

Innovation Group Business Services Limited

Unaudited

Annual Report and Financial Statements

For the 15 months ended 31 December 2020

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ANNUAL REPORT AND FINANCIAL STATEMENTS 2020

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ANNUAL REPORT AND FINANCIAL STATEMENTS 2020

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

A Marnoch
A Van Staden

REGISTERED OFFICE

Yarmouth House
1300 Parkway
Solent Business Park
Whiteley
Fareham
Hampshire
PO15 7AE

BANKERS

Barclays Bank PLC
1 Churchill Square
London
E14 5HB

STRATEGIC REPORT

The Directors present their Strategic Report for the fifteen months ended 31 December 2020 for Innovation Group Business Services Limited ("the Company").

During 2020 the Company elected to change its year end from 30 September to 31 December and therefore trading for the current reporting period represents fifteen months.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Company was incorporated on 2 November 2016, registered in Yarmouth House 1300 Parkway, Whiteley, Fareham, United Kingdom. It is a wholly owned subsidiary of Innovation Group Holdings Ltd which together with its subsidiaries form the group ("the Group"), for which consolidated financial statements are produced.

Until 30 September 2020 the principal activity of the Company was to act as a global shared service centre, from 1 October 2020 the shared service operations ceased. The Company has a lease on a property in Cape Town which is currently sublet.

OPERATING REVIEW AND FINANCIAL POSITION

The Company's loss for the financial period is £1.2m (2019: loss £0.6m). The Company reported net liabilities of £2.0m as at 31 December 2020 (30 September 2019: £0.8m). The primary financial statements are set out on pages 5 to 7.

In the period to 31 December 2020 the Group continued the significant reorganisation across its Business Services division which commenced in 2018 and closed its operations in Johannesburg, South Africa during the latter part of the current financial period. As a result, the Company incurred exceptional income of £0.4m (costs in 2019: £0.7m) during the year, largely in relation to the sub-lease of the leased property in Cape Town, South Africa.

KEY PERFORMANCE INDICATORS (KPIs)


Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance, or position of the business.

The Directors classify items of income and expense as exceptional items, where the nature of the item is non-recurring and its size is material so as to assist the user of the financial statements to better understand the results of the operations of the Company. Exceptional items are disclosed separately in the primary statements. Exceptional items in the year related to restructuring costs.

RISK MANAGEMENT

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group are discussed in the Group's annual report which is publicly available and does not form part of this report.

Approved by the Board of Directors and signed on behalf of the Board



A Marnoch
Director
12 October 2021

DIRECTORS' REPORT

The Directors present their report and the unaudited financial statements for the 15 month period ended 31 December 2020.

DIVIDENDS

No dividends were declared or proposed during the period (2019: £nil).

FUTURE DEVELOPMENTS

Future developments are noted in the Strategic Report.

DIRECTORS

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

V Hirsch-Angus (resigned 1 October 2019)

A Van Staden

A Marnoch

GOING CONCERN

The Directors assess the Company's going concern for a period of 12 months from the time of approving the financial statements and considers the facts and circumstances during that year and events since the year end date. The Directors has drawn up cash flow forecasts for the Company through to December 2021 taking account of the current trading performance of the Company and the support available from the Company's parent (Axios Bidco Ltd) and wider Innovation Group Holdings Ltd group of companies (the "Group") including the existing bank facilities available to the Axios Bidco Ltd and subsidiaries (including changes made to those facilities as part of the financial restructuring completed on 24 March 2021). They have concluded that the Company does have sufficient funds to enable it to meet its liabilities for a period of a least 12 months from the date of approval of these financial statements and as such consider that it is appropriate to adopt the going concern basis in preparing the financial statements.

These financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Company were unable to continue as a going concern.

POST BALANCE SHEET EVENTS

Following the 2020 year-end, the Group concluded discussions with its shareholders and lenders to refinance the Group. On 24 March 2021 the refinancing was completed resulting in £170.3m of debt being exchanged for equity and an additional facility of £20m of new Premium Term debt at a 10% margin. The maturity of all debt was extended to September 2025 and the first testing of financial covenants is in December 2022.

ENVIRONMENT

The ultimate parent company of the Group, Innovation Group Holdings Ltd, acknowledges that it has a corporate responsibility to carry out its operations whilst minimising environmental impacts. The Company adheres with all Group policies with regards to its impact on the environment. These policies are outlined on page 6 of Innovation Group Holdings Ltd's annual report.

FINANCIAL RISK MANAGEMENT

The Company's overall risk management programme seeks to minimise potential adverse effects as noted below.

