Company registration number 11363036 (England and Wales)

HARROW MIDCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

HARROW MIDCO LIMITED

COMPANY INFORMATION

Directors	L H L Batchelor M Oxley A J Moffitt	(Appointed 6 May 2021) (Appointed 9 November 2021) (Appointed 30 September 2021)
Company number	11363036	
Registered office	1-2 Castle Lane London SW1E 6DR	
Auditor	Grant Thornton UK LLP 30 Finsbury Square London EC2A 1AG	

HARROW MIDCO LIMITED

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HARROW MIDCO LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

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

The company does not trade and is a member of the Harrow Topco group. This strategic report refers to the activities of the group which include this company's activities. However, the financial statements presented in this annual report are those of the company and not the group.

In FY22, the demand challenges triggered by COVID-19, presented the group an opportunity to focus on structural enhancements to capitalise on the years ahead.

At the forefront of this was a change to the leadership team with Andy Moffitt welcomed as CEO in April 2021 and Martin Oxley joining as CFO in November 2021, each with proven capability of enhancing businesses through Customer First focus, scale and quality of service.

In line with the revised strategy the group completed its first acquisition in the COVID-19 period, in May 2021, acquiring the Print Solutions customer book of Maintel Holdings Plc, extending the group's geographical reach into the North of England and increasing the group's MIF (Machines in Field) and customer base. The group continues to assess suitable acquisition opportunities.

Since year end, in April 2022, the group re-branded its trading operations from Corona Corporate Solutions to Aurora, reflecting the customer centric focus and a new value set, a change that has been superbly received by our customers. Further, in April 2023, the group are delighted to have signed terms to refinance its debt structure through a debt for equity conversion between its existing lenders Pemberton and HIG. The group will benefit from serviceable debt facilities with Pemberton reducing from £114.3m to £50.0m with the lenders also extending additional ACF facilities to the group to support future M&A growth plans. The agreement also includes full covenant resets which allow significant headroom against trading projections. Completion is subject only to FCA and NSIA clearances with completion anticipated June 2023. The agreement demonstrates ardent lender support for incredibly exciting company growth plans.

Fair review of the business

The main activity of the group is the supply of managed print services including the provision of multi-functional devices, related software, solutions and services, office supplies and telephony systems.

The results for the year and financial position of the company are shown in these financial statements. Gross profit for the year was £nil (2021 £nil). The company generated a loss before tax and dividends of £25,835,345 (2021 loss before tax and dividends of £331,078).

Mindful of its responsibility to its customers during the turbulence of COVID-19, the group elected to call back all of its furloughed employees during FY22, so relinquishing Government aid and resulting in a marked increase in its cost base, directly resulting in a short term reduction in EBITDA, yet driving improving NPS results, customer engagement and a focus on strategic matters.

With a desire for renewed focus towards a more Customer First strategy, and to facilitate a scaled growth post COVID-19, the group welcomed Andy Moffitt as CEO in April 2021 and Martin Oxley as CFO in November 2021, succeeding James Stephens and Ken Coveney respectively, to whom we extend our sincere thanks for taking the group to the pinnacle of the industry. Andy brings a wealth of Leadership experience, particularly in Service Management as demonstrated in improving customer care, industry leading service delivery scores and for broadening the services on offer to customers.

The group continued to see trade affected by COVID-19 impacts, with home working increasingly an accepted part of business culture and global supply chains still adjusting to the market disruptions. Whilst gross profits showed double digit growth from FY21, like for like trading remains, and is expected to remain, below pre-COVID levels, primarily from a servicing perspective, with equipment sales encouragingly resilient.

The directors continue to maintain effective and strong relationships with key suppliers whilst internally, continue to place particular focus on cash generation and liquidity enabling measures. With steadfast investor and lender support, resulting in a consensual debt for equity conversion in April 2023, the directors are confident that the company has adequate resources to continue operating normally for the foreseeable future and meet all going concern requirements.

Principal risks and uncertainties
The principal risks and uncertainties facing the group continue to be posed by COVID-19. These include an unexpected decrease in turnover and continued disruption in the supply chain. The group's board minimises risk through continuous monitoring and maintaining strong relationships with key customers and suppliers.

