
AUTOMATED SYSTEMS GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

AUTOMATED SYSTEMS GROUP LIMITED

COMPANY INFORMATION

Directors	P B Derry D G Forsyth S Whapshott M Ramzan (appointed 24 September 2021)
Registered number	02930529
Registered office	No.1 London Bridge London SE1 9BG
Independent auditor	Nexia Smith & Williamson Chartered Accountants & Statutory Auditor 4th Floor Cumberland House 15-17 Cumberland Place Southampton Hampshire SO15 2BG

AUTOMATED SYSTEMS GROUP LIMITED

CONTENTS

	Page
Strategic Report	1 - 2
Directors' Report	3 - 4
Directors' Responsibilities Statement	5
Independent Auditor's Report	6 - 8
Statement of Comprehensive Income	9
Balance Sheet	10 - 11
Statement of Changes in Equity	12
Notes to the Financial Statements	13 - 34

AUTOMATED SYSTEMS GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors present their Strategic Report and the financial statements for the year ended 30 September 2020.

Principal activity and business review

The principal activity of the business continues to be the sale, hire and service of multi-function devices ("MFD's) telephony and associated software. As part of its ongoing strategy to broaden its portfolio into wider managed network services, the business has continued to expand its activities during 2019/20 in the key areas of document and print management software, managed print services, production print solutions, unified communications and IT services.

The Company acquired and integrated Smart Print Technology MM Limited in October 2019 enhancing its presence in the growing digital production print market. The Company also acquired and integrated B&M Digital Limited in February 2020. ASL now supports a customer base of over 7,000 customers.

The key profitability measure used by the business and its major industry peers is an adjusted EBITDA metric. Despite the significant impact of Covid the business delivered an EBITDA profit.

	2020	2019
	£000	£000
Operating (loss)/profit	(2,584)	1,810
Depreciation	287	323
Amortisation	2,916	719
Exceptional costs (see note 6)	1,236	946
EBITDA	1,855	3,798

The COVID-19 pandemic has presented challenges to the Group, with reduced activity levels generating levels of revenue below those normally seen, although ahead of expectations at the start of the crisis and implementation of lockdown measures. The directors put particular focus on cash generation and liquidity measures, and undertook a fundamental review of operating procedures, implementing actions to drive efficiency whilst maintaining the Group's exceptional levels of customer service.

The business continued with its commitment to investing in the training and development of its staff in all areas of the business. The goal is to ensure that all staff can support the increasing complex network and software solutions provided to our customers.

As a result of our investments in systems, training, people, management, infrastructure and wider office solutions, the Group is well positioned to take advantage of both organic and acquisitive growth opportunities over the coming years.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

Principal risks and uncertainties

The major risks in the marketplace remain threefold: that our suppliers are significantly affected by currency resulting in major disruptions in supply or profitability; that our major customers suffer recession-driven (or pandemic driven) cost pressures and reduce expenditure on office solutions; and that competitors, being driven by these pressures, drive market prices down faster than normal industry price movements to try and sustain/grow their businesses.

ASL's wide spread of 7000 customers across diverse industries and geographies with no major dependency on large customers, suppliers, product and service offerings mean that these risks are significantly ameliorated. In addition, by increasingly capturing more than document solutions within customers, ASL are a more strategic and consultative partner for its customers and can tailor their support to fit with the customer's long-term needs.

Covid-19 impact

The health and safety of our employees, customers and suppliers is the Group's key priority. At the onset of the Covid-19 pandemic, the Group used its crisis management system to develop and implement an effective response whilst taking all necessary steps to protect our employees, customers, suppliers, and local communities. We continue to actively monitor the Covid-19 situation and have implemented safeguarding measures to ensure the safe delivery of customer support whilst ensuring the health and safety and well-being of all those involved. The Group continues to monitor the situation during this uncertain period and will continue to adhere to government and health best practice.

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

M Ramzan

Director

Date: 30 September 2021

AUTOMATED SYSTEMS GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors present their report and the financial statements for the year ended 30 September 2020.

Results and dividends

The loss for the year, after taxation, amounted to £2,612k (2019: profit £1,725k).

No dividends were paid or proposed during the year (2019: £Nil)

Directors

The directors who served during the year were:

P B Derry
D G Forsyth (appointed 20 January 2020)
M Garius (resigned 14 August 2021)
S Whapshott
D Campbell (resigned 31 August 2020)

Future developments

The Group aim to continue to grow both turnover and EBITDA. The strategy is a combination of organic and acquisition growth.

