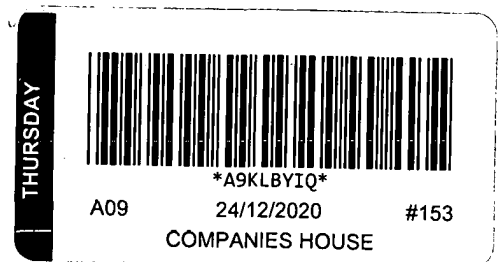


Blue Chip Data Systems Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2019



Blue Chip Data Systems Limited

Company Information

Directors W Churchill (appointed 10 September 2019)
K J Budge (appointed 22 July 2020)

Registered number 02708840

Registered office Global House
2 Crofton Close
Lincoln
Lincolnshire
LN3 4NT

Independent auditors Ernst & Young LLP
No 1. Colmore Square
Birmingham
B4 6HQ

Blue Chip Data Systems Limited

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Blue Chip Data Systems Limited

Strategic Report For the Year Ended 31 December 2019

The Directors present their Strategic Report together with the audited financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the Company is to build and manage high quality Communications, Hybrid Cloud and Network solutions for major companies.

The Company is part of the Divitias Midco Limited group (the 'Group'), Divitias Midco Limited owns 100% of Divitias Bidco Limited which owns 100% of the entire GCI trading group of which this Company is a part of.

Business review

Dividends of £4,450,000 were paid during the year (2018 - £nil).

On 4 May 2018, Mayfair Equity Partners (Mayfair) acquired a majority stake in GCI Managed Services Group Limited (the parent company of the business).

To facilitate the transaction new parent companies were established, Divitias Bidco Limited (which owns 100% of GCI Managed Services Group Limited), Divitias Midco Limited (which owns 100% of shares in Divitias Bidco Limited) and Divitias Holdco Limited (which holds 100% of the shares in Divitias Midco).

Currently, operating under the GCI branding, we are continuing our growth strategy both organically across all sectors of the IT and data marketplace, as well as through acquisitions.

On 2 June 2019, the Group acquired 100% of the issued share capital of four subsidiaries of Premier Global Services Inc., including Modality Systems Limited, for \$15m.

On 27 January 2020 the Group acquired 100% of Nasstar plc, an AIM listed business which provides managed IT and cloud hosted services to the legal, recruitment and financial services sectors in a deal worth £81.5m.

Executive Management has changed several times since the original deal in 2018 and the Group is now led by Wayne Churchill CEO (appointed September 2019) and Kevin Budge CFO (appointed May 2020).

Subsequent to the year end, the Group was divided into 3 Business Units to bring greater focus on trading results.

The 3 Business Units are:

- The Microsoft Business Unit
- A Managed IT and Cloud Business Unit
- An Infrastructure, Voice and Network Business Unit

As our marketplace becomes increasingly competitive, to remain truly effective and grow, we need to concentrate our resources, focus our learning and energy around the specialisms that exist in the business today.

The skills, know how and expertise in the Group today is extensive and that is a fantastic asset. The new Business Unit structure concentrates this expertise, it brings about greater focus and enables us to build more compelling value propositions.

Blue Chip Data Systems Limited

Strategic Report (continued) For the Year Ended 31 December 2019

Key performance indicators

The Key Performance Indicators of the Business are set out below:

	2019 £000's	2018 (as restated £000's
Revenue (£'000)	22,701	23,150
Gross profit (£'000)	6,366	8,096
EBITDA* (£'000)	2,440	4,222
Profit before tax for the period (£'000)	<u>1,723</u>	<u>3,561</u>

*EBITDA is defined to be Profit before Interest, Tax, Depreciation, Amortisation, Other Operating Income, Exceptional items and Profit/Losses on disposal of assets.

Revenues have decreased by 2% on 2018 figures to £22.7m and gross profit has decreased by 21% to £6.3m. This is mainly due to poorer gross margin on non-recurring revenues. Profit before tax has decreased by 52% to £1.7m, mainly due to the decrease in gross profits, along with an increase management charges to its parent company.

Blue Chip Data Systems Limited

Strategic Report (continued) For the Year Ended 31 December 2019

Principal risks and uncertainties

The Directors consider the principal risks and uncertainties that the Business is exposed to are regulatory change, market conditions, capital risk, credit risk and liquidity risk.