Key performance indicators
Whilst the directors review and measure all aspects of the business, including service NPS and call response times, MIF per engineer and first-time fix rates, the directors consider EBITDA and EBITDA % of revenue as the key indicator of success of the business.

The board has confidence in the company's strategy and therein, in its ability to drive organic growth underpinned by improving trading metrics and supplemented by complimentary acquisitive growth.

Basis of preparation of financial statements
Details of matters relevant to the directors' assessment of the application of the going concern basis are given in note 1.2 to the financial statements.

Future developments
To achieve its strategic goals, the group continues both to assess suitable acquisition opportunities and improve operational efficiencies.

Section 172 statement
Section 172 of the Companies Act 2006 requires the directors of a company to act in a way they consider, in good faith, would be most likely to promote the success of the company and its group for the benefit of its shareholders as a whole and, in doing so, have regard (among other matters) to:
a) the likely consequences of any decisions in the long term;
b) the interests of the group's employees;
c) the need to foster the group's business relationships with suppliers, customers and others;
d) the impact of the group's operations on the community and environment;
e) the desirability of the group maintaining a reputation for high standards of business conduct;
f) the need to act fairly as between shareholders of the company
Further details of how the directors have fulfilled their duties are set out below.

Risk management
The directors have deployed several initiatives across the group to effectively manage risks posed to the business.

These include a dedicated customer care team focussed on ensuring customer satisfaction, and consequently assisting with improved retention and reduced machine and customer attrition. The group have also introduced an Ask Nicely customer survey, ensuring open dialogue with the customer at regular intervals, allowing a continual feedback loop to improve all areas of the business. In measuring responses through NPS, the group take great pride in seeing industry leading results. The group has diversification in its product offering through complementary solutions, services and the launch of our Enterprise offerings, alongside our ICT and Office Supplies capabilities. The directors recognise the importance of a localised service offering to their customers and will, therefore, adopt a Customer focussed methodology when integrating newly acquired businesses.

Business relationships
The group returns value to businesses through providing innovative products and exceptional levels of service to meet our customers' requirements. The group understands the value of maintaining and developing relationships with its customers and suppliers, as it is these relationships that underpin its current and future growth. With this doctrine, the group's relationships go from strength to strength as demonstrated by the group's involvement with the same suppliers and customers for many years.

Community and environment

The group has completed its second ESG impact report and has embarked on its sustainability journey towards net zero. The directors are passionate in its endeavour to play its part in making the world a better place for us all. Environmentally, the group continues to assess and improve its practices, supply chain, services, and carbon emissions. The group is partnered with innovative companies who are minimising their impact to the environment whilst also increasing its range of recycled products and recycling across the life cycle of its machines.

The group will strive to better its ESG credentials and for continual improvement.

Employees

The company and group are committed to being responsible employers and make every effort to create a working environment where their employees are actively engaged and part of their success. The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests. The company has embarked on a series of additional initiatives to continually improve and understand employee likes and dislikes, including annual employee engagement surveys and wellbeing surveys and clinics. Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance. Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees

Shareholders

The company's ultimate shareholder has representation on the board to ensure the company's strategy and objectives are in line with its needs and expectations, and those needs and expectations are regularly communicated to the board.

On behalf of the board

Martin Oxley

M Oxley
Director

15 May 2023

HARROW MIDCO LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

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

Principal activities
The principal activity of the company was that of an investment holding company.

Results and dividends
The results for the year are set out on page 12.

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

Preference dividends were paid amounting to £169,432.

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

K Coveney	(Resigned 1 October 2021)
L H L Batchelor	(Appointed 6 May 2021)
A S Taylor	(Resigned 20 April 2021)
M Oxley	(Appointed 9 November 2021)
A J Moffitt	(Appointed 30 September 2021)

Basis of preparation of the financial statements
As disclosed in the strategic report and elsewhere in these financial statements, following the year end the group's debt has been refinanced. As part of that refinancing Harrow Debtco Limited (Debtco), a direct subsidiary of the company, is to be purchased by a new company formed for the purpose of the refinancing. Following the sale of Debtco, Harrow Midco Limited will be liquidated in due course. As a consequence, it is inappropriate for the financial statements to be prepared on a going concern basis. Accordingly, appropriate adjustments have been made to the financial statements to prepare them on a basis other than a going concern basis.