Financial risk management objectives and policies

The Company uses various sources of financing, these include bank balances and overdraft facilities, other loans, finance lease and hire purchase arrangements and various items such as trade debtors and creditors that arise directly from its operations.

The main risks that arise from the Company's financial instruments are liquidity risk, interest rate risk and credit risk

Liquidity risk

The Company needs to manage its financial risk by ensuring it maintains sufficient liquidity available to meet future needs and short-term flexibility.

Interest rate risk

The Company finances most of its borrowings through fixed rate loans. The Company has a small proportion of its total debt (£1m) through an overdraft facility which is subject to interest rate fluctuations.

Credit risk

The principal credit risk lies with trade debtors. This credit risk is managed by setting customer limits based on a combination of payment history and third party references. These limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

Qualifying third-party indemnity provisions

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

AUTOMATED SYSTEMS GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

Disclosure of information to auditor

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

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

Post balance sheet events

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

Auditor

The auditor, Nexia Smith & Williamson, was appointed in the year and 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.

M Ramzan

Director

Date: 30 September 2021

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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; 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUTOMATED SYSTEMS GROUP LIMITED

Opinion

We have audited the financial statements of Automated Systems Group Limited (the 'Company') for the year ended 30 September 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the 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, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2020 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 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 MEMBERS OF AUTOMATED SYSTEMS GROUP LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 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 set out on page 5, 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.

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

Auditor's responsibilities for the audit of the financial statements

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

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.

Samuel Godbold (Senior Statutory Auditor)

for and on behalf of

Nexia Smith & Williamson

Chartered Accountants

Statutory Auditor

4th Floor Cumberland House

15-17 Cumberland Place

Southampton

Hampshire

SO15 2BG

30 September 2021

AUTOMATED SYSTEMS GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME
AS AT 30 SEPTEMBER 2020

		2020	2019
	Note	£000	£000
Turnover	4	30,325	27,441
Cost of sales		(17,611)	(12,877)
Gross profit		12,714	14,564
Total administrative expenses:			
Administration expenses excluding exceptional items		(11,838)	(10,766)
Depreciation and amortisation		(3,203)	(1,042)
Exceptional administration expenses	6	(1,236)	(946)
		(16,277)	(12,754)
Other operating income	5	979	-
Operating (loss)/profit	7	(2,584)	1,810
Interest receivable and similar income		-	1
Interest payable and expenses	12	(14)	(13)
(Loss)/profit before tax		(2,598)	1,798
Tax on (loss)/profit	13	(14)	(73)
(Loss)/profit for the financial year		(2,612)	1,725

There was no other comprehensive income for 2020 (2019: £Nil).

The notes on pages 13 to 34 form part of these financial statements.

AUTOMATED SYSTEMS GROUP LIMITED
REGISTERED NUMBER:02930529

BALANCE SHEET
AS AT 30 SEPTEMBER 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	14	21,486	17,388
Tangible assets	15	971	624
Investments		-	-
		<u>22,457</u>	<u>18,012</u>
Current assets			
Stocks	17	5,681	5,308
Debtors: amounts falling due within one year	18	5,269	5,361
Cash at bank and in hand		471	1,970
		<u>11,421</u>	<u>12,639</u>
Creditors: amounts falling due within one year	19	(28,552)	(22,882)
Net current liabilities		<u>(17,131)</u>	<u>(10,243)</u>
Total assets less current liabilities		<u>5,326</u>	<u>7,769</u>
Creditors: amounts falling due after more than one year	20	-	(34)
Provisions for liabilities			
Deferred tax	21	(94)	(89)
Other provisions	22	(198)	-
		<u>(292)</u>	<u>(89)</u>
Net assets		<u><u>5,034</u></u>	<u><u>7,646</u></u>

AUTOMATED SYSTEMS GROUP LIMITED
REGISTERED NUMBER:02930529

BALANCE SHEET (CONTINUED)
AS AT 30 SEPTEMBER 2020

	Note	2020 £000	2019 £000
Capital and reserves			
Called up share capital	23	52	52
Capital redemption reserve	24	31	31
Capital contribution reserve	24	108	108
Profit and loss account	24	4,843	7,455
		<u>5,034</u>	<u>7,646</u>

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

M Ramzan
Director

Date: 30 September 2021

The notes on pages 13 to 34 form part of these financial statements.