Regulatory change

The Business and its parent Group operates within the telecommunications sector in the UK, and is therefore regulated by Ofcom and subject to the conditions of the Communications Act 2003. A breach of the regulatory requirements could result in penalties, financial or otherwise. An increase in regulation could also cause increased regulatory costs. The Business actively monitors all changes to regulations within the sector and provides training to staff to help prevent any non compliance.

Market conditions

The Business faces the risk that adverse currency fluctuations could lead to margin erosion on any contracts already closed prior to Brexit, due to increased equipment costs. It also faces the risk that uncertainty and sentiment in the market may or may not cause customers to go out to tender, thus affecting the Business's pipeline of work. Only a small percentage of the Business's cost base is in an overseas currency, so the Business has limited exposure here. The Business has an ever increasing pipeline of work and a varied customer base, which helps to spread the risk.

Capital risk management

The Directors consider the capital of the Group to relate to share capital and Group reserves and long term borrowings. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Directors carefully monitor the Group's long term borrowings including the ability to service debt and long term forecast covenant compliance. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or borrow additional debt.

The interest rates on each of the Group's major monetary assets and liabilities are managed to achieve the desired mix of fixed and variable rates, Measurements of this interest rate risk and its potential volatility to the Group's reported financial performance is undertaken on a regular basis.

Hedging activities are evaluated regularly to align with defined risk appetite and any interest rate risk conditions impaired by lenders; ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through varying interest rate cycles.

Blue Chip Data Systems Limited

Strategic Report (continued) For the Year Ended 31 December 2019

Credit risk

The Group may offer credit terms to its customers which allow payment of the debt after delivery of the goods or services. The Group is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong ongoing customer relationships and by the exposure over a large number of customers rather than a significant concentration.

Credit risk arises from cash and cash equivalents, credit sales and deposits with banks. Credit risk related to the use of treasury instruments is managed on a Group basis. This risk arises from transactions with banks, such as those involving cash and cash equivalents and deposits. To reduce the credit risk, the Group has concentrated its main activities with a group of banks that have secure credit ratings. For each bank, individual risk limits are set based on its financial position, credit ratings, past experience and other factors. The utilisation of credit limits is regularly monitored.

Management continually review specific balances for potential indicators of impairment. In the instance where an indicator is identified, management will determine overall recovery from a legal perspective and provide for any irrecoverable amounts.

Liquidity

The objective of the Group in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Group expects to meet its financial obligations through operating cash flows. The Group has generated sufficient cash from operations to meet its working capital requirements. The Group monitors rolling cash flow forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs.

Future developments

For the 2020 financial year, we will continue to invest in our systems, processes and to consolidate the acquisitions and realise cost savings across the Group.

Strategy and objectives

Our strategic goal is to transition GCI into a stable platform for the acquisition and integration of value generating businesses.

The directors noted growth opportunities in Microsoft products such as Skype for Business; Teams and Azure, plus the need for scale in IT Managed Services.

Management then identified the Modality group of companies with the right Microsoft product suite and acquired them in June 2019 and followed through with the Nasstar Plc acquisition for the IT Managed Services which was a delisting that closed in January 2020.

In 2020 our priority will be to integrate and consolidate these acquisitions and to construct the stable platform.

Given our focus to continue strengthening our balance sheet and cash positions, already in 2020 we are showing good cash generation enabling us to compete and add value to our products and, where we deem appropriate, by further acquisition of businesses.

Blue Chip Data Systems Limited

Strategic Report (continued) For the Year Ended 31 December 2019

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The board of directors of Blue Chip Data Systems Limited consider, both individually and together, that they have acted, in good faith, in the way they consider, would be the most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a f) of the Act) in the decisions taken during the year ended 31 December 2019. By reference to the approval of our strategic and business plans by our stakeholders, supported by the board assurance statement accompanying our plans:

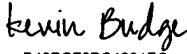
- Our plans have been designed to have a long term beneficial impact on the company and to contribute to its success in delivering better quality, more competitive and reliable set of services to all our current and prospective customers. We will continue to operate our business within tight budgetary controls and in line with all regulatory and statutory requirements.
- Our purpose is to harness talent and technology in an ethical manner to benefit all our stakeholders who are our customers and their industries, our shareholders, our people and the communities in which we operate.
- Our employees are fundamental to the delivery of our plans. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. The health safety and well being of our employees is one of our primary considerations in the way we do our business.
- As the Board of Directors, our intention is to behave responsibly and ensure that the management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours and in doing so, will contribute to the delivery of our plan. The intention is to nurture our reputation and brand presence, through both the construction and delivery of our plans, that reflects our responsible behaviour.
- As the Board of Directors, our intention is to behave responsibly toward our investors and treat them fairly and equally, so they too benefit from the successful delivery of our plans.
- Our Customers are the heart of our business. We aim to deliver truly outstanding customer experiences ensuring desired outcomes and value for money. On a monthly basis the Board receives reports detailing our customers outstanding debt positions which are used to evaluate any risks in terms of cash collectability and/or trading issues which may require remedial action. What we are going to do in 2020: In 2020 we intend to focus on areas of improvement that have been identified through various feedback channels and a smarter use of technology. The Board will be considering a restructuring to ensure the on going approach to market is more effective for our current and prospective customers.
- Engagement with suppliers is key in supporting our commitment to the Supplier Code and supports also our Modern Slavery Statement (which can be found on our website). We also recognise that compliance is key for our suppliers and ourselves. Sustainability is an important part of any business strategy and our suppliers are willing to work with us on this aspect too. We look for the right balance of global, national and local capability, working with partners to drive innovation.

Blue Chip Data Systems Limited

Strategic Report (continued) For the Year Ended 31 December 2019

- The Board maintains regular and constructive dialogue with our investors to communicate our strategy and performance in order to promote investor confidence and ensure our continued access to capital. In addition, we have conversations around acquisitions and disposals strategy and our corporate structure. As part of all these key communications we ensure that where applicable any legal, taxation or mergers & acquisitions support are engaged to ensure we remain compliant and effective in any decisions we make. This was the case when our investors supported the acquisition of the Modality companies, where our decisions were focussed on EBITDA growth, diversifying our product offering, cash generation and strong synergy with our current portfolio.

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

DocuSigned by:

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K J Budge
Director

Date: 18 December 2020

Blue Chip Data Systems Limited

Directors' Report For the Year Ended 31 December 2019

The Directors present their report and the financial statements for the year ended 31 December 2019.

Results and dividends

The profit for the year, after taxation, amounted to £1,975,243 (2018 - £3,253,881 as restated).

Dividends of £4,450,000 were paid during the year (2018 - £nil).

Directors

The Directors who served during the year were:

C McLauchlan (appointed 29 April 2019, resigned 22 July 2020)
M D Allen (appointed 1 July 2017, resigned 8 April 2019)
T D Howard (appointed 29 April 2019, resigned 7 October 2019)
A A Thirkill (appointed 1 July 2017, resigned 27 August 2019)
W Churchill (appointed 10 September 2019)

Other changes to Directors:

K J Budge (appointed 22 July 2020)

Directors' responsibilities statement

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 year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Report (continued)
For the Year Ended 31 December 2019

Employee involvement

Information on 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 concerning the financial and economic factors affecting the company's performance. We regularly consult with employees and encourage their views when making decisions which are relevant to them.

Disabled employees

It is the policy of the company, where possible, to give full and fair consideration to disabled persons in their applications for employment within the company.

Qualifying third party indemnity provisions

Qualifying third-party indemnity provisions for the benefit of the Directors were in force during the year.

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 Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

The impact of COVID 19 has created some level of uncertainty as to the outlook for the next 12 months. Should it become apparent that sales orders, revenue and/or cash collections are being significantly affected by a slowdown in the markets in which the Group operates, the Directors will undertake a further review on discretionary expenditure and capital investment to protect the Group's cash position.

The Group will, as part of its usual period end reporting process, conduct impairment reviews across all cash generating units. The process will be informed by any impact arising from challenging trading environments and macro economic weakness, exacerbated by the uncertainty created by COVID 19.

There is the potential should macro economic weakness persist, for write down of goodwill and investment valuation alongside increases in bad debt provisions and write offs should customers enter financial difficulty.

We aim to mitigate this customer risk categorising customers as either paying in advance or by securing suitable credit insurance coverage on certain customers according to input from external credit agencies.

The Group continues to enjoy a positive liquidity position and is well positioned, given further opportunities for cost mitigation to cope with the current situation.

**Directors' Report (continued)
For the Year Ended 31 December 2019**

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 6. Pages 3 and 4 include a description of the Company's policies and processes for managing its capital, details of its financial instruments, and its exposure to credit risk and liquidity risk.