Adjustments made include:
a) a reassessment of the likely period over which certain loan assets and liabilities are to be realised, resulting in an acceleration of the recognition of loan interest payable and receivable;
b) provisions for estimated impairment losses on certain intra group loans and receivables.

No provision has been made for the estimated cost of liquidation of the affected entities as the decision to liquidate was taken after the end of the reporting period. No reclassification of non-current assets and liabilities to current assets and liabilities has been made for the same reason.

Financial instruments
Capital management policies
In managing its capital, the group's primary objective is to maintain a sufficient funding base to enable the group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, through new share issues or debt, the group considers not only its short-term position but also its long-term operational and strategic objectives.

Liquidity risk

Liquidity risk arises from the group management of working capital. It is the risk that the group will encounter difficulty in meeting its financial obligations as they fall due. Refer to Note 1.2 of the financial statements for details of going concern considerations.

The group policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 90 days.

Interest rate risk

The group borrows at variable rates of interest. It is therefore exposed to increases in interest rates. The group reviews market forecasts of future interest rates on a regularly basis and would consider the use of hedging instruments to mitigate such risk where appropriate. No hedging arrangements were in force at the balance sheet date.

Foreign currency risk

The group trades exclusively in the UK and all financing is denominated in sterling. The group therefore is not exposed to currency risk.

Credit risk

Credit risk is the risk of financial loss to the group if a customer or a counter party to a financial instrument fails to meet its contractual obligations. The group is principally exposed to credit risk on cash and cash equivalents with banks and financial institutions, and trade receivables. For banks and financial institutions, only independently rated parties with an acceptable rating are utilised.

Credit risk in connection with trade receivables is managed by the use of credit control procedures, such as the maintenance of a credit control department, use of credit references and stop limits.

Future developments

Details of future developments in the business are set out in the strategic report.

Auditor

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

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of disclosure concerning employment etc of disabled persons and engagement with employees, suppliers, customers and others and future developments of the business.

Statement of disclosure to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Martin Oxley

M Oxley
Director

15 May 2023

HARROW MIDCO LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF HARROW MIDCO LIMITED

Qualified opinion

We have audited the financial statements of Harrow Midco Limited (the 'company') for the year ended 31 March 2022, which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

The company has not prepared group accounts, but it is not entitled to the exemptions available from the requirement to prepare group accounts in the Companies Act 2006. Whilst the company normally could be exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements, for the year ended 31 March 2022 it did not deliver to the registrar, within the time period allowed for filing its accounts, copies of the group financial statements the company is included in, which contains the consolidated annual report and financial statements together with the auditor's report on them. These were delivered to the registrar on 15 May 2023.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of matter-basis of preparation of the financial statements

We draw attention to note 1.2 to the financial statements, which describes the basis of preparation of the financial statements. As described in that note, following the year end, the group's debt has been refinanced and as part of that refinancing, Harrow Debtco Limited (Debtco), a direct subsidiary of the company, is to be purchased by a new company formed for the purpose of refinancing. Following the sale of Debtco, Harrow Midco Limited will be liquidated in due course. As a consequence, it is inappropriate for the financial statements to be prepared on a going concern basis and accordingly, the directors have prepared the financial statements on a basis other than a going concern basis.

Our opinion is not modified in respect of this matter.

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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements 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.

As described in the basis for qualified opinion section of our report, our audit opinion is qualified as it is not entitled to the exemptions available from the requirement to prepare group accounts in the Companies Act 2006. As such required group disclosures in both the strategic and directors' reports are omitted. Accordingly we have concluded that the other information is materially misstated for the same reason.

Opinions on other matters prescribed by the Companies Act 2006

Except for the matter described in the basis for qualified opinion section of our report, 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.

