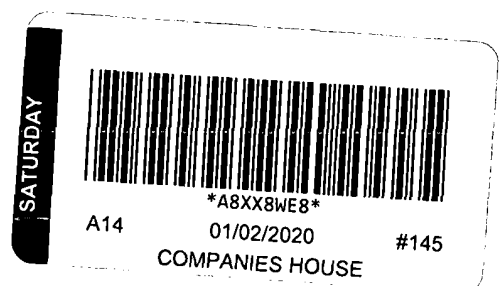


Registration number: 01466217

Allvotec Limited (formerly Daisy IT Services Limited)

Annual Report and Financial Statements

for the Year Ended 31 March 2019



Allvotec Limited (formerly Daisy IT Services Limited)

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Allvotec Limited (formerly Daisy IT Services Limited)

Company information

Directors	G Williams L Duncalf
Registered office	Lindred House 20 Lindred Road Nelson Lancashire BB9 5SR
Bankers	Bank of Scotland plc 19/21 Spring Gardens Manchester M2 3EB
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Hardman Square Manchester United Kingdom M3 3EB

Allvotec Limited (formerly Daisy IT Services Limited)

Strategic report for the Year Ended 31 March 2019

The directors present their strategic report on Allvotec Limited ("the Company") for the year ended 31 March 2019.

On 31 May 2019 the Company changed its name from Daisy IT Services Limited to Allvotec Limited.

Principal activity

Allvotec Limited delivers end-to-end services for partners across unified communications and technology services. The Company helps run IT for customers of major service businesses including Systems Integrators, Outsourcers, Enterprise Service Providers, Value Added Resellers, Management Consultancies, OEMs and Communications Specialists.

Results and performance

The Income statement is set out on page 12. The movement in revenue and adjusted EBITDA* from 31 March 2018 to 31 March 2019 is shown in the KPI section below. The financial position of the Company at 31 March 2019 is set out on page 14. At 31 March 2019 the Company had net assets of £1.2m (2018: £4.8m). On 1 March 2019 the trade and assets of Allvotec Services Limited (previously Daisy Partner Services Limited) and Allvotec Trading Limited (previously Daisy Partner Services Trading Limited), both subsidiary companies, were transferred to the Company at market value. Also on 1 March 2019, part of the trade and assets of Daisy Communications (a fellow group company) were transferred to the Company at book value. See note 27 for further information.

The financial statements have been prepared under Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101), previously they had been prepared under Financial Reporting Standard (FRS 102). Under IFRS 1 First-time Adoption of International Financial Reporting Standards the date of transition is deemed to be 1 April 2017 so the prior year has been adjusted. This resulted in an increase to adjusted EBITDA* of £3.3m but a reduction to the profit of £1.3m for the year ended 31 March 2018. The net assets at 31 March 2018 also reduced by £1.3m. For further information see note 28.

On 18 December 2019 the Company purchased the entire share capital of Couptra Limited and its subsidiary companies for £22,826k, on a debt-free/cash-free basis. The principal activity of Couptra Limited and its subsidiaries is the provision of communications, infrastructure and technical services to large, multi-site organisations in both the public and private sector.

Key performance indicators (KPIs)

The KPIs for the Company are set out below:

	Year ended	Year ended
	31 March 2019	31 March 2018
	£ 000	£ 000
Revenue	82,601	85,289
Operating (loss)/profit	(4,029)	4,182
Adjusted EBITDA*	6,587	10,436

* - Adjusted EBITDA is operating (loss)/profit before depreciation, amortisation and net exceptional administrative expenses, which the directors consider the most appropriate measure of the Company's results that they use to make decisions about the business. The reconciliation of Adjusted EBITDA to operating (loss)/profit can be found on the face of the Income statement set out on page 12.

Future developments

The Company is focused on improving operational efficiency and cross-selling additional products and services to its partner base.

Allvotec Limited (formerly Daisy IT Services Limited)

Strategic report for the Year Ended 31 March 2019 (continued)

Principal risks and uncertainties

The directors regularly assess the key business risks of the Company, which are considered to be:

Increased competition

The already competitive telecommunications and IT market could become even more competitive and the Company could suffer increased competition from large national competitors or indeed smaller organisations operating at a local level. The Company mitigates this risk by focussing on providing the highest possible level of customer service whilst offering customers a broad range of competitively-priced products. Furthermore, the Company closely monitors the activity of competitors and the wider market to ensure that it is positioned appropriately with its product and service portfolio.