The Company is part of the GCI trading group, which in turn is part of the Divitias Midco Limited group (the 'Parent Group'). The Company is dependent on continuing financial support being made available by Divitias Midco Limited and its subsidiary Divitias Bidco Limited where external borrowings are held. Divitias Bidco Limited has agreed to provide sufficient funds to the Company to enable it to meet its liabilities as they fall due, but only to the extent that money is not otherwise available to the Company to meet such liabilities, for a period of at least 12 months from the date of signing of these financial statements.

The Board has considered the impact of the ongoing COVID-19 impact. Despite the COVID-19 pandemic the Parent Group has traded profitably and increased its cash position by £11.7m to Q3 2020. Revenues are slightly suppressed from budget but a strong cost-out programme following the acquisition of Nasstar plc in January 2020 has mitigated this resulting in an EBITDA that is only slightly below budget. However, it is still too early to ascertain the impact that COVID-19 may have on the next 12 months revenue and profitability.

The Directors have prepared forecasts for the Parent Group covering a period through to 31 December 2021. These forecasts reflect an assessment of current and future market conditions and their impact on the Parent Group's future profitability performance. The forecasts have been sensitised for a reduction in revenue from Q3 2020 to the end of the review period with the impact on profitability and cash flow considered, net of certain expected cost savings given the reduced volumes. The forecasts have also been reverse stress tested with some cost mitigations, each within the control of the business.

In the sensitised scenario, reflecting a severe but plausible downside, the forecasts indicate the Parent Group would still have sufficient profitability for the Parent Group to meet its covenant requirements and would retain sufficient liquidity to fund operations. In the reverse stress tested scenario, the Parent Group would need some mitigation such as reducing discretionary spend and delaying development and capital expenditure. Should it become apparent that trading performance is being affected for a prolonged period, the Directors will undertake a further review on discretionary expenditure and capital investment to protect the Parent Group's position.

Having considered all the above, including the Parent Group's current financial position, the directors remain confident in the long term future prospects for the Parent Group and its ability to continue as a going concern for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements.

Blue Chip Data Systems Limited

Directors' Report (continued)
For the Year Ended 31 December 2019

Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

DocuSigned by:

Kevin Budge

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K J Budge

Director

Date: 18 December 2020

Independent Auditor's Report to the Shareholders of Blue Chip Data Systems Limited

Opinion

We have audited the financial statements of Blue Chip Data Systems Limited (the 'Company') for the year ended 31 December 2019, which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 - 24, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Emphasis of matter - Effects of COVID 19

We draw attention to Notes 1.2 and 23 of the financial statements, which describe the economic and operational consequences the company is facing as a result of COVID 19 which is impacting customer demand, profitability and liquidity, together with personnel being able to access offices. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

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

Independent Auditor's Report to the Shareholders of Blue Chip Data Systems Limited (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.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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, 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.

Independent Auditor's Report to the Shareholders of Blue Chip Data Systems Limited (continued)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 7, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

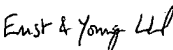
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

DocuSigned by:

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Adrian Roberts (Senior Statutory Auditor)

for and on behalf of
Ernst & Young LLP

No 1. Colmore Square
Birmingham

B4 6HQ

Date: 18 December 2020

Blue Chip Data Systems Limited

Income Statement For the Year Ended 31 December 2019

	Note	2019 £	As restated 2018 £
Turnover	2	22,700,896	23,150,123
Cost of sales		(16,335,142)	(15,054,519)
Gross profit		6,365,754	8,095,604
Administrative expenses		(4,656,214)	(4,534,700)
Other operating income	3	14,605	-
Operating profit	4	1,724,145	3,560,904
Interest payable and similar expenses	7	(1,119)	-
Profit before tax		1,723,026	3,560,904
Tax on profit	8	252,217	(307,023)
Profit for the financial year		1,975,243	3,253,881

There were no recognised gains and losses for 2019 or 2018 other than those included in the income statement.

The notes on pages 19 to 35 form part of these financial statements.