AUTOMATED SYSTEMS GROUP LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Called up share capital £000	Capital redemption reserve £000	Capital contribution reserve £000	Profit and loss account £000	Total equity £000
At 1 October 2018	52	31	-	5,730	5,813
Comprehensive income for the year					
Profit for the year	-	-	-	1,725	1,725
Total comprehensive income for the year	-	-	-	1,725	1,725
Contributions by and distributions to owners					
Capital contributions during the year	-	-	108	-	108
At 1 October 2019	52	31	108	7,455	7,646
Comprehensive income for the year					
Loss for the year	-	-	-	(2,612)	(2,612)
Total comprehensive income for the year	-	-	-	(2,612)	(2,612)
At 30 September 2020	52	31	108	4,843	5,034

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

1. General information

Automated Systems Group Limited is a private company, limited by shares, domiciled and incorporated in England and Wales (registered number: 02930529). The registered office address is No.1 London Bridge, London, SE1 9BG.

The Company's functional and presentational currency is GBP.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows; and
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Digital Topco Limited as at 30 September 2020 and these financial statements may be obtained from Companies House.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of Digital Topco Limited which is a parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. Accounting policies (continued)

2.4 Going concern

The Company made a loss after tax for the period of £2,612k (2019: profit of £1,725k) and had net assets of £5,034k (2019: £7,646k) at 30 September 2020.

The directors have made an assessment in preparing these financial statements as to whether the Company remains a going concern.

The Company has withstood the impact of Covid-19 and, having taken necessary steps, are confident that the business is now well placed to return to its original budget forecast in the coming year (2022). Throughout the pandemic, monthly EBITDA has remained positive, with the group continuing to maintain all its financial obligations; up to the date of approving these financial statements all interest and capital repayments on senior debt and all other creditors were paid in line with agreed terms. This is forecast to continue for the foreseeable future.

The Company continues to have the backing of its shareholders and major stakeholders. Subsequent to the year end, the Company have successfully agreed revised banking covenants.

On the basis of the above, the directors have produced cash flow forecasts, which demonstrate that there are sufficient cash resources available to the Company to ensure they can meet their financial obligations as they fall due and meet all revised banking covenants for the foreseeable future, this being the period covering at least twelve months from the date of approval of these financial statement. For these reasons, they continue to adopt the going concern basis in preparing these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the 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.

Turnover on maintenance services is recognised based on the volume of print usage by the customer and is recognised over the period that the usage has occurred.

2.6 Operating leases: the Company as lessor

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

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

2.7 Operating leases: the Company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. Accounting policies (continued)

2.8 Government grants

Grants are accounted under the accruals model as required by FRS 102. Grants relating to furlough payments under the Covid-19 Job Retention Scheme are credited to profit or loss in the same period as the related expenditure.

2.9 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Exceptional items

Exceptional costs are those costs, that are one off in nature, that are associated with restructuring the business, to enable growth, through both acquisition and organically. These costs include any acquisition related deal costs and costs to restructure the business as a result of the growth achieved.

2.11 Intangible assets

Goodwill

Goodwill representing the excess of the consideration for an acquired undertaking, or acquired trade and assets, compared with the fair value of net assets acquired, is capitalised and written off evenly.

The estimated useful lives range as follows:

Goodwill on strategic acquisitions - 10 years straight-line

Goodwill on tactical acquisitions - 5 years straight-line

In the opinion of the directors this represents the period over which the goodwill is expected to give rise to economic benefits, paying particular attention to customer retention rates experienced on each type of acquisition.

Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Customer contracts

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 and are amortised over their expected useful economic lives of 10 years.

Change in accounting estimate

During the year the Group considered and changed its accounting estimate for the useful economic life of goodwill on strategic acquisitions from twenty to ten years straight-line. This has increased the amortisation charge for the year by £1,253k.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. Accounting policies (continued)

2.12 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:

Motor vehicles	- 4 years
Equipment	- 5 years or over the life of the lease agreement
Computer equipment	- 5 years
Equipment held for leasing	- 5 years

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

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

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.14 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 weighted average basis. Work in progress and finished goods include labour and attributable overheads.

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

Toner in the field is the value of the unutilised stock which has been supplied to customers and is held on site for future consumption. Toner is valued at the latest purchase price of toner supplied to customers.

2.15 Holiday pay accrual

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. Accounting policies (continued)

2.16 Pensions

Defined contribution pension plan

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

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

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.18 Financial instruments

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. Accounting policies (continued)

2.19 Current and deferred taxation

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; 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 balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

3. Judgements in applying accounting policies 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Intangible fixed assets

Intangible fixed assets consist of goodwill arising on business combinations.