Price risk

The Company is not exposed to any commodity price fluctuations. Hence there is no direct exposure to price risk.

Credit risk

The Company is not exposed to any credit risk other than in respect of inter-company balances within the Group. The Company does not have an external customer base.

Liquidity risk

All funding requirements are arranged through inter-company loans. Liquidity risk is managed through intercompany agreements.

Foreign exchange risk

The Company's functional currency is the South African Rand and its presentation currency is the Pound Sterling. The Company's branch operations in South Africa are principally undertaken in South African Rand. The UK revenue is in Pounds Sterling.

DIRECTORS' REPORT

BRANCHES OUTSIDE THE UK

The Company has an overseas branch in operation in South Africa.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (comprising Financial Reporting Standard FRS102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland and applicable law).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company, and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors 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' LIABILITIES

The Group has provided an indemnity for the Company's directors which is a qualifying third-party indemnity provision for the purposes of the Companies Act 2006. The indemnity was in force during the full financial year and up to the date of approval of the financial statements.

Approved by the Board of Directors and signed on behalf of the Board



A Marnoch
Director

12 October 2021

Statement of Comprehensive Income
For the period ended 31 December 2020

		15 Months to 31 December 2020	Year to 30 September 2019
	Note	£'000	£'000
Turnover	6	2,352	3,536
Cost of sales		(840)	(1,203)
Gross profit		1,512	2,333
Administrative expenses, excluding exceptional items		(2,071)	(1,632)
Exceptional items	8	428	(726)
Administrative expenses		(1,643)	(2,358)
(Loss) / Profit on ordinary activities before interest and taxation	7	(131)	(25)
Interest payable and similar charges	9	(1,114)	(533)
(Loss) / Profit on ordinary activities before taxation		(1,245)	(558)
Tax on (Loss) / Profit on ordinary activities	10	(25)	(37)
(Loss) / Profit for the year		(1,270)	(595)
Other comprehensive expense			
Currency translation differences		41	213
Total comprehensive (expense) / income for the year		(1,229)	(382)

**Statement of Financial Position
As at 31 December 2020**

	Note	2020 £'000	2019 £'000
FIXED ASSETS			
Tangible assets	11	2,317	1,058
Deferred tax assets	10	134	172
		<u>2,451</u>	<u>1,230</u>
CURRENT ASSETS			
Debtors (amounts falling due within one year)	12	2,297	8,416
Cash at bank and in hand	13	74	135
		<u>2,371</u>	<u>8,541</u>
CURRENT LIABILITIES			
Creditors	14	(688)	(1,411)
Lease liabilities	16	(202)	-
- amounts falling due within one year			
NET CURRENT ASSETS		<u>1,455</u>	<u>7,140</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,932</u>	<u>8,370</u>
NON-CURRENT LIABILITIES			
Creditors	15	(3,849)	(9,180)
Lease liabilities	16	(2,122)	-
- amounts falling due after more than one year			
NET LIABILITIES		<u>(2,039)</u>	<u>(810)</u>
CAPITAL AND RESERVES			
Called up share capital	17	-	-
Share premium account		-	-
Accumulated losses		(2,039)	(810)
TOTAL EQUITY		<u>(2,039)</u>	<u>(810)</u>

The notes on pages 8 to 16 are an integral part of these financial statements. The financial statements on pages 5 to 17 were approved by the Board of Directors on 12 October 2021.

For the period ending 31 December 2020 the Company was entitled to exemption from audit under section 479A of the Company Act 2006.

No members have required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The Directors acknowledge the responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

Signed on behalf of the Board of Directors


A Mamöch
Director

**Statement of Changes in Equity
For the 15 months ended 31 December 2020**

	Called up share capital	Share premium	Accumulated losses	TOTAL
	£'000	£'000	£'000	£'000
At 1 October 2018	-	-	(428)	(428)
Total comprehensive loss for the year	-	-	(382)	(382)
At 30 September 2019	-	-	(810)	(810)
Total comprehensive loss for the period	-	-	(1,229)	(1,229)
At 31 December 2020	-	-	(2,039)	(2,039)

Called up share capital

The balance classified as share capital represents the nominal value on the issue of the Company's equity share capital.

Share premium

The balance on the share premium account represents the premium on the issue of the Company's equity share capital less any share issue costs.

Accumulated losses

Accumulated losses represent accumulated comprehensive income or expense for the year.