Blue Chip Data Systems Limited
Registered number: 02708840

Statement of Financial Position
As at 31 December 2019

	Note	2019 £	As restated 2018 £
Fixed assets			
Intangible assets	10	58,427	252,906
Tangible assets	11	1,432,547	1,559,792
		1,490,974	1,812,698
Current assets			
Stocks	12	443,247	714,564
Debtors: amounts falling due within one year	13	6,777,862	9,472,991
Cash at bank and in hand		1,006,379	528,879
		8,227,488	10,716,434
Creditors: amounts falling due within one year	14	(5,847,035)	(6,182,948)
Net current assets		2,380,453	4,533,486
Total assets less current liabilities		3,871,427	6,346,184
Net assets		3,871,427	6,346,184
Capital and reserves			
Called up share capital	16	74,097	74,097
Other reserves	17	296,530	306,844
Profit and loss account	17	3,500,800	5,965,243
		3,871,427	6,346,184

See note 18 for details of restatement.

Blue Chip Data Systems Limited
Registered number: 02708840

Statement of Financial Position (continued)
As at 31 December 2019

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

DocuSigned by:

Kevin Budge

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K J Budge

Director

Date: 18 December 2020

The notes on pages 19 to 35 form part of these financial statements.

Blue Chip Data Systems Limited

**Statement of Changes in Equity
For the Year Ended 31 December 2019**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2019 (as restated)	74,097	306,844	5,965,243	6,346,184
Comprehensive income for the year				
Profit for the year	-	-	1,975,243	1,975,243
Dividends paid: Equity capital (note 9)	-	-	(4,450,000)	(4,450,000)
Transfer to/from profit and loss account	-	(10,314)	10,314	-
At 31 December 2019	<u>74,097</u>	<u>296,530</u>	<u>3,500,800</u>	<u>3,871,427</u>

The notes on pages 19 to 35 form part of these financial statements.

Blue Chip Data Systems Limited

**Statement of Changes in Equity
For the Year Ended 31 December 2018**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2018	74,097	317,158	2,701,048	3,092,303
Comprehensive income for the year				
Profit for the year (as previously reported)	-	-	3,133,191	3,133,191
Prior year adjustment (note 18)	-	-	120,690	120,690
Profit for the year (as restated)	-	-	3,253,881	3,253,881
Transfer to/from profit and loss account	-	(10,314)	10,314	-
At 31 December 2018 (as restated)	<u><u>74,097</u></u>	<u><u>306,844</u></u>	<u><u>5,965,243</u></u>	<u><u>6,346,184</u></u>

The notes on pages 19 to 35 form part of these financial statements.

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

1. Accounting policies

1.1 Basis of preparation of financial statements

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

Prior year adjustments relate to the correction of a material prior period error. See Note 18 for further details of the prior year adjustment recognised.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland':

- a) the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- b) the requirements of Section 7 Statement of Cash Flows;
- c) the requirement of Section 3 Financial Statement Presentation paragraph 3.17(d);
- d) the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- e) the requirements of Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- f) the requirement of Section 33 Related Party Disclosures paragraph 33.7.

The company has taken advantage of exemption, under the terms of Section 33.11 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

This information is included in the consolidated financial statements of Divitias Midco Limited as at 31 December 2018 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The following principal accounting policies have been applied:

Blue Chip Data Systems Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

1. Accounting policies (continued)

1.2 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 6. Pages 3 and 4 include a description of the Company's policies and processes for managing its capital, details of its financial instruments, and its exposure to credit risk and liquidity risk.

The Company is part of the GCI trading group, which in turn is part of the Divitias Midco Limited group (the 'Parent Group'). The Company is dependent on continuing financial support being made available by Divitias Midco Limited and its subsidiary Divitias Bidco Limited where external borrowings are held. Divitias Bidco Limited has agreed to provide sufficient funds to the Company to enable it to meet its liabilities as they fall due, but only to the extent that money is not otherwise available to the Company to meet such liabilities, for a period of at least 12 months from the date of signing of these financial statements.

The Board has considered the impact of the ongoing COVID-19 impact. Despite the COVID-19 pandemic the Parent Group has traded profitably and increased its cash position by £11.7m to Q3 2020. Revenues are slightly suppressed from budget but a strong cost-out programme following the acquisition of Nasstar plc in January 2020 has mitigated this resulting in an EBITDA that is only slightly below budget. However, it is still too early to ascertain the impact that COVID-19 may have on the next 12 months revenue and profitability.

The Directors have prepared forecasts for the Parent Group covering a period through to 31 December 2021. These forecasts reflect an assessment of current and future market conditions and their impact on the Parent Group's future profitability performance. The forecasts have been sensitised for a reduction in revenue from Q3 2020 to the end of the review period with the impact on profitability and cash flow considered, net of certain expected cost savings given the reduced volumes. The forecasts have also been reverse stress tested with some cost mitigations, each within the control of the business.