Matter on which we are required to report under the Companies Act 2006

Except for the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Except for the matter described in the basis for qualified opinion section of our report,we have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined the most significant which are directly relevant to specific assertions in the financial statements are those related to the financial reporting framework, being FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006, together with the relevant tax legislation in the jurisdictions in which the company operates;

- We obtained an understanding of how the company is complying with those legal and regulatory frameworks by making enquiries of management and those charged with governance. We corroborated our enquiries though our review of board minutes and other relevant correspondence received from legal advisors and regulatory bodies;

- We also enquired of management and those charged with governance concerning the company's policies and procedures relating to the identification, evaluation, detection and response to the risks of fraud and the establishment of internal controls to mitigate risks related to fraud. We enquired as to whether they had any knowledge of actual, suspected or alleged fraud;

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by considering management's incentives and opportunities for manipulation of the financial statements. We determined that the principal risks were in relation to management override of controls;

- Audit procedures performed by the audit team included:

  - identifying and assessing the design and implementation of controls management utilises to prevent and detect fraud;

  - challenging key assumptions used and judgements made by management in relation to significant accounting estimates;

  - using data interrogation software to identify and test large or unusual journal entries which may carry a higher risk of fraud; and

  - performing audit procedures to conclude on the compliance of disclosures in the financial statements with applicable financial reporting requirements.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;

  - knowledge of the industry in which the company operates;

  - understanding of the relevant legal and regulatory requirements specific to the company.

  - performing audit procedures to conclude on the compliance of disclosures in the financial statements with applicable financial reporting requirements.

- Communications within the audit team in respect of potential non-compliance with laws and regulations and fraud included the potential for fraud including through management override of controls in the preparation of the financial statements.

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

Use of our report

This report is made solely to the company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to the member in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Marc Summers BSc(Hons) FCA
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor

15 May 2023

30 Finsbury Square
London
EC2A 1AG

HARROW MIDCO LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
Provision against amounts due from subsidiary		(19,894,182)	-
Interest receivable and similar income	5	-	211,898
Interest payable and similar expenses	6	(5,941,163)	(542,976)
Loss before taxation		(25,835,345)	(331,078)
Tax on loss	7	-	-
Loss for the financial year		(25,835,345)	(331,078)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

HARROW MIDCO LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	2022 £	2021 £
Loss for the year	(25,835,345)	(331,078)
Other comprehensive income	-	-
Total comprehensive income for the year	(25,835,345)	(331,078)

HARROW MIDCO LIMITED

BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Investments	9		1		1
Current assets					
Debtors	11	1		18,041,440	
Creditors: amounts falling due within one year	12	(11,786,332)		(7,135,017)	
Net current (liabilities)/assets			(11,786,331)		10,906,423
Total assets less current liabilities			(11,786,330)		10,906,424
Creditors: amounts falling due after more than one year	13		(2,516,430)		-
Net (liabilities)/assets			(14,302,760)		10,906,424
Capital and reserves					
Called up share capital	15		100		100
Share premium account			9,900,901		9,900,901
Other reserves			795,593		-
Profit and loss reserves			(24,999,354)		1,005,423
Total equity			(14,302,760)		10,906,424

The financial statements were approved by the board of directors and authorised for issue on 15 May 2023 and are signed on its behalf by:

Martin Oxley

M Oxley
Director

Company Registration No. 11363036

HARROW MIDCO LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Share capital £	Share premium account £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 April 2020		100	9,900,901	-	1,493,383	11,394,384
Year ended 31 March 2021:						
Loss and total comprehensive income for the year		-	-	-	(331,078)	(331,078)
Interest on preference share dividends	8	-	-	-	(156,882)	(156,882)
Balance at 31 March 2021		100	9,900,901	-	1,005,423	10,906,424
Year ended 31 March 2022:						
Loss and total comprehensive income for the year		-	-	-	(25,835,345)	(25,835,345)
Interest on preference share dividends	8	-	-	-	(169,432)	(169,432)
Capital contribution		-	-	795,593	-	795,593
Balance at 31 March 2022		100	9,900,901	795,593	(24,999,354)	(14,302,760)

HARROW MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Company information
Harrow Midco Limited is a private company limited by shares incorporated in England and Wales. The registered office is 1-2 Castle Lane, London, SW1E 6DR.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

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

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

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

Transactions with related parties which are wholly owned subsidiaries of the company's parent have not been disclosed as permitted by section 33 of FRS102.