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 December 2020

1. GENERAL INFORMATION

Innovation Group Business Services Limited ("the Company") is a private company limited by shares, which is domiciled in England. The address of its registered office is Yarmouth House, 1300 Parkway, Solent Business Park, Whiteley, Fareham, Hampshire, England, PO15 7AE.

2. STATEMENT OF COMPLIANCE

The individual financial statements of Innovation Group Business Services Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. The Company has adopted FRS 102 in these financial statements.

Basis of preparation

These financial statements are prepared on a going concern basis, in compliance with United Kingdom accounting standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The main area involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, is the assessment of the carrying value of investments for impairment. At the year end, the impairment review is performed to determine whether there is an indication that the investment may be impaired. Where an indication of impairment is identified, the estimation of recoverable value is required.

New standards, amendments and IFRIC interpretations

IFRS16 – Leases

IFRS 16, 'Leases' has been adopted in the period and replaces IAS 17 as the definitive accounting standard for the recognition, measurement and disclosure of leases. The Company has adopted the standard from 1 October 2019.

Under the new standard, the Company has now recognised most lease, where the company is lessee, on the balance sheet as the distinction between finance leases and operating leases has been removed. Both short-term leases and low-value leases are exempt from IFRS 16, and instead their lease payments continue to be recognised as expenses on a straight-line basis. The approach for lessors has remained largely unchanged.

The Company has adopted the modified retrospective transition approach, with the right-of-use assets measured at the amount of the lease liability on the date of transition for the majority of leases. The lease liability was calculated as the present value of the minimum lease payments on the date of transition. Comparative figures have not been restated for the year ended 30 September 2019.

The following practical expedients have been adopted on transition:

- Single discount rates have been applied to the portfolios of leases with similar characteristics
- Initial direct costs have been excluded from the measurement of right-of-use assets on the date of transition.

Right-of-use assets are held at cost less accumulated depreciation and impairment. Any impairments are determined in line with IAS 36, 'Impairment of Assets'. Depreciation is charged on a straight-line basis over the full length of the lease.

Lease liabilities decrease over time by the net of lease payments made and the interest accrued. Interest is charged to the income statement as the effect of discounting the future lease payments is unwound.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Going concern

The Directors assess the Company's going concern for a period of 12 months from the time of approving the financial statements and considers the facts and circumstances during that year and events since the year end date. The Directors has drawn up cash flow forecasts for the Company through to December 2021 taking account of the current trading performance of the Company and the support available from the Company's parent (Axios Bidco Ltd) and wider Innovation Group Holdings Ltd group of companies (the "Group") including the existing bank facilities available to the Axios Bidco Ltd and subsidiaries (including changes made to those facilities as part of the financial restructuring completed on 24 March 2021). They have concluded that the Company does have sufficient funds to enable it to meet its liabilities for a period of a least 12 months from the date of approval of these financial statements and as such consider that it is appropriate to adopt the going concern basis in preparing the financial statements.

These financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Company were unable to continue as a going concern.

Exemptions for qualifying entities under FRS102

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;
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

Consolidated financial statements

At year end the Company was a wholly owned subsidiary of Innovation Group Holdings Limited and is included in the consolidated financial statements of Innovation Group Holding Ltd which are publicly available. Therefore, the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are the Company's separate financial statements.

Foreign currency

The Company's functional currency is the South African Rand and presentation currency is the Pound Sterling.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current Tax

Current tax is the amount of income tax payable in respect of the taxable profit for the period. Tax is calculated based on tax rates and laws that have been enacted or substantively enacted by the year end.

(ii) Deferred Tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in years different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 December 2020

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation on all assets is calculated to write off their cost less estimated residual value, based on prices prevailing at the date of acquisition, in equal annual instalments over the estimated useful economic lives of the assets. These are as follows:

Leasehold Improvements	3 – 5 years
Fixtures and fittings	3 – 15 years
Computer equipment	2 – 5 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively. Repairs, maintenance, and minor inspection costs are expensed as incurred. Tangible assets are de-recognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

Financial instruments

The Company has chosen to adopt the recognition and measurement provision of IAS 39 and disclosure requirements of sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Measurement

The company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables and other financial liabilities.

For financial instruments which are recognised at fair value through profit or loss, the Company measures the asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets which are not carried at fair value through profit or loss are expensed in the income statement.

Loans and receivables are initially recognised at the transaction price and subsequently measured at amortised cost with the interest income, expected credit losses and foreign exchange gains or losses are recognised in the income statement. On de-recognition, any gain or loss is recognised in the income statement.

Financial liabilities which are not recognised at fair value are recognised at transaction price and subsequently measured at amortised cost using the effective interest method. The Company does not have any assets or liabilities subsequently measured at fair value.

