

**TOPCO KORU LIMITED**

Filleted Accounts

Year Ended

31 December 2021

Company Number 12717398



# **TOPCO KORU LIMITED**

## **Company Information**

### **Directors**

Duncan Stockdill  
Phillip Haines  
Sabrina Guerin  
Charles Johnstone  
Fiona McMahon  
Michael McGrath

### **Registered office**

Level 1, 20 Dale Street  
Manchester  
M1 1EZ

### **Registered number**

12717398

### **Independent Auditor**

RSM UK Audit LLP  
9th Floor, 3 Hardman Street  
Manchester  
M3 3HF

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**Consolidated Statement of Financial Position**  
**As at 31 December 2021**

	Notes	2021	2020
		£	£
<b>Fixed assets</b>			
Intangible assets	4	17,755,210	18,698,006
Tangible assets	5	54,298	77,402
		<u>17,809,508</u>	<u>18,775,408</u>
<b>Current assets</b>			
Debtors	7	396,611	133,257
Cash at bank and in hand		463,595	4,446,703
		<u>860,206</u>	<u>4,579,960</u>
Creditors: amounts falling due within one year	8	<u>(453,168)</u>	<u>(4,256,463)</u>
<b>Net current assets</b>		407,038	323,498
Creditors: amounts falling due after one year	9	(20,772,917)	(19,401,099)
Provisions for liabilities	10	(201,348)	(13,026)
<b>Net liabilities</b>		<u>(2,757,719)</u>	<u>(315,220)</u>
<b>Capital and reserves</b>			
Called up share capital	12	94,500	93,500
Share Premium Account		850,500	841,500
Profit and loss account		(3,702,719)	(1,250,220)
<b>Shareholders' funds</b>		<u>(2,757,719)</u>	<u>(315,220)</u>

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts. The financial statements have been prepared and delivered in accordance with the special provisions applicable to companies subject to the small companies regime. The statement of comprehensive income has not been delivered to the Registrar of Companies.



S C Guerin  
 Director

Approved by the board on 06 September 2022

**Company Statement of Financial Position**  
**As at 31 December 2021**

	Notes	2021	2020
		£	£
<b>Fixed assets</b>			
Investments	6	1	1
<b>Current assets</b>			
Debtors	7	1,115,311	1,033,989
Cash at bank and in hand		-	-
		<u>1,115,311</u>	<u>1,033,989</u>
Creditors: amounts falling due			
within one year	8	(55,000)	(72,615)
<b>Net current assets</b>		<u>1,060,312</u>	<u>961,375</u>
Creditors: amounts falling due		-	-
after one year			
Provisions for liabilities		-	-
<b>Net assets</b>		<u>1,060,312</u>	<u>961,375</u>
<b>Capital and reserves</b>			
Called up share capital		94,500	93,500
Share Premium Account		850,500	841,500
Profit and loss account		<u>115,312</u>	<u>26,375</u>
<b>Shareholders' funds</b>		<u>1,060,312</u>	<u>961,375</u>

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

The financial statements have been prepared and delivered in accordance with the special provisions applicable to companies subject to the small companies regime. As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the year was £88,937.



S C Guerin  
 Director

Approved by the board on 06 September 2022

## Notes to the Accounts

For the year ended 31 December 2021

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**1 General Information**

Topco Koru Limited is a private company limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is Level 1, 20 Dale Street, Manchester, M1 1EZ.

**2 Accounting policies****2.1 Basis of Preparation**

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (as applied to small entities by section 1A of the standard).

The financial statements have been prepared for the year ended 31 December 2021. 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 current year is longer than the previous period which was from incorporation, 7 July 2020 to 31 December 2020

**2.2 Parent company disclosure exemptions**

Under FRS 102, the following disclosure exemptions have been adopted:

- No cash flow statement has been prepared for the parent company
- Disclosures in respect of parent company's financial instruments and aggregate remuneration of key management have not been included as they would be the same as the group as a whole.

**2.3 Going Concern**

The trading company is profit making, has strong monthly recurring revenues and has net assets at the year end. It also has a positive cash position and is forecast to continue in this position for the foreseeable future. The debt and accrued interest is not due to be paid until July 2030. On this basis, the directors have a reasonable expectation that the company has reasonable resources to remain in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis for preparing the annual report and financial statements.

**2.4 Basis of consolidation**

The consolidated financial statements present the results of Topco Koru Limited and its subsidiaries ("Group") as if they were one entity. Intercompany balances between group companies have been 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 and liabilities have been recognised at fair value at the acquisition

date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control was obtained.

## **2.5 Turnover**

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the rendering of software as a service. Turnover from the rendering of software as a service is recognised by reference to the ongoing monthly contract status of each customer at the end of each monthly billing cycle.

## **2.6 Tangible fixed assets**

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Fixtures and fittings	- 33.33% straight line
Computer Equipment	- 33.33% straight line

Gains and losses on disposals are determined by the difference between the sale proceeds and the carrying value of the asset and are recognised in the Statement of Comprehensive Income.