In the sensitised scenario, reflecting a severe but plausible downside, the forecasts indicate the Parent Group would still have sufficient profitability for the Parent Group to meet its covenant requirements and would retain sufficient liquidity to fund operations. In the reverse stress tested scenario, the Parent Group would need some mitigation such as reducing discretionary spend and delaying development and capital expenditure. Should it become apparent that trading performance is being affected for a prolonged period, the Directors will undertake a further review on discretionary expenditure and capital investment to protect the Parent Group's position.

Having considered all the above, including the Parent Group's current financial position, the directors remain confident in the long term future prospects for the Parent Group and its ability to continue as a going concern for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements.

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

1. Accounting policies (continued)

1.3 Turnover

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

Sale of goods

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

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

Rendering of services

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

- the amount of turnover can be measured reliably;
- it is probable that the Company 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.

1.4 Research and development

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

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

1.5 Finance costs

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

Blue Chip Data Systems Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

1. Accounting policies (continued)

1.6 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, 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 reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 reporting date.

1.7 Intangible assets

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

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

The estimated useful lives range as follows:

Website costs	-	3	years
Development expenditure	-	3	years

Blue Chip Data Systems Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

1. Accounting policies (continued)

1.8 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.

Depreciation is provided on the following basis:

Freehold property	- 2%	straight line
Fixtures and fittings	-	33% or 50% straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Income Statement.

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

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

1. Accounting policies (continued)

1.10 Financial instruments

The Company 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 banks and other third parties, loans to related parties and investments in ordinary shares.

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 Income Statement.

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 Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position 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.

1.11 Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual outcome may diverge from these estimates if other assumptions are made, or other conditions arise.

The estimates and judgements that have the most significant effect on the amounts included in these financial statements are as follows:

- Stock obsolescence (see note 12)

At each reporting date, stocks are assessed for obsolescence. If stock is considered to be obsolete, the carrying amount is reduced through applying provisions as considered necessary to correctly reflect the value of stock that is considered recoverable. Movements in respect of stock provisions are recognised immediately in the income statement.

- Trade debtors (see note 13)

The company reviews the recoverability of trade debtors and makes allowances for doubtful debts where considered appropriate. If there is evidence of impairment the carrying amount of the debtor is reduced to its recoverable amount. The impairment loss is recognised immediately in the income statement.

Blue Chip Data Systems Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

1. Accounting policies (continued)

1.12 Dividends

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

2. Turnover

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

	2019 £	2018 £
Rendering of services	16,284,366	16,501,514
Sale of goods	6,228,535	6,564,302
Commissions receivable	187,995	84,307
	<u>22,700,896</u>	<u>23,150,123</u>

All turnover arose within the United Kingdom.

3. Other operating income

	2019 £	2018 £
Other operating income	14,605	-
	<u>14,605</u>	<u>-</u>

Other operating income consists of R&D tax credits.

4. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Other operating lease rentals	<u>53,970</u>	<u>50,296</u>

Blue Chip Data Systems Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

5. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>65,000</u>	<u>16,000</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

6. Employees

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	7,775,144	11,386,858
Social security costs	885,875	915,616
Cost of defined contribution scheme	217,535	188,130
	<u>8,878,554</u>	<u>12,490,604</u>

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

	2019 No.	2018 No.
Production	127	143
Administration and support	12	14
Sales	24	27
Other departments	9	10
	<u>172</u>	<u>194</u>

Blue Chip Data Systems Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

7. Interest payable and similar expenses

	2019	2018
	£	£
Bank interest payable	1,119	-
	<u>1,119</u>	<u>-</u>

8. Taxation

	2019	As restated 2018
	£	£
Corporation tax		
Current tax on profits for the year	(268,928)	295,611
	<u>(268,928)</u>	<u>295,611</u>
Total current tax	<u>(268,928)</u>	<u>295,611</u>
Deferred tax		
Origination and reversal of timing differences	16,711	11,412
Total deferred tax	<u>16,711</u>	<u>11,412</u>
Tax (credit)/charge for the year	<u>(252,217)</u>	<u>307,023</u>

Blue Chip Data Systems Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

8. Taxation (continued)

Factors affecting tax (credit)/charge for the year

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	As restated 2018 £
Profit before tax	<u>1,723,026</u>	<u>3,560,904</u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	327,375	676,572
Effects of:		
Expenses not deductible for tax purposes	3,586	3,359
Fixed asset differences	2,761	4,153
Adjustments to tax charge in respect of prior periods	(241,048)	(50,850)
R&D expenditure credits	(2,775)	-
Changes to tax rates	1,314	6,289
Group relief	(349,376)	(332,500)
Transfer pricing adjustments	5,946	-
Total tax (credit)/charge for the year	<u>(252,217)</u>	<u>307,023</u>

Adjustments in respect of previous periods are due mainly in respect of understatement of group relief which was subsequently claimed.