Technological change

The market for the Company's services is characterised by technological developments and changes, frequent introductions of new products and services and evolving industry standards. There is a risk that the Company may fail to secure the necessary contracts to supply its customers with the latest technology. The Company mitigates this risk by maintaining close relationships with suppliers, which it believes will keep it at the forefront of product development on a sustained basis, and regularly monitors trends in technological advancement so as to anticipate and plan for future changes.

Key resources

The Company is managed by certain key personnel, including executive directors and senior management who have significant experience within the Company and the wider IT communications sectors and who may be difficult to replace. Furthermore, the Company depends on being able to recruit and retain employees of an appropriate calibre to win and service significant contracts. The Company has sought to mitigate this resource risk by investing in staff training programmes, competitive reward and compensation packages, management incentive schemes and succession planning.

Regulatory change

The Company recognises that the pricing of products and services and the activities of major industry organisation may be affected by the actions of regulatory bodies in the UK and the EU. Such actions could affect the Group's profitability either directly or indirectly. The Company mitigates this risk by constantly monitoring and assessing the likelihood and potential impact of regulatory change.

Data protection and back-up

The Company holds a significant volume of confidential data. Failure to comply with data privacy regulations and standards or weakness in internet security may result in a major data privacy breach causing reputational damage to the Company's brands and financial loss. Breach of IT security may cause data to be lost, corrupted or accessed by unauthorised users, impacting the Company's reputation. This could give rise to legal or regulatory penalties as well as commercial costs. The Company has processes and procedures in place to monitor effectiveness of customer back-up and is continually upgrading security equipment and software and making improvements to physical security processes. Penetration testing is performed on a regular basis to test the security of the sites and data. Thorough investigations are carried out of any incidents arising and corrective action is taken.

Allvotec Limited (formerly Daisy IT Services Limited)

Strategic report for the Year Ended 31 March 2019 (continued)

Brexit

Management continues to closely monitor developments in relation to Brexit and the potential consequential political and economic uncertainties in order to mitigate any risks to the business.

Approved by the Board on 31 January 2020 and signed on its behalf by:



.....
G Williams
Director

Allvotec Limited (formerly Daisy IT Services Limited)

Directors' report for the Year Ended 31 March 2019

The directors present their annual report and the audited financial statements for the Company for the year ended 31 March 2019. Details of future developments can be found in the Strategic Report and form part of this report by cross reference, as permitted by section 414C of the Companies Act 2006.

Directors of the company

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

G Williams - Director (appointed 1 December 2018)

S Smith - Director (resigned 1 April 2019)

D McGlennon - Director (appointed 22 June 2018 and resigned 1 February 2019)

N Marke - Director (resigned 1 February 2019)

N Muller - Director (resigned 22 June 2018)

The following director was appointed after the year end:

L Duncalf - Director (appointed 1 April 2019)

Financial risk management

The Company's operations expose it to a limited number of financial risks; namely credit risk and liquidity risk. The Company's ultimate parent company arranges and manages external debt funding.

Credit risk

Appropriate credit checks are undertaken on all potential partners before new contracts are accepted. Individual exposures are monitored with partners to ensure the Company's exposure to bad debts is minimised.

Credit risk associated with cash balances and funding to obtain leased vehicles is managed by transacting with financial institutions with high quality credit ratings. Accordingly, the Company's associated credit risk is deemed to be limited. All associated financial institutions utilised by the Company require the advance approval of the board.

Liquidity risk

The Company regularly forecasts cash flow to ensure that sufficient cash is available from trading for future expenses and capital expenditure.

Proposed dividend

The directors have not recommended the payment of a dividend (2018: nil).

Policy on payment to suppliers

The Company's supplier payment policy is to agree terms and conditions for business transactions with suppliers. Suppliers are made aware of the Company's terms of payment. Payment is then made subject to these terms and conditions being met.