## **2.7 Intangible assets - development costs**

Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are amortised on a straight line basis over five years.

## **2.8 Investments**

Investments in subsidiaries, associates and joint ventures are measured at cost less any accumulated impairment losses.

## **2.9 Business combinations and goodwill**

Goodwill represents the excess of the cost of a business combination over the fair value of the group's share of net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life which is estimated to be 10 years.

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business and its technology, assumptions that market participants would consider in respect of similar businesses and the expected useful life of the customer base.

Under FRS102, intangible assets have not been recognised separately from goodwill as the following three conditions have not been satisfied:

- the recognition criteria set out in paragraph 18.4 are met (i.e. it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be measured reliably);
- the intangible asset arises from contractual or other legal rights; and
- the intangible asset is separable (i.e. capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged either individually or together with a related contract, asset or liability).

#### **2.10 Debtors**

Short term debtors are measured at transaction price, less any impairment losses.

Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

#### **2.11 Creditors**

Short term creditors are measured at transaction price. Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

#### **2.12 Financial liabilities**

Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

#### **2.13 Taxation**

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period.

Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used. Current and deferred tax assets and liabilities are not discounted.

#### **2.14 Provisions**

Provisions (i.e. liabilities of uncertain timing or amount) are recognised when there is an obligation at the reporting date as a result of a past event, it is probable that economic benefit will be transferred to settle the obligation and the amount of the obligation can be estimated reliably.



**2.15 Foreign currency translation**

Foreign currency transactions are initially recognised at the rate of exchange ruling at the date of the transaction. At the end of each reporting period foreign currency monetary items are translated at the closing rate of exchange. Any differences are taken to the Statement of Comprehensive Income.

**2.16 Pensions**

Contributions to defined contribution plans are expensed in the period to which they relate.

**2.17 Judgements in applying accounting policies and key sources of estimation uncertainty**

In preparing the financial statements management are required to make judgements about the carrying value of assets and liabilities that are not readily available from other sources. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events which are expected to be reasonable under the circumstances. The estimates and assumptions that have a risk of material adjustment in the carrying amounts of assets and liabilities within the next financial year are goodwill, its impairment and its useful economic life.

**2.18 Auditors**

RSM UK Audit LLP were the independent auditors for the period ending 31 December 2021, the senior partner was Jonathan Lowe and the auditor's report was unqualified.

**3 Employees**

	2021	2020
Average number of persons employed by the company including Directors	37	33

There are no persons employed directly by the company Topco Koru Limited.

**4 Intangible assets**

	Development costs	Goodwill on consolidation	Total Intangible assets
Cost	£	£	£
At 1 January 2021	341,486	19,324,839	19,666,325
Additions	501,340	578,587	1,079,927
At 31 December 2021	842,826	19,903,426	20,746,252
<b>Amortisation</b>			
At 1 January 2021	2,077	966,242	968,319
Charge for the year	79,125	1,943,598	2,022,723
At 31 December 2021	81,202	2,909,840	2,991,042
<b>Net book value</b>			
At 31 December 2021	761,624	16,993,586	17,755,210
At 31 December 2020	339,409	18,358,597	18,698,006

The company had no intangible fixed assets at 31 December 2021 (2020 - £0).

**5 Tangible fixed assets**

	Plant & machinery
Cost	£
At 1 January 2021	396,462
Additions	30,407
Disposal	(23,967)
At 31 December 2021	402,902
<b>Depreciation</b>	
At 1 January 2021	319,060
Charge for the year	49,301
Disposal	(19,757)
At 31 December 2021	348,604
<b>Net book value</b>	
At 31 December 2021	54,298
At 31 December 2020	77,402

The company had no tangible assets at 31 December 2021 (2020 - £0).

## 6 Investments

Topco Koru Limited investment in Bidco Koru Limited is as follows:

	Investment in subsidiary undertakings
Cost	£
At 01 January 2021	1
Additions	-
At 31 December 2021	<u>1</u>

Topco Koru Limited is the parent company of the group. The principal undertaking in which the company's interest is greater than 20% or more and therefore have been included in the consolidation are as follows:

Name	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
Bidco Koru Limited	England	100%	Holding company
Zestia Limited	England	100%	Software company
CapsuleCRM Inc	United States	100%	Service company
MPZMail Limited	England	100%	Software company

## 7 Debtors

	2021	2020
Group	£	£
Trade debtors	40,322	30,553
Other debtors	1,244	6,000
Prepayments and accrued income	109,535	96,704
Corporation tax asset	245,510	-
	<u>396,611</u>	<u>133,257</u>

  

	2021	2020
Company	£	£
Amounts owed by group undertakings	1,115,311	1,033,989
	<u>1,115,311</u>	<u>1,033,989</u>

All amounts shown in debtors fall due for payment within one year.