Key estimates and judgements are applied in establishing the useful lives of intangibles. Management concluded that there are no separately identifiable intangible assets. It was further concluded that goodwill arising from acquisitions has a useful life of either 5 years for tactical acquisition or 10 years for strategic acquisitions. This being based upon previous experience and future expectations of the market.

Toner in field valuation

Toner in the field is the value of unutilised stock which has been supplied to customers and is held on site for future consumption. The value of toner per machine is an estimate, based on historical patterns of customer usage, and involves an element of judgement.

Impairment of external debtor balances

The recoverability of amounts owed by customers and amounts owing by group undertakings are considered on an ongoing basis by the directors. Appropriate provision is made whenever events or circumstances indicate that the related balance may not be recoverable.

4. Turnover

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

	2020 £000	2019 £000
Equipment sales	11,581	10,970
Service and support sales	18,744	16,471
	<u>30,325</u>	<u>27,441</u>

All turnover arose within the United Kingdom.

AUTOMATED SYSTEMS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

5. Other operating income

	2020	<i>2019</i>
	£000	<i>£000</i>
Government grants receivable	<u>979</u>	<u>-</u>

Government grants receivable relate to the Covid-19 job retention scheme.

6. Exceptional items

	2020	<i>2019</i>
	£000	<i>£000</i>
Legal and professional	1,236	<i>643</i>
Bad debt provision	-	<i>303</i>
	<u>1,236</u>	<u><i>946</i></u>

The exceptional items relate to non-recurring legal and professional costs in respect of acquisition transactions, and provisions against irrecoverable debtors.

7. Operating (loss)/profit

The operating (loss)/profit is stated after charging/(crediting):

	2020	<i>2019</i>
	£000	<i>£000</i>
Depreciation of tangible fixed assets	287	<i>323</i>
Amortisation of intangible assets, including goodwill	2,916	<i>719</i>
Operating lease payments	432	<i>629</i>
Cost of stocks charged through cost of sales	15,014	<i>11,612</i>
Profit on sale of fixed assets	<u>(108)</u>	<u><i>-</i></u>

AUTOMATED SYSTEMS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

8. Adjusted EBITDA

Adjusted earnings before interest, taxation, depreciation and amortisation (adjusted EBITDA):

	2020	2019
	£000	£000
Operating (loss)/profit	(2,584)	1,810
Amortisation	2,916	719
Depreciation	287	323
Exceptional costs	1,236	946
	<u>1,855</u>	<u>3,798</u>

9. Auditor's remuneration

	2020	2019
	£000	£000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>38</u>	<u>41</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.

AUTOMATED SYSTEMS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

10. Employees

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

	2020	<i>2019</i>
	£000	<i>£000</i>
Wages and salaries	7,443	<i>6,814</i>
Social security costs	863	<i>752</i>
Cost of defined contribution scheme	263	<i>238</i>
	8,569	<i>7,804</i>

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

	2020	<i>2019</i>
	No.	<i>No.</i>
Service staff	115	<i>72</i>
Sales staff	41	<i>34</i>
Administration staff	29	<i>38</i>
Management staff	8	<i>9</i>
	193	<i>153</i>

11. Directors' remuneration

	2020	<i>2019</i>
	£000	<i>£000</i>
Directors' emoluments	786	<i>708</i>
Company contributions to defined contribution pension schemes	62	<i>26</i>
Compensation for loss of office	110	<i>-</i>
	958	<i>734</i>

During the year retirement benefits were accruing to 5 directors (*2019: 4*) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £185k (*2019: £219k*).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £20k (*2019: £15k*).

AUTOMATED SYSTEMS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

12. Interest payable and similar expenses

	2020 £000	2019 £000
Bank interest payable	14	10
Finance leases and hire purchase contracts	-	3
	<u>14</u>	<u>13</u>

13. Taxation

	2020 £000	2019 £000
Corporation tax		
Current tax on profits for the year	14	194
Adjustments in respect of previous periods	-	(4)
	<u>14</u>	<u>190</u>
Deferred tax		
Origination and reversal of timing differences	<u>-</u>	<u>(117)</u>
	<u>14</u>	<u>73</u>
Taxation on profit on ordinary activities		

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

13. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £000	2019 £000
(Loss)/profit on ordinary activities before tax	<u>(2,598)</u>	<u>1,798</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(494)	342
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	329	151
Capital allowances for year in excess of depreciation	318	-
Adjustments to tax charge in respect of prior periods	-	(4)
Adjustments to opening and closing deferred tax rates	-	14
Other timing differences leading to a decrease in taxation	-	2
Group relief	(139)	(432)
Total tax charge for the year	<u>14</u>	<u>73</u>

Factors that may affect future tax charges

Finance Bill 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. These changes are not included above as Finance Bill 2021 was not substantively enacted by the year end.