Political and charitable donations

Charitable donations amounting to £2,000 (2018: £5,000) were made during the year. No political donations were made during the year (2018: £nil).

Allvotec Limited (formerly Daisy IT Services Limited)

Directors' report for the Year Ended 31 March 2019 (continued)

Directors' indemnities

The Group (Daisy Group Holdings Limited and its subsidiary undertakings) has indemnity insurance in place on behalf of its directors during the year which remains in force at the date of this report. The articles of association of certain associated companies also contain indemnification provisions in favour of Group directors to the extent permitted by law. In addition, Daisy Holdings Limited, an associated company, has previously made qualifying third party indemnity provisions for the benefit of certain directors of the Company which remained in place throughout the year and continue to be in force at the date of this report.

Employment of disabled persons

Both employment policy and practice in the Company are based on non-discrimination and equal opportunities. The Company remains supportive of the employment and advancement of disabled people and provides appropriate opportunities for their training, career development and promotion. Applications for employment by disabled persons are always fully considered. Where employees have become disabled in the service of the Company, every effort is made to rehabilitate them in their former occupation or in some suitable alternative.

Employee participation

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial performance of their business units and of the Company as a whole. The directors are committed to maintaining and developing communication and consultation processes with employees, who in turn are encouraged to develop an awareness of the issues affecting the Company. The Company aims to be an employer of choice and seeks to maintain strong employee relations in all areas in which the Company operates. The directors place considerable emphasis on employees sharing in the success of the Company.

Going concern

Under company law, the directors are required to consider whether it is appropriate to prepare financial statements on the basis that the Company is a going concern. The directors have reviewed the net current liability and net asset position of the Company, together with its ongoing profitability, and have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements (see note 1 to the financial statements).

Disclosure of information to the auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- (a) so far as the directors are aware, there is no relevant information of which the Company's auditors are unaware; and
- (b) each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

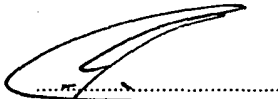
Allvotec Limited (formerly Daisy IT Services Limited)

Directors' report for the Year Ended 31 March 2019 (continued)

Independent auditors

Deloitte LLP resigned as auditors of the Company on 7 January 2019 and PricewaterhouseCoopers LLP were appointed in their place on 6 February 2019. A resolution to re-appoint PricewaterhouseCoopers LLP as the Company's auditors will be proposed at the next directors' meeting.

Approved by the Board on 31 January 2020 and signed on its behalf by:


.....
G Williams
Director

Allvotec Limited (formerly Daisy IT Services Limited)

Directors' responsibilities statement

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

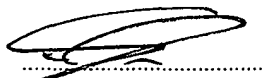
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures and explained in the financial statements;
- 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 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.

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.

Approved by the Board on 31 January 2020 and signed on its behalf by:


.....
G Williams
Director

Allvotec Limited (formerly Daisy IT Services Limited)

Independent auditors' report to the members of Allvotec Limited (formerly Daisy IT Services Limited)

Report on the audit of the financial statements

Opinion

In our opinion, Allvotec Limited (formerly Daisy IT Services Limited)'s financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and the Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 March 2019; the Income statement, the Statement of comprehensive income, the Statement of changes in equity, the Cash flow statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Allvotec Limited (formerly Daisy IT Services Limited)

Independent auditors' report to the members of Allvotec Limited (formerly Daisy IT Services Limited) (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Allvotec Limited (formerly Daisy IT Services Limited)

Independent auditors' report to the members of Allvotec Limited (formerly Daisy IT Services Limited) (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

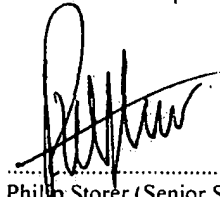
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Philip Storer (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

31 January 2020

Allvotec Limited (formerly Daisy IT Services Limited)