**8 Creditors: amounts falling due within one year**

	<b>2021</b>	<b>2020</b>
<b>Group</b>	<b>£</b>	<b>£</b>
Trade creditors	39,857	12,299
Loan notes	-	3,876,657
Taxation and social security costs	162,751	125,076
Bank loan	9,200	-
Accruals and deferred income	103,681	89,074
Corporation Tax liability	-	141,521
Other creditors	137,679	11,836
	<b>453,168</b>	<b>4,256,463</b>

Newlands Capital 1 LLP holds a fixed charge over all land and intellectual property owned by the company at any time and a floating charge covers all the property or undertaking of the company.

	<b>2021</b>	<b>2020</b>
<b>Company</b>	<b>£</b>	<b>£</b>
Amounts owed to Group undertakings	55,000	65,000
Accruals	-	7,615
	<b>55,000</b>	<b>72,615</b>

**9 Creditors: amounts falling due after one year**

	<b>2021</b>	<b>2020</b>
<b>Group</b>	<b>£</b>	<b>£</b>
Loan notes	18,527,999	18,527,999
Accruals	2,213,209	873,100
Bank loan	31,709	-
	<b>20,772,917</b>	<b>19,401,099</b>

These loan notes accrue interest at 10% per annum. The Bank loan accrues interest at 2.5% per annum.

The company had no Creditor amounts falling due after one year at 31 December 2021 (2020 - £0).

**10 Provisions**

	2021	2020
Group	£	£
Deferred Tax	201,348	13,026
	<u>201,348</u>	<u>13,026</u>

The company had no deferred tax at 31 December 2021 (2020 - £0).

**11 Pensions**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered scheme. Pension creditor on 31 December 2021 was £13,836 (2020 - £11,836).

**12 Share Capital**

<i>Allotted, called up and fully paid</i>	£
48,976,071 A ordinary shares of £0.001 each	48,976
43,286,176 B1/B2 ordinary shares of £0.001 each	43,286
2,000,000 C ordinary shares of £0.001 each	2,000
237,753 D ordinary shares of £0.001 each	238
A1 31 December 2021	<u>94,500</u>

Ordinary shares A carry 49.2% of the total voting rights, ordinary shares B1 and B2 carry 25.39% each of the total voting right. Ordinary shares C and D carry no voting rights.

### 13 Business combinations

#### *Acquisition of Zestia Limited*

Deferred consideration of £34,011 was paid during the year relating to a pre-acquisition R&D tax credit. No further deferred consideration is due to be paid for the acquisition of Zestia Limited.

#### *Acquisition of MPZMail Limited*

On 15 October 2021 the group acquired 100% of the share capital and voting rights of MPZMail Limited. The following table summarises the consideration paid by the group, the fair value of the net assets of MPZMail Limited have been assessed. There have been no changes to the book value and/ or fair value of the assets.

	<b>Fair Value as at 15 October 2021</b>
<b>Fixed Assets</b>	<b>£</b>
Tangible	2,921
<b>Current Assets</b>	
Debtors	6,993
Prepayments	44,818
Cash at Bank and in hand	17,982
Tax Asset	17,982
<b>Total Assets</b>	<u>72,713</u>
<b>Creditors</b>	
Due within one year	(29,923)
Due after one year	(33,824)
<b>Net Assets</b>	<u>8,966</u>
Goodwill (note 4)	544,576
<b>Total purchase consideration (including expenses of £46,440)</b>	<u>553,542</u>

#### 14 Audit report information

As the statement of comprehensive income has been omitted from the filleted accounts filed with the Registrar of Companies, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006.

The auditor's report on the financial statements for the year ended 31 December 2021 was unqualified.

The audit report was signed on 21 July 2022 by Jonathan Lowe (Senior statutory auditor) on behalf of RSM UK Audit LLP.

#### 15 Related party disclosures

The company operated a loan account during the year with a Director of the company. On 31 December 2021 the Director owed £0 (2020 - £6,000) to the company and incurred 0% interest.

There were loan notes of £18,480,427 with Shareholders of Topco Koru Limited. A Director loan note of £3,876,600 (2020 - £3,876,600) was repaid during the year. The date of repayment was 09 April 2021 and subsequently the charge was released. There were no new loan notes issued during the year. The full balance of the Shareholder loan notes remained outstanding at the year-end. Interest of £2.8m (2020 - £0.9m) was accrued on these loan notes since issue, of which £0.6m was paid in the year. The remaining balance of £2.2m was outstanding at the year end.

The company has taken advantage of the exemption available in accordance with FRS102 not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group which is party to the transactions.

#### 16 Ultimate controlling party

The ultimate parent company is Topco Koru Limited which consolidates the results of Bidco Koru Limited, Zestia Limited, MPZMail Limited and CapsuleCRM Inc. The address of the registered office for Topco Koru Limited is Level 1, 20 Dale Street, Manchester, M1 1EZ.