AUTOMATED SYSTEMS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

14. Intangible assets

	Customer contracts £000	Goodwill £000	Total £000
Cost			
At 1 October 2019	1,275	22,387	23,662
Additions	-	7,014	7,014
At 30 September 2020	1,275	29,401	30,676
Amortisation			
At 1 October 2019	287	5,987	6,274
Charge for the year	73	2,843	2,916
At 30 September 2020	360	8,830	9,190
Net book value			
At 30 September 2020	915	20,571	21,486
<i>At 30 September 2019</i>	988	16,400	17,388

AUTOMATED SYSTEMS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

15. Tangible fixed assets

	Motor vehicles £000	Equipment £000	Computer equipment £000	Equipment held for leasing £000	Total £000
Cost					
At 1 October 2019	233	875	239	380	1,727
Additions	9	264	31	375	679
On hive-up of subsidiaries	-	-	5	-	5
Disposals	(121)	-	(2)	(105)	(228)
At 30 September 2020	121	1,139	273	650	2,183
Depreciation					
At 1 October 2019	61	647	90	304	1,102
Charge for the year	69	74	46	98	287
Disposals	(72)	-	-	(105)	(177)
At 30 September 2020	58	721	136	297	1,212
Net book value					
At 30 September 2020	63	418	137	353	971
At 30 September 2019	172	228	149	75	624

The assets above are pledged as security for the Group's bank loans.

The net book value of assets held under finance leases or hire purchase contracts, included above is £52k (2019: £68k).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

16. Fixed asset investments

Subsidiary undertakings

The following are the direct subsidiary undertakings of the Company:

Name Class of shares Holding Principal activity

DC50 Ltd Ordinary 100% Dormant

3D Generation Limited Ordinary 100% Dormant

B&M Holdings Ltd Ordinary 100% Dormant

B&M Office Machines Ltd Ordinary 100% Dormant

BM IT Solutions Ltd Ordinary 100% Dormant

BM Digital Ltd Ordinary 100% Dormant

Smart Print Technology .MM Ltd Ordinary 100% Dormant

The registered address for all subsidiary undertakings is No.1 London Bridge, London, SE1 9BG.

Following the year end, 3D Generation Limited was dissolved on 20 July 2021.

Following the year end, B&M Holdings Ltd was dissolved on 29 June 2021.

Following the year end, BM IT Solutions Ltd was dissolved on 29 June 2021.

Following the year end, BM Digital Ltd was dissolved on 6 July 2021.

17. Stocks

	2020	<i>2019</i>
	£000	<i>£000</i>
Finished goods and goods for resale	<u>5,681</u>	<u><i>5,308</i></u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

An impairment loss of £226k (2019: £17k) was recognised in administrative expenses against stock during the year due to slow-moving and obsolete stock.

AUTOMATED SYSTEMS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

18. Debtors

	2020	<i>2019</i>
	£000	<i>£000</i>
Trade debtors	2,967	<i>3,120</i>
Amounts owed by group undertakings	138	<i>7</i>
Other debtors	499	<i>6</i>
Prepayments and accrued income	1,665	<i>2,228</i>
	<u>5,269</u>	<i><u>5,361</u></i>

Impairment losses of £149k (2019: £13k) and £Nil (2019: £303k) were recognised in administrative expenses and exceptional administrative expenses, in respect of bad and doubtful trade debtors and amounts owed by group undertakings respectively.

19. Creditors: Amounts falling due within one year

	2020	<i>2019</i>
	£000	<i>£000</i>
Trade creditors	4,393	<i>4,926</i>
Amounts owed to group undertakings	19,845	<i>14,020</i>
Corporation tax	388	<i>563</i>
Other taxation and social security	1,701	<i>557</i>
Obligations under finance lease and hire purchase contracts	33	<i>138</i>
Other creditors	38	<i>41</i>
Accruals and deferred income	2,154	<i>2,637</i>
	<u>28,552</u>	<i><u>22,882</u></i>

Subsequent to the year end, a formal agreement was put in place in respect of Amounts owed to group undertakings, with the amount now being due in October 2023.

The obligations under finance leases and hire purchase contracts are secured over the assets concerned.