Income statement for the Year Ended 31 March 2019

	Note	Year ended 31 March 2019 £ 000	Year ended 31 March 2018 £ 000
Revenue	3	82,601	85,289
Operating costs		<u>(86,630)</u>	<u>(81,107)</u>
Operating (loss)/profit	4	<u>(4,029)</u>	<u>4,182</u>
Adjusted EBITDA*		6,587	10,436
Depreciation	13	(3,522)	(4,043)
Amortisation	12	(57)	-
Net exceptional administrative expenses	5	<u>(7,037)</u>	<u>(2,211)</u>
Operating (loss)/profit	4	<u>(4,029)</u>	<u>4,182</u>
Finance income	8	4	268
Finance costs	9	<u>(401)</u>	<u>(544)</u>
(Loss)/profit before tax		(4,426)	3,906
Income tax credit/(charge)	11	<u>265</u>	<u>(613)</u>
(Loss)/profit for the year		<u>(4,161)</u>	<u>3,293</u>

* - operating (loss)/profit before depreciation, amortisation and net exceptional administrative expenses.

The above results were derived from continuing operations.

The notes on pages 17 to 51 form an integral part of these financial statements.

Allvotec Limited (formerly Daisy IT Services Limited)

Statement of comprehensive income for the Year Ended 31 March 2019

		Year ended 31 March 2019 £ 000	Year ended 31 March 2018 £ 000
	Note		
(Loss)/profit for the year		<u>(4,161)</u>	<u>3,293</u>
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain on defined benefit pension schemes before tax	23	722	289
Deferred tax on actuarial gain recognised on defined benefit pension scheme	17	<u>(123)</u>	<u>(303)</u>
		<u>599</u>	<u>(14)</u>
Total comprehensive (expense)/income for the year		<u><u>(3,562)</u></u>	<u><u>3,279</u></u>

The notes on pages 17 to 51 form an integral part of these financial statements.

Allvotec Limited (formerly Daisy IT Services Limited)

(Registration number: 01466217)
Balance sheet as at 31 March 2019

	Note	2019 £ 000	2018 £ 000
Fixed assets			
Goodwill	12	9,880	-
Other intangible assets	12	3,363	-
Property, plant and equipment	13	7,104	9,341
Investments	14	11,345	-
Retirement benefit asset	23	433	-
Deferred tax assets	17	<u>1,110</u>	<u>1,036</u>
		<u>33,235</u>	<u>10,377</u>
Current assets			
Inventories	15	6,779	5,233
Trade and other receivables	16	68,875	82,461
Cash and cash equivalents		<u>9,508</u>	<u>4,868</u>
		<u>85,162</u>	<u>92,562</u>
Current liabilities			
Trade and other payables	18	(109,755)	(90,056)
Lease liabilities	20	(2,465)	(2,687)
Provisions	21	<u>(1,458)</u>	<u>(272)</u>
		<u>(113,678)</u>	<u>(93,015)</u>
Net current liabilities		<u>(28,516)</u>	<u>(453)</u>
Total assets less current liabilities		<u>4,719</u>	<u>9,924</u>
Non-current liabilities			
Lease liabilities	20	(3,137)	(4,642)
Provisions	21	(308)	(13)
Other non-current liabilities	19	(36)	(174)
Retirement benefit obligations	23	<u>-</u>	<u>(295)</u>
		<u>(3,481)</u>	<u>(5,124)</u>
Net assets		<u>1,238</u>	<u>4,800</u>
Capital and reserves			
Called up share capital	22	1,000	1,000
Share premium account		14	14
Capital redemption reserve		5	5
Retained earnings		<u>219</u>	<u>3,781</u>
Total shareholder's funds		<u>1,238</u>	<u>4,800</u>

The financial statements on pages 12 to 51 were approved and authorised by the Board on 31 January 2020 and signed on its behalf by:

.....*L Duncalf*.....

L Duncalf

Director

The notes on pages 17 to 51 form an integral part of these financial statements.

Allvotec Limited (formerly Daisy IT Services Limited)