(ii) Impairment

At the end of each reporting year financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement.

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

4. DIRECTORS' REMUNERATION

The Directors are employed by and receive emoluments from other group undertakings. Their services to this Company are considered incidental to their services to other Group companies. Accordingly, no directors' emoluments are recharged or disclosed in these financial statements (2019: £nil).

5. EMPLOYEES

There are no employees of the Company (2019: £nil).

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

6. TURNOVER

Turnover represents services provided, stated net of value added tax, and arises from the principal activity of the Company.

All turnover originates from operations in the South African branch, Revenue is generated in the UK.

	15 months to 31 December 2020 £'000	Year to 30 September 2019 £'000
Intercompany recharges	2,352	3,536

The Company acts as a global share service centre, providing services to its parent Company and charges for the services accordingly.

7. OPERATING LOSS

The Operating Loss for the year is stated after charging:

	15 months to 31 December 2020 £'000	Year to 30 September 2019 £'000
Depreciation	626	759
Right of use assets Depreciation	321	-

8. ADMINISTRATIVE EXPENSES – EXCEPTIONAL ITEMS

	15 months to 31 December 2020 £'000	Year to 30 September 2019 £'000
Rental premises	70	372
Rental income	(633)	-
Communication costs	-	119
Reorganisation costs	135	235
	(428)	726

The Company incurred restructuring costs of £0.1m (2019: £0.2m), £0.1m for rent of unused capacity (2019: £0.4) and rental income £0.6m (2019: £0) as part of the transformation reorganisation programme described in further detail in the Strategic Report.

9. INTEREST PAYABLE AND SIMILAR CHARGES

	15 months to 31 December 2020 £'000	Year to 30 September 2019 £'000
Interest payable to group undertakings	1,119	544
Net foreign exchange loss	-	-
Bank interest received	(5)	(11)
	1,114	533

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

10. TAX ON LOSS ON ORDINARY ACTIVITIES

(a) Tax expense included in Statement of Comprehensive Income

	15 months to 31 December 2020 £'000	Year to 30 September 2019 £'000
Current taxation	-	(5)
Deferred taxation	25	42
	<u>25</u>	<u>37</u>

The current taxation (credit)/charge includes £0k (2019: (£5k)) of overseas taxation on the profits of the branch in South Africa.

(b) Reconciliation of tax charge

The current tax assessed for the year is higher (2019: higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	15 months to 31 December 2020 £'000	Year to 30 September 2019 £'000
Profit/(loss) on ordinary activities before taxation	(1,245)	(558)
Tax charge / (credit) at 19% (2019: 19%)	<u>(237)</u>	<u>(106)</u>
Effects of:		
Non-deductible expenses	3	109
Change in tax rate overseas tax	(17)	(3)
Deferred tax not recognised	282	
Overseas taxation	-	37
Total tax charge for the year	<u>25</u>	<u>37</u>

(c) Recognised deferred tax assets

A deferred tax asset has been recognised on the following temporary differences in the South African branch and hence a tax rate of 28% has been applied.

	15 months to 31 December 2020 £'000	Year to 30 September 2019 £'000
Timing differences – capital allowances	-	-
Timing differences – other items	134	172
	<u>134</u>	<u>172</u>

The movement in recognised deferred tax comprises the credit for the year of £25k (2019: £42k) and £12k (2019: £2k) exchange rate differences on revaluing to the closing balance sheet exchange rate.

Deferred tax is not recognised on losses of £1.2m.

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 December 2020

10. TAX ON LOSS ON ORDINARY ACTIVITIES (CONTINUED)

(d) Factors that may impact future tax charges

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been substantively enacted at the balance sheet date. The Finance Act 2020 which was substantively enacted on 17 March 2020 sets the UK main rate for corporation tax at 19%. In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

In the prior period deferred tax assets and liabilities were recognised at the rates substantially enacted at 30 September 2019 being Finance (No. 2) Act 2015 having been substantively enacted on 26 October 2015 which reduced the main rate of corporation tax in the UK to 19% from 1 April 2017 and to 18% from 1 April 2020. Finance Act 2016 was substantively enacted on 6 September 2016 and reduced the main rate of corporation tax in the UK to 17% with effect from 1 April 2020.