Factors that may affect future tax charges

The Finance Act 2016, enacted on 15 September 2016, reduced the main rate of corporation tax to 17% for year commencing 1 April 2020. These changes have been reflected in the carrying value of the deferred tax liability at the balance sheet date.

A resolution to retain the corporation tax rate from 1 April 2020 at 19% was passed on 17 March 2020, and is enacted from this date.

Blue Chip Data Systems Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

9. Dividends

	2019 £	2018 £
Dividends paid on 5 November 2019	4,450,000	-
	<u>4,450,000</u>	<u>-</u>

10. Intangible assets

	Website costs £	Development expenditure £	Total £
Cost			
At 1 January 2019	409,851	275,557	685,408
At 31 December 2019	<u>409,851</u>	<u>275,557</u>	<u>685,408</u>
Amortisation			
At 1 January 2019	235,288	197,214	432,502
Charge for the year	138,780	55,699	194,479
At 31 December 2019	<u>374,068</u>	<u>252,913</u>	<u>626,981</u>
Net book value			
At 31 December 2019	<u>35,783</u>	<u>22,644</u>	<u>58,427</u>
At 31 December 2018	<u>174,563</u>	<u>78,343</u>	<u>252,906</u>

Blue Chip Data Systems Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

11. Tangible fixed assets

	Freehold property £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 January 2019	765,000	3,138,787	3,903,787
Additions	-	408,851	408,851
At 31 December 2019	<u>765,000</u>	<u>3,547,638</u>	<u>4,312,638</u>
Depreciation			
At 1 January 2019	114,749	2,229,246	2,343,995
Charge for the year on owned assets	14,532	521,564	536,096
At 31 December 2019	<u>129,281</u>	<u>2,750,810</u>	<u>2,880,091</u>
Net book value			
At 31 December 2019	<u><u>635,719</u></u>	<u><u>796,828</u></u>	<u><u>1,432,547</u></u>
At 31 December 2018	<u><u>650,251</u></u>	<u><u>909,541</u></u>	<u><u>1,559,792</u></u>

Revaluation

The fair value of the company's freehold land and buildings was revalued on 10 October 2013 by an independent valuer. The basis of this valuation was open market value.

Had this class of asset been measured on a historical cost basis, the carrying amount would have been £304,254 (2018 - £304,254).

Blue Chip Data Systems Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

12. Stocks

	2019 £	2018 £
Finished goods and goods for resale	443,247	714,564
	<u>443,247</u>	<u>714,564</u>

13. Debtors

	2019 £	As restated 2018 £
Trade debtors	2,649,828	3,194,371
Amounts owed by group undertakings	1,956,060	4,420,091
Other debtors	8,779	39,030
Prepayments and accrued income	2,112,900	1,752,493
Deferred taxation	50,295	67,006
	<u>6,777,862</u>	<u>9,472,991</u>

The loss recognised in the company income statement for the period in respect of bad and doubtful trade debts is £228,688 (2018 - £nil).

14. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	1,131,446	1,363,953
Amounts owed to group undertakings	-	399,644
Corporation tax	127,807	352,151
Other taxation and social security	944,398	667,155
Other creditors	63,677	41,227
Accruals and deferred income	3,579,707	3,358,818
	<u>5,847,035</u>	<u>6,182,948</u>

The amounts owed to/from group undertakings are unsecured and interest free. Although the balances have no fixed repayment terms, the counterparties have confirmed that repayment will not be sought if such payment would prejudice the company's ability to settle its other debts as they fall due.