Statement of changes in equity for the Year Ended 31 March 2019

	Share capital £ 000	Share premium £ 000	Capital redemption reserve £ 000	Retained earnings £ 000	Total £ 000
At 1 April 2017	1,000	14	5	502	1,521
Profit for the year	-	-	-	3,293	3,293
Other comprehensive income					
Actuarial gain on pension schemes	-	-	-	289	289
Deferred tax relating to actuarial gain on pension schemes	-	-	-	(303)	(303)
Total comprehensive income	-	-	-	3,279	3,279
At 31 March 2018	1,000	14	5	3,781	4,800
	Share capital £ 000	Share premium £ 000	Capital redemption reserve £ 000	Retained earnings £ 000	Total £ 000
At 1 April 2018	1,000	14	5	3,781	4,800
Loss for the year	-	-	-	(4,161)	(4,161)
Other comprehensive income					
Actuarial gain on pension schemes	-	-	-	722	722
Deferred tax relating to actuarial gain on pension schemes	-	-	-	(123)	(123)
Total comprehensive expense	-	-	-	(3,562)	(3,562)
At 31 March 2019	1,000	14	5	219	1,238

The notes on pages 17 to 51 form an integral part of these financial statements.

Allvotec Limited (formerly Daisy IT Services Limited)

Cash flow statement for the Year Ended 31 March 2019

	Note	Year ended 31 March 2019 £ 000	Year ended 31 March 2018 £ 000
Cash flows from operating activities			
(Loss)/profit for the year		(4,161)	3,293
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	3,579	4,043
Inventory impairment		-	272
Retirement benefit - difference between contributions and amounts charged	23	(2)	7
Finance income	8	(4)	(268)
Finance costs	9	401	544
Income tax (credit)/expense	11	(265)	613
		(452)	8,504
Working capital adjustments			
Increase in inventories		(1,546)	(1,560)
Increase in trade and other receivables		(17,328)	(12,068)
Increase in payables		12,312	1,481
Increase/(decrease) in provisions		1,481	(314)
Cash used in operations		(5,533)	(3,957)
Income taxes received/(paid)		20	(227)
Net cash flow from operating activities		(5,513)	(4,184)
Cash flows from investing activities			
Acquisition of subsidiaries	14	-	-
Acquisitions of property, plant and equipment	13	(166)	(99)
Acquisition of trade and assets	27	505	-
Net cash flows from investing activities		339	(99)
Cash flows from financing activities			
Lease payments		(2,865)	(3,163)
Interest element of lease repayments		(396)	(519)
Advances from group undertakings		13,075	4,325
Net cash flows from financing activities		9,814	643
Net increase/(decrease) in cash and cash equivalents		4,640	(3,640)
Cash and cash equivalents at 1 April		4,868	8,508
Cash and cash equivalents at 31 March		9,508	4,868

The notes on pages 17 to 51 form an integral part of these financial statements.

Allvotec Limited (formerly Daisy IT Services Limited)

Notes to the financial statements for the Year Ended 31 March 2019

1 Accounting policies

The Company is a private limited company, limited by shares, and is incorporated and domiciled in the UK and registered in England and Wales. The address of its registered office is Lindred House, 20 Lindred Road, Brierfield, Nelson, BB9 5SR.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The Company transitioned to Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) on 1 April 2017 from Financial Reporting Standard 102 (FRS 102). The financial statements have been prepared in accordance with FRS 101 and the Companies Act 2006 (the Act), the comparative information has been adjusted to reflect the transition to FRS 101. FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS. As a result of the transition to FRS 101, the Company has applied IFRS 1 First-time Adoption of International Financial Reporting Standards and has taken advantage of the exemption not to present an opening statement of financial position as at 1 April 2017. The Company has elected to apply IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers and IFRS 16 from the date of transition; 1 April 2017. The only material change to the comparative financial information was in relation to IFRS 16 Leases, where leases previously disclosed as operating leases and were expensed to the Income statement equally over the life of the lease, are now capitalised and a lease liability is recognised. This has reduced profit after tax and net assets by £1,303,000. For more information see note 28.

The financial statements are prepared in accordance with the historical cost convention and have been prepared on a going concern basis.

The functional currency of the Company is considered to be in pounds sterling because that is the operational currency of the primary economic environment in which the Company operates.

The Company has taken advantage of the exemption (Companies Act 2006 s400) not to prepare group financial statements on the basis that the Company is included within the consolidated group financial statements of Daisy Group Holdings Limited which are publicly available.

The Company is a qualifying entity for the purposes of FRS 101. Note 26 gives details of the Company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

Allvotec Limited (formerly Daisy IT Services Limited)

Notes to the financial statements for the Year Ended 31 March 2019 (continued)

1 Accounting policies (continued)

The preparation of the financial statements in conformity with FRS 101 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 areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The Company has notified its shareholders in writing about the use of the disclosure exemptions used by the Company in these financial statements.