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 December 2020

11. TANGIBLE ASSETS

	Right of use assets £'0000	Property improvements £'000	Fixtures and fittings £'000	Computer systems and equipment £'000	Total £'000
Cost					
At 1 October 2018	-	500	876	659	2,035
Additions	-	302	0	13	315
Disposals	-	0	(8)	(128)	(136)
At 30 September 2019	-	802	868	544	2,214
Additions	2,395	-	-	3	2,398
Disposals	-	(150)	(776)	-	(926)
At 31 December 2020	2,395	652	92	547	3,686
Accumulated Depreciation					
At 1 October 2018	-	(73)	(201)	(179)	(453)
Charge for the year	-	(419)	(182)	(158)	(759)
Disposals	-	-	-	56	56
At 30 September 2019	-	(492)	(383)	(281)	(1,156)
Charge for the year	(321)	(158)	(292)	(176)	(947)
Disposals	-	150	584	-	734
At 31 December 2020	(321)	(500)	(91)	(457)	(1,369)
Net book value					
At 31 December 2020	2,074	152	1	90	2,317
At 30 September 2019	-	310	485	263	1,058

12. DEBTORS

	2020 £'000	2019 £'000
Trade debtors	75	39
Amounts owed by group undertakings	2,196	8,361
Prepayments	-	5
Corporation tax recoverable	26	11
	2,297	8,416

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

13. CASH AND CASH EQUIVALENTS

	2020	2019
	£'000	£'000
Cash at bank and in hand	74	135

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

All amounts owed to Group undertakings are unsecured, interest free, and repayable on demand.

	2020	2019
	£'000	£'000
Trade creditors	1	16
Amounts owed to Group undertakings	612	596
Other creditors	79	155
Other taxation and social security	(13)	21
Accruals	9	623
	<u>488</u>	<u>1,411</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Amounts owed by Group undertakings attract interest at a rate of 5.25%, are unsecured, and repayable on demand.

	2020	2019
	£'000	£'000
Amounts owed to Group undertakings	3,576	9,180
Accruals	273	-
	<u>3,849</u>	<u>9,180</u>

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2020

16. LEASE LIABILITIES

The Company has a lease contract for rental of office premises. The amounts recognised in the financial statement in relation to the lease is as follows:

(i) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	31 December 2020 £'000
Right-of-use asset cost	
1 October 2019 – addition	2,395
At 31 December 2020	<u>2,395</u>
Accumulated depreciation	
1 October 2019 – addition	321
At 31 December 2020	<u>321</u>
Net book value	
At 31 December 2020	<u>2,074</u>

	31 December 2020 £'000	30 September 2019 £'000
Lease liabilities		
Current	202	-
Non-current	<u>2,122</u>	-
	<u>2,324</u>	-

The company applied IFRS 16 effective 1 October 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is cognised in retained earnings at the date of initial application.

(ii) Amounts recognised in the statement of financial position

The statement of comprehensive income shows the following amounts relating to leases:

	31 December 2020 £'000	30 September 2019 £'000
Depreciation	359	-
Interest expense	251	-

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 December 2020

16. LEASE LIABILITIES (CONTINUED)

The future minimum lease payments as at 31 December 2020 are as follows:

	31 December 2020 £'000	30 September 2019 £'000
Due within one year or on demand	423	-
Due between one and two years	455	-
Due between two years and five years	1,579	-
Due after five years	709	-
Carrying amount of liability	3,166	-
Unpaid finance cost	(842)	-
Carrying amount of liability	2,324	-

17. CALLED UP SHARE CAPITAL

	2020 £'000	2019 £'000
Called up, allotted and fully paid		
100 ordinary shares of £1 each	100	100

18. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption contained within FRS 102 para 33.1A not to disclose transactions or balances with other wholly owned Group companies as it is a wholly owned subsidiary of Innovation Group Holdings Limited, whose consolidated financial statements are publicly available.

19. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The immediate parent company is The Innovation Group (EMEA) Limited. The largest parent company to consolidate these financial statements is Innovation Group Holdings Limited and the smallest Axios Bidco Limited. Copies of the consolidated financial statements of both companies can be obtained from Yarmouth House, 1300 Parkway, Solent Business Park, Whiteley, Fareham, PO15 7AE.

Innovation Group Holdings Ltd is owned by a number of banks and funds, there is no individual shareholder controlling more than 25% of the Group.

20. POST BALANCE SHEET EVENTS

Following the 2020 year-end, the Group concluded discussions with its shareholders and lenders to refinance the Group. On 24 March 2021 the refinancing was completed resulting in £170.3m of debt being exchanged for equity and an additional facility of £20m of new Premium Term debt at a 10% margin. The maturity of all debt was extended to September 2025 and the first testing of financial covenants is in December 2022.