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

Harrow Midco Limited is a wholly owned subsidiary of Harrow Topco Limited and the results of Harrow Midco Limited are included in the consolidated financial statements of Harrow Topco Limited which are available from 1-2 Castle Lane London SW1E 6DR.

1 Accounting policies **(Continued)**

1.2 Basis of preparation of the financial statements

As disclosed in the strategic report and elsewhere in these financial statements, following the year end the group's debt has been refinanced. As part of that refinancing Harrow Debtco Limited (Debtco), a direct subsidiary of the company, is to be purchased by a new company formed for the purpose of the refinancing. Following the sale of Debtco, Harrow Midco Limited will be liquidated in due course. As a consequence, it is inappropriate for the financial statements to be prepared on a going concern basis. Accordingly, appropriate adjustments have been made to the financial statements to prepare them on a basis other than a going concern basis.

Adjustments made include:
a) a reassessment of the likely period over which certain loan assets and liabilities are to be realised, resulting in an acceleration of the recognition of loan interest payable and receivable;
b) provisions for estimated impairment losses on certain intra group loans and receivables.

No provision has been made for the estimated cost of liquidation of the affected entities as the decision to liquidate was taken after the end of the reporting period. No reclassification of non-current assets and liabilities to current assets and liabilities has been made for the same reason.

1.3 Fixed asset investments

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

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

1.4 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.5 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

1 Accounting policies **(Continued)**

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

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

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

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

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

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

Basic financial liabilities
Basic financial liabilities, including creditors and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1 Accounting policies **(Continued)**

Other financial liabilities

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

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.6 Equity instruments

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

Preference shares are treated as equity instruments where the payment of dividends and the redemption of preference shares is at the discretion of the Company.

1.7 Employee benefits

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

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.8 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements

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

Application of section 26 of FRS 102-share-based payment

The directors have determined that certain features of equity instruments issued by the company bring those instruments within the scope of the share-based payment provisions of FRS 102, and accordingly a share-based payment charge has been recognised as disclosed in note 15. Judgement is also required in the selection of an appropriate model with which to value the instruments awarded.

Key sources of estimation uncertainty

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

Market rate of interest for vendor loan notes

In estimating the market rate of interest applied to the vendor loan notes the directors have taken into account rates charged by other lenders, the term of the facility and the security provided.

Estimated loan terms

In estimating the amortised cost of certain loans receivable and payable, an estimate must be made of the timing of cashflows expected to be received and paid.

3 Auditor's remuneration

Fees for audit and non-audit services have been borne by Aurora Managed Services Limited.

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was nil (2021: nil).

5 Interest receivable and similar income

	2022	2021
	£	£
Interest income		
Interest receivable from group companies	-	211,898

HARROW MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

6 Interest payable and similar expenses

	2022	2021
	£	£
Interest payable to group undertakings	4,973,642	542,976
Other interest on financial liabilities	967,521	-
	5,941,163	542,976

7 Taxation

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2022	2021
	£	£
Loss before taxation	(25,835,345)	(331,078)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(4,908,716)	(62,905)
Tax effect of expenses that are not deductible in determining taxable profit	3,963,724	-
Group relief	944,992	62,905
Taxation charge for the year	-	-