FRS 101 set out amendments to EU adopted IFRS that are necessary to achieve compliance with the Act and related Regulations.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share based payment'
- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors'
- IAS 24, 'Related party disclosures'
- Paragraphs 52 and 58 of IFRS 16 'Leases'
- IFRS 1, 'First-time adoption of International Financial Reporting Standards' presentation of Balance Sheet at the date of transition

Allvotec Limited (formerly Daisy IT Services Limited)

Notes to the financial statements for the Year Ended 31 March 2019 (continued)

1 Accounting policies (continued)

Basis of preparation (continued)

In the current year, the Company has also applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2018, including IFRIC 22 Foreign currency transactions and advance consideration and the amendments from the IASB annual improvements 2014-2016 cycle. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

The Company has not applied the following new and revised IFRSs that have been issued but not yet effective and (in some cases) have not yet been adopted by the EU.

IASB annual improvements 2015-2017 cycle

Amendments to IAS 1 and IAS 8 on definition of material

Amendments to IFRS 3 on definition of a business

IAS 19 Amendments regarding plan amendments, curtailments or settlements

IAS 28 Amendments regarding long-term interests in associates and joint ventures

IFRIC 23 Uncertainty over Income Tax Treatments

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

Going concern

The Company has net current liabilities at 31 March 2019. All funding is currently arranged through fellow group companies which provide working capital facilities to the rest of the Group via intercompany accounts. The division's forecasts and projections which include the forecast of the Company, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of the current facilities. The Directors of the Company have written confirmation from Daisy Group Holdings Limited that it will continue to provide the necessary financial support to the Company for a period of no less than 12 months from the date of approval of these financial statements.

Taking the above into account and the results of the Company for the year, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. The Company identifies the separate performance obligations associated with the goods and services provided, then allocates the transaction price accordingly using standalone selling prices for guidance on contracts with multiple performance obligations. Revenue is recognised on each performance obligation when control is deemed to have been transferred. Revenue is shown net of value added tax, returns, rebates and discounts.

Allvotec Limited (formerly Daisy IT Services Limited)

Notes to the financial statements for the Year Ended 31 March 2019 (continued)

1 Accounting policies (continued)

To the extent that invoices are raised to a different pattern than the revenue recognition described above, appropriate adjustments are made through deferred and accrued income to account for revenue when the respective performance obligations have been met.

The Company has applied the following practical expedients under IFRS 15 in accounting for revenue:

- the promised amount of consideration has not been adjusted for the effects of a significant financing component where, at contract inception, it is expected that the period between when the promised good or services is transferred to a customer and when the customer pays for that good or service will be one year or less; and

- the incremental costs of obtaining a contract are recognised as an expense when incurred if the amortisation period of the asset that would otherwise have been recognised in one year or less.

Arrangements with multiple deliverables

Where goods and/or services are sold in one bundled transaction, the Company allocates the total arrangement's consideration to the different individual elements based on their relative fair values. Management determines the fair values of individual components based on actual amounts charged by the Company on a stand-alone basis, or alternatively based on comparable pricing arrangements observable in the market.

Sale of services

The Company provides end-to-end services for Partners across unified communications and technology services, this includes design, implementation and support services. Revenue from the sale of services is recognised at fair value, over the period of the related agreement in line with when control is deemed to pass in relation to the Company's performance obligations. Variable charges such as professional services are recognised when the related services are delivered provided there is a distinct performance obligation.

Sale of goods

Revenue from the sale of equipment is recognised at fair value in the Income statement when control has been transferred in relation to the identified performance obligations, usually on delivery or installation.

Exceptional items

Exceptional items are those that, in management's judgement, should be disclosed separately in order to determine the underlying profitability of the business, in the absence of acquisition activity, integration activity and one-off items. Items that are material, either individually or in aggregate and non-operating or non-recurring in nature are presented as exceptional items in the income statement, within the relevant account heading. Items that may give rise to classification as exceptional items include, but are not limited to, significant restructuring and rationalisation programmes, asset impairments, negative goodwill and acquisition-related costs.

