731).

AFA Topco Limited

Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

22 Commitments under operating leases

At 31 March 2022 the Group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2022 £	Group 2021 £
Not later than 1 year	405,958	397,152
Later than 1 year and not later than 5 years	1,355,170	1,369,864
Later than 5 years	1,626,983	1,902,612
	<u>3,388,111</u>	<u>3,669,628</u>

23 Business combinations

Acquisition of Alecto Forensic Services Limited

On 28 May 2021 the group acquired 100% of the issued share capital of Alecto Forensic Services Limited.

	Book value £	Adjustment £	Fair value £
<i>Fixed assets</i>			
Tangible assets	205,142	-	205,142
<i>Current assets</i>			
Debtors	144,061	-	144,061
Cash	256,580	-	256,580
	<u>605,783</u>	<u>-</u>	<u>605,783</u>
<i>Current liabilities</i>			
Creditors	(104,226)	-	(104,226)
	<u>501,557</u>	<u>-</u>	<u>501,557</u>
<i>Non-current liabilities</i>			
Deferred tax liability	(7,011)	-	(7,011)
	<u>(7,011)</u>	<u>-</u>	<u>(7,011)</u>
Net assets	494,546	-	494,546

AFA Topco Limited

Notes forming part of the financial statements
for the year ended 31 March 2022 *(continued)*

23 Business combinations *(continued)*

Goodwill	572,058
Non-controlling interest	(24,727)
	<hr/>
Total purchase consideration	1,041,877
Purchase consideration settled in cash (including directly attributable costs)	922,625
Cash and cash equivalents in subsidiary acquired	(256,580)
	<hr/>
Cash outflow on acquisition	666,045
	<hr/>
Consideration	
Cash	750,000
Deferred consideration	119,252
Directly attributable costs	172,625
	<hr/>
Total purchase consideration	1,041,877
	<hr/>

The results of Alecto Forensic Services Limited since acquisition are as follows:

	Period from 28 May 2021 to 31 March 2022 £
Turnover	982,778
	<hr/>
Profit for the period	269,841
	<hr/>

The useful economic life of goodwill arising on acquisition has been estimated to be 10 years.

AFA Topco Limited

Notes forming part of the financial statements
for the year ended 31 March 2022 (*continued*)

23 Business combinations (*continued*)

Acquisition of Faraday Forensics Limited

On 8 October 2021 the group acquired 100% of the issued share capital of Faraday Forensics Limited.

	Book value £	Adjustment £	Fair value £
<i>Fixed assets</i>			
Tangible assets	1,550	-	1,550
<i>Current assets</i>			
Debtors	44,587	-	44,587
Cash	27,803	-	27,803
Total assets	73,940	-	73,940
<i>Current liabilities</i>			
Creditors	(48,287)	-	(48,287)
Total current liabilities	(48,287)	-	(48,287)
Net assets	25,653	-	25,653
Goodwill			268,685
Non-controlling interest			(1,283)
Total purchase consideration			293,055
Purchase consideration settled in cash (including directly attributable costs)			193,055
Cash and cash equivalents in subsidiary acquired			(27,803)
Cash outflow on acquisition			165,252
Consideration			
Cash			134,926
Deferred consideration			100,000
Directly attributable costs			58,129
Total purchase consideration			293,055

AFA Topco Limited

Notes forming part of the financial statements
for the year ended 31 March 2022 (continued)

23 Business combinations (continued)

The results of Faraday Forensics since acquisition are as follows:

	Period from 8 October 2021 to 31 March 2022 £
Turnover	70,111
Loss for the period	(25,663)

The useful economic life of goodwill arising on acquisition has been estimated to be 10 years.

Acquisition of Analytical Services International Limited

On 9 March 2022 the group acquired 100% of the issued share capital of Analytical Services International Limited.

	Book value £	Adjustment £	Fair value £
<i>Fixed assets</i>			
Tangible assets	378,765	-	378,765
Investments	125	-	125
<i>Current assets</i>			
Stocks	330,970	-	330,970
Debtors	1,015,872	-	1,015,872
Cash	152,395	-	152,395
Total assets	1,878,127	-	1,878,127
<i>Current liabilities</i>			
Creditors	(413,492)	-	(413,492)
Total current liabilities	(413,492)	-	(413,492)
Net assets	1,464,635	-	1,464,635
Goodwill			11,691,128
Non-controlling interest			(73,232)
Total purchase consideration			13,082,531

AFA Topco Limited

Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

23 Business combinations (continued)

Purchase consideration settled in cash (including directly attributable costs)	8,936,531
Cash and cash equivalents in subsidiary acquired	(152,395)
	<hr/>
Cash outflow on acquisition	8,784,136
	<hr/>
Consideration	
Cash	8,251,242
Contingent consideration	3,000,000
Deferred consideration	1,146,000
Directly attributable costs	685,289
	<hr/>
Total purchase consideration	13,082,531
	<hr/>

The results of Analytical Services International Limited, since acquisition are as follows:

	Period from 9 March 2022 to 31 March 2022 £
Turnover	131,142
	<hr/>
Loss for the period	(108,282)
	<hr/>

The useful economic life of goodwill arising on acquisition has been estimated to be 10 years.

24 Related party transactions

Company

Included in debtors due after more than one year are unsecured loan notes with group companies which bear interest at a rate of 10% per annum, which is compounded annually and repayable in full on 1 September 2030. At the year end, an amount of £6,835,043 (2021 - £6,182,271) is due to the company. The balance includes accrued interest of £859,944 (2021 - £146,885).

Included in debtors due after more than one year are amounts owed by group undertakings which are unsecured, bear interest of 10% per annum, which is compounded annually and repayable in full on 1 September 2030. At the year end, an amount of £3,630,806 (2021 - £3,300,769) is due to the company. The balance includes accrued interest of £458,171 (2021 - £188,389).

Included in debtors due within one year are amounts owed by group undertakings which are unsecured, interest free and repayable on demand. At the year end, an amount of £6,268,001 (2021 - £Nil) is due to the company.

AFA Topco Limited

Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

25 Post balance sheet events

Torchlight Solutions limited, Torchlight Defence Limited and Torchlight Security & Justice Limited dissolved on 21 June 2022.

Post year end, the directors have reviewed the trading results of Faraday Forensics Limited. As a result of this review, Faraday Forensics Limited has ceased to trade and this resulted in full impairment of the investment at the balance sheet date.

The company allotted 280,009 Ordinary shares with nominal value of £1 on 31 May 2022 and allotted 706,010 Ordinary shares with nominal value of £1 on 19 May 2023.

26 Controlling party

Limerston Capital Partners I, L.P., registered office 5th Floor, 12-18 Grosvenor Gardens, London, SW1W 0DH and registered number LP016795 is the ultimate controlling party.

Other than the company's own consolidated financial statements, there are no Groups in which the company is consolidated.

27 Net debt reconciliation

	At 1 April 2021 £	Cash flows £	Other non-cash changes £	At 31 March 2022 £
Cash at bank and in hand	2,500,126	898,790	-	3,398,916
Other loans	(3,203,934)	(12,053,466)	-	(15,257,400)
Investor loan notes	(5,287,538)	-	(528,754)	(5,816,292)
Management loan notes	(1,412,763)	-	(147,933)	(1,560,696)
	<u>(7,404,109)</u>	<u>(11,154,676)</u>	<u>(676,687)</u>	<u>(19,235,472)</u>

The movement disclosed as other non-cash changes relates to accrued interest.