Blue Chip Data Systems Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

15. Deferred taxation

	2019	2018
	£	£
At beginning of year	67,006	78,418
Charged to the profit or loss	(16,711)	(11,412)
At end of year	<u>50,295</u>	<u>67,006</u>

The deferred tax asset is made up as follows:

	2019	2018
	£	£
Accelerated capital allowances	50,295	67,006
	<u>50,295</u>	<u>67,006</u>

16. Share capital

	2019	2018
	£	£
Allotted, called up and fully paid		
29,076 (2018 - 29,076) A Ordinary shares of £1.00 each	29,076	29,076
12,537 (2018 - 12,537) B Ordinary shares of £1.00 each	12,537	12,537
12,537 (2018 - 12,537) C Ordinary shares of £1.00 each	12,537	12,537
12,537 (2018 - 12,537) D Ordinary shares of £1.00 each	12,537	12,537
3,705 (2018 - 3,705) E Ordinary shares of £1.00 each	3,705	3,705
3,705 (2018 - 3,705) F Ordinary shares of £1.00 each	3,705	3,705
	<u>74,097</u>	<u>74,097</u>

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

All shares have equal voting rights.

Blue Chip Data Systems Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

17. Reserves

Other reserves

Other reserves are non-distributable reserves that represent amounts where the current and probable future value of an asset is higher than the recorded historic cost of the same asset.

Profit and loss account

The retained earnings are all other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

All amounts are attributable to the equity holders of the company.

18. Prior year adjustment

The following material errors have been identified and corrected in respect of prior period financial statements:

Revenue cut-off error

It was noted that 2018 revenues relating to one customer totalling £149,000 were omitted from the prior year financial statements. The omitted revenues solely related to 2018 and therefore had no impact on opening balances.

The effect on the comparative figures are as follows:

	2018 £
Increase in Revenue	149,000
Increase in Accrued income	149,000
Increase in Corporation tax charge	28,310
Increase in Corporation tax liability	<u>28,310</u>

All prior year adjustments reflected in the above exclude VAT. The net effect on the loss for the period amounted to £120,690.

The opening balance sheet has been impacted and restated in accordance with the above.

Blue Chip Data Systems Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

19. Contingent liabilities

The company entered into an agreement in the prior period to share a group term loan facility of £90,000,000, a term capex facility of £60,000,000 and a revolving facility of £2,500,000, along with other group companies. As part of this agreement the U.S. Bank Trustees Limited hold a cross group guarantee across all group companies and a debenture over the company including a fixed charge over all present leasehold property: first fixed charge over book and debts, chattels, goodwill and uncalled capital, both present and future: and first floating charge over all assets and undertaking both present and future dated 4 May 2018.

An additional £14,500,000 was drawn down on 31 May 2019 with the same conditions as above.

As at 31 December 2019, £105,500,000 (2018 - £91,000,000) facility had been drawn down by the Group.

20. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £217,535 (2018 - £188,130). Contributions totalling £31,660 (2018 - £29,081) were payable to the fund at the reporting date and are included in creditors.

21. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	35,000	35,000
Later than 1 year and not later than 5 years	106,247	141,247
	<u>141,247</u>	<u>176,247</u>

22. Related party transactions

The Company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Blue Chip Data Systems Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

23. Post balance sheet events

The impact of COVID 19 has created some level of uncertainty as to the outlook for the next 12 months. Should it become apparent that sales orders, revenue and/or cash collections are being significantly affected by a slowdown in the markets in which the Group operates, the Directors will undertake a further review on discretionary expenditure and capital investment to protect the Group's cash position.

The Group will, as part of its usual period end reporting process, conduct impairment reviews across all cash generating units. The process will be informed by any impact arising from challenging trading environments and macro economic weakness, exacerbated by the uncertainty created by COVID 19.

There is the potential should macro economic weakness persist, for write down of goodwill and investment valuation alongside increases in bad debt provisions and write offs should customers enter financial difficulty.

We aim to mitigate this customer risk categorising customers as either paying in advance or by securing suitable credit insurance coverage on certain customers according to input from external credit agencies. The Group continues to enjoy a positive liquidity position and is well positioned, given further opportunities for cost mitigation to cope with the current situation.

24. Controlling party

The Company's immediate controlling party is GCI Managed Services Group Limited.

The Company's ultimate parent company was GCI Managed Services Group Limited until 4 May 2018. Following Mayfair Equity Partners LLP's acquisition of GCI Managed Services Group Limited, the company's ultimate parent company is Divitias Holdco Limited. The registered address of the parent undertaking is Cambridge House, Le Truchot St, Peter Port, Guernsey, GY1 4BF.

The ultimate controlling party is Mayfair Equity Partners LLP through its fund Mayfair Nominees.