Finance income and costs

The interest expense component of lease payments is recognised in the Income Statement using the effective interest rate method.

Allvotec Limited (formerly Daisy IT Services Limited)

Notes to the financial statements for the Year Ended 31 March 2019 (continued)

1 Accounting policies (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where the transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of tangible assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Land and buildings	50 years or period of lease
Leasehold improvements	period of lease
Fixtures and fittings	2 to 5 years
Motor vehicles	2 to 4 years

Allvotec Limited (formerly Daisy IT Services Limited)

Notes to the financial statements for the Year Ended 31 March 2019 (continued)

1 Accounting policies (continued)

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Goodwill is not subject to amortisation but is tested for impairment.

Negative goodwill arising on an acquisition is recognised directly in the income statement. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the income statement on disposal.

Other intangible assets

Customer and supplier portfolios acquired as part of a business combination are initially measured at fair value and amortised on a straight-line basis through operating costs in the income statement over their useful economic lives. The fair value attributable to intangible assets acquired through a business combination is determined by discounting the expected future cash flows to be generated from that asset at the risk adjusted weighted average cost of capital for the Company. Assumptions are also used in the calculation and include management's estimates of revenue and profits to be generated by the acquired businesses. Separate values are not attributed to internally-generated customer and supplier relationships.

The estimated useful economic lives of intangible assets are as follows:

Customer lists	life of the customer relationship of between 2 and 7 years
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Investments

Investments in subsidiary undertakings held as fixed assets are stated at cost less provision for any impairment. In the opinion of the directors the value of such investments is not less than shown at the balance sheet date. Impairments to investments are charged to exceptional administrative expenses in the statement of comprehensive income. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis and includes transport and handling costs. Net realisable value is based on estimated selling price less further costs expected to be incurred to disposal. Where necessary, provision is made for obsolete, slow-moving and defective inventory.

Allvotec Limited (formerly Daisy IT Services Limited)

Notes to the financial statements for the Year Ended 31 March 2019 (continued)

1 Accounting policies (continued)

Financial instruments

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

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

Financial assets and liabilities

All financial assets and liabilities are initially measured at the transaction price (including transaction costs), except for those financial assets classified at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are offset in the statement of financial position only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Commitments to make and receive loans which meet the conditions measured above are measured at costs (which may be nil) less impairment.

Financial assets are derecognised only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Allvotec Limited (formerly Daisy IT Services Limited)

Notes to the financial statements for the Year Ended 31 March 2019 (continued)

1 Accounting policies (continued)

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables.

To measure the expected credit losses, trade receivables and accrued income have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work completed and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for accrued income.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Allvotec Limited (formerly Daisy IT Services Limited)

Notes to the financial statements for the Year Ended 31 March 2019 (continued)

1 Accounting policies (continued)

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the obligation. The provision is discounted to its present value where the effect is material.

Restructuring provision

A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation to those affected that it will carry out the restructuring by starting to implement the plan. The measurement of a restructuring provision includes only the direct expenditure arising from the restructuring.

Dilapidation provision

The provision relates to the obligation to reinstate certain properties to their former condition at the end of the lease term. The provision is recognised at lease inception.

Onerous contract provision

An onerous contract provision is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
 - the Company has the right to operate the asset; or
 - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings and motor vehicles in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Allvotec Limited (formerly Daisy IT Services Limited)

Notes to the financial statements for the Year Ended 31 March 2019 (continued)

1 Accounting policies (continued)

Pensions

The Company contributes to a Group personal pension plan in respect of certain employees. The plan is a defined contribution plan and the annual charge to the income statement comprises the contributions payable in the year.

The Company participates in two defined benefit pension schemes: the Federated Pension Plan ('FPP scheme') and the ICM Computer Group Pension and Assurance Scheme ('ICM scheme'), for certain of its employees. Since the employees of the FPP scheme transferred to the Group under TUPE (Transfer of Undertakings (Protection of Employment) Regulations), they have been accruing pension benefits and the Company has been paying regular contributions into the scheme.