8 Dividends

	2022	2021
	£	£
Final paid	169,432	156,882

9 Fixed asset investments

		2022	2021
	Notes	£	£
Investments in subsidiaries	10	1	1

10 Subsidiaries

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

Name of undertaking	Address	Class of shares held	% Held Direct	% Held Indirect
Harrow Debtco Limited	1	Ordinary	100.00	-
Aurora Managed Services Group	1	Ordinary	-	100.00
Aurora Managed Services	1	Ordinary	-	100.00
Corporate Information & Communication Technology Limited	1	Ordinary	-	100.00
Managed Print Services London Limited	1	Ordinary	-	100.00
Falcon Document Solutions Limited	1	Ordinary	-	100.00
Copylogic Limited	1	Ordinary	-	100.00
J T Property Holdings Limited	1	Ordinary	-	100.00
Classic Business Equipment Limited	1	Ordinary	-	100.00
The London Photocopying Company Limited	1	Ordinary	-	100.00
Digital Copier Systems Eastern Limited	1	Ordinary	-	100.00
Regent Document Solutions Limited	1	Ordinary	-	100.00
Harrow Bidco Limited	1	Ordinary	-	100.00
Business By Technology Group Limited	1	Ordinary	-	100.00
Business By Technology (Holdings) Limited	1	Ordinary	-	100.00
Eastern Business Systems Limited	1	Ordinary	-	100.00
Technocopy Solutions Limited	1	Ordinary	-	100.00
Technocopy Solutions Holdings Limited	1	Ordinary	-	100.00
CCS Managed Print Services Limited	1	Ordinary	-	100.00

Registered office addresses (all UK unless otherwise indicated):

1 1-2 Castle Lane London SW1E 6DR

11 Debtors

Amounts falling due within one year:	2022 £	2021 £
Amounts owed by group undertakings	1	17,549,683
Other debtors	-	491,757
	1	18,041,440

12 Creditors: amounts falling due within one year

	2022 £	2021 £
Amounts owed to group undertakings	9,498,999	5,017,115
Other creditors	2,287,333	2,117,902
	11,786,332	7,135,017

13 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Debenture loans	14	735,371	-
Other borrowings	14	1,781,059	-
		2,516,430	-

14 Loans and overdrafts

	2022 £	2021 £
Debenture loans	735,371	-
Loans from related parties	1,781,059	-
	2,516,430	-
Payable after one year	2,516,430	-

The long-term loans are unsecured.

15 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	1	1	1	1

	2022 Number	2021 Number	2022 £	2021 £
Preference share capital				
Issued and fully paid				
Preference of 0.001p each	9,901,000	9,901,000	99	99
Preference shares classified as equity			99	99
Total equity share capital			100	100

Preference shares are redeemable at the option of the Company. Preference shareholders are entitled to a fixed cumulative annual dividend of 8% of the nominal and premium amounts paid up on each share. Such dividends are payable on the earlier of a dividend being paid on Ordinary shares and a redemption of preference shares.
Preference shares carry no voting rights.

During the year ended 31 March 2020, 9 million preference shares were redeemed out of capital at a cost of £1 per share.

16 Related party transactions

During the year the company issued loan notes to a preference shareholder that is the parent of the company's UK parent undertaking for a principal sum of £2.345 million. The loan notes are unsecured and carry an interest rate of 8% per annum. The loans are repayable on the earlier of a defined exit and 29 April 2031. The directors have assessed the market rate of interest applicable to these loans at 16.45% per annum. The financing element of the loan has been recorded as a capital contribution in the sum of £795,593.

Following the post balance sheet refinancing arrangements discussed elsewhere in these financial statements, the expected cash flows form this loan has been reassessed. Interest of £967,523has been charged in the financial statements and the balance of the loan in the financial statements at 31 March 2022 is £2.516 million.

In the year ended 31 March 2020, dividends on preference shares were declared to members of key management personnel of approximately £410,000 including accrued interest. Those amounts remained outstanding at 31 March 2021.Further interest of approximately £33,000 accrued on the unpaid dividend owed to key management personnel in the year ended 31 March 2021.In the year ended 31 March 2022 the preference shares owned by key management personnel were purchased by a parent company of the company. Accrued interest of £169,432 on the unpaid preference dividend has been charged to equity during the year.

The company is owed £21.7million by a subsidiary undertaking for which provision has been made in the financial statements.

The company has borrowed £9,498,999 (2021-£4,238,130) from its immediate parent undertaking. Interest of £4.5m (2021-£513,266) has been charged in the financial statements on these sums.

17 Ultimate controlling party

The Company's immediate parent undertaking is Harrow Topco Limited, whose registered office is 1-2 Castle Lane London SW1E 6DR. This is the smallest and largest group for which consolidated accounts are prepared which include the results of the company. Consolidated accounts are available from 1-2 Castle Lane London SW1E 6DR.

The Company's ultimate parent undertaking is H.I.G. Europe Capital Partners II,LP, an entity incorporated in the Cayman Islands.