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

	2020	<i>2019</i>
	£000	<i>£000</i>
Net obligations under finance leases and hire purchase contracts	<u>-</u>	<i><u>34</u></i>

The obligations under finance leases and hire purchase contracts are secured over the assets concerned.

AUTOMATED SYSTEMS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

21. Deferred taxation

	2020 £000	2019 £000
At beginning of year	89	206
Charged to profit or loss	-	(117)
On hive up of subsidiary	(5)	-
At end of year	94	89

The provision for deferred taxation is made up as follows:

	2020 £000	2019 £000
Fixed asset timing differences	94	95
Short-term timing differences	-	(6)
	94	89

22. Provisions

	Dilapidations £000
Charged to profit or loss	198
At 30 September 2020	198

AUTOMATED SYSTEMS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

23. Share capital

	2020 £000	2019 £000
Authorised		
100,000 Ordinary shares of £1.00 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
51,961 Ordinary shares of £1.00 each	<u>52</u>	<u>52</u>

These shares have no restrictions on the distributions of dividends or repayment of capital.

24. Reserves

Capital redemption reserve

This reserve relates to the nominal value of shares that the Company has bought back.

Capital contribution reserve

This reserve represents amounts expensed by the Company in relation to share-based payments related to share options granted over shares in the parent company which have been issued to employees of Automated Systems Group Limited.

Profit and loss account

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

AUTOMATED SYSTEMS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

25. Business combinations

Acquisition of B&M Machines

In February 2020, the Company acquired the entire share capital of B&M Holdings Ltd, B&M Office Machines Ltd, BM IT Solutions Ltd and BM Digital Ltd for total consideration of £5,500k. The trade of assets were immediately hived up into Automated Systems Group Limited.

The book value and fair value of the assets and liabilities hived up were as follows:

	Book value £000	Fair value £000
Fixed Assets		
Tangible	5	5
	<u>5</u>	<u>5</u>
Current Assets		
Stocks	372	372
Debtors	410	410
Cash at bank and in hand	425	425
	<u>1,212</u>	<u>1,212</u>
Total Assets	1,212	1,212
Creditors		
Due within one year	(776)	(776)
Deferred taxation	(5)	(5)
	<u>431</u>	<u>431</u>
Total Identifiable net assets		5,069
Goodwill		<u>5,500</u>
Total purchase consideration		5,500
Consideration		
		£000
Cash		5,400
Deferred consideration		100
		<u>5,500</u>
Total purchase consideration		5,500
Cash outflow on acquisition		

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

25. (continued)**Acquisition of Smart Print Technology .MM Ltd**

In October 2019, the Company acquired the entire share capital of Smart Print Technology .MM Ltd for total consideration of £2,056k. The trade of assets were immediately hived up into Automated Systems Group Limited.

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £000	Fair value adjustments £000	Fair value £000
Current Assets			
Stocks	220	(87)	133
Debtors	1,148	-	1,148
Cash at bank and in hand	549	-	549
Total Assets	<u>1,917</u>	<u>(87)</u>	<u>1,830</u>
Creditors			
Due within one year	(1,303)	-	(1,303)
Total identifiable net assets	<u>614</u>	<u>(87)</u>	<u>527</u>
Goodwill			1,529
Total purchase consideration			<u>2,056</u>
Consideration			
			£000
Cash			<u>2,056</u>
Cash outflow on acquisition			

26. Contingent liabilities

The Company has guaranteed the bank and other loans of Digital Bidco Limited, an immediate parent of the Company. The debts are secured by a fixed and floating charge over the assets of the Company. At the year end, bank and other loans totalled £51,639k (2019: £40,996k).

AUTOMATED SYSTEMS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

27. Pension commitments

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 fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £263k (2019: £238k). Contributions totalling £38k (2019: £39k) were payable to the fund at the reporting date.

28. Commitments under operating leases

At 30 September the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020	2019
	£000	£000
Not later than 1 year	710	245
Later than 1 year and not later than 5 years	786	165
	1,496	410

29. Related party transactions

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

30. Controlling party

The immediate parent undertaking is ASL Technology Holdings Limited, a company registered in England and Wales.

The ultimate parent undertaking is Primary Capital (IV) Nominees Limited, a company registered in England and Wales.

The largest and smallest group of undertakings for which group accounts for the year ended 30 September 2020 have been drawn up, is that headed by Digital Topco Limited. Copies of the group accounts are available from Companies House.

The ultimate controlling party is Primary Capital IV (Nominees) Limited, by virtue of their shareholding and directorship in the ultimate parent undertaking.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.