The ICM scheme has been closed to future service accrual. Contributions to this scheme are set as a whole rather than reflecting the actuarial characteristics of the employees of the individual participating employers and as such the Company cannot identify its share of the underlying assets and liabilities. As such this defined benefit pension scheme is treated as a defined contribution scheme in these financial statements and only the contributions payable in the accounting period are recognised.

2 Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Management continually evaluates the estimates, assumptions and judgements based on available information and experience. The critical judgements, apart from those involving estimation and assumptions (which are dealt with separately below) that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Critical judgements in applying the Group's accounting policies

Exceptional items

The Company applies judgement in assessing the substance of transactions to identify those that are material individually or in aggregate and non-operating or non-recurring in nature. These are presented as exceptional items in the Income Statement, within the relevant account heading. Items that may give rise to classification as exceptional items include, but are not limited to, significant restructuring and rationalisation programmes, asset impairments, negative goodwill and acquisition-related costs. The directors are of the opinion that the separate recording of exceptional items provides helpful information about the Group's underlying business performance.

Lease arrangements

The Company has intercompany agreements with fellow group companies and due to both parties being under common control, the directors are of the opinion the lease arrangements are enforceable.

Allvotec Limited (formerly Daisy IT Services Limited)

Notes to the financial statements for the Year Ended 31 March 2019 (continued)

2 Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment as at the transition date and thereafter for all non-financial assets at each reporting date. Goodwill is tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Valuation of lease liability

The valuation of the Company's lease liabilities under IFRS 16 involves the discounting of future lease payments using the relevant incremental borrowing rates of the Company. Changes in the discount rate used can have a significant impact on the valuation of the Company's lease liability.

Onerous contract provision

The provision is based the most recent assessment of the likely net unavoidable costs to the end of the contract term. The future economic benefits expected to be received are based on forecasts which include uncertainties with regards to revenue and cost assumptions.

3 Revenue

The revenue for the Company for the year has been derived from its principal activity from trade in the United Kingdom.

4 Operating (loss)/profit

Operating (loss)/profit is stated after charging:

		Year ended 31 March 2019 £ 000	Year ended 31 March 2018 £ 000
Raw materials and consumables used		(953)	(865)
Employee costs	6	(55,625)	(53,596)
Depreciation of owned assets	13	(630)	(768)
Depreciation of leased assets	13	(2,892)	(3,275)
Amortisation	12	(57)	-
Auditors' remuneration	10	(50)	(65)
Net exceptional administrative expenses	5	(7,037)	(2,211)
Other operating costs		<u>(19,386)</u>	<u>(20,327)</u>
Operating costs		<u>(86,630)</u>	<u>(81,107)</u>

Allvotec Limited (formerly Daisy IT Services Limited)

Notes to the financial statements for the Year Ended 31 March 2019 (continued)

5 Net exceptional administrative expenses

	Year ended 31 March 2019 £ 000	Year ended 31 March 2018 £ 000
Employee-related reorganisation and restructuring costs (i)	2,815	1,312
Other restructuring and reorganisation costs (ii)	1,712	318
Loss on disposal of property, plant and equipment	20	-
Contract provision (iii)	2,139	-
Stock impairment (iv)	-	411
Vacant property costs (v)	351	170
	<u>7,037</u>	<u>2,211</u>

(i) Employee-related restructuring costs principally relate to redundancy costs.

(ii) Other costs associated with restructuring, including the Company's logistics solution.

(iii) A provision has been created in the year for the expected future life-time losses on contracts that were identified as loss-making.

(iv) Stock impairment in the prior year mainly related to the write-off of obsolete maintenance stock, including costs of disposal.

(v) Relates to costs associated to exit leasehold properties where the space is no longer utilised.

Allvotec Limited (formerly Daisy IT Services Limited)

Notes to the financial statements for the Year Ended 31 March 2019 (continued)

6 Staff costs

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	Year ended 31 March 2019 No.	Year ended 31 March 2018 No.
Technical staff	1,255	1,249
Sales and administration staff	107	114
	<u>1,362</u>	<u>1,363</u>

The aggregate payroll costs (including directors' remuneration) were as follows:

	Year ended 31 March 2019 £ 000	Year ended 31 March 2018 £ 000
Wages and salaries	46,575	45,265
Social security costs	5,423	5,043
Other pension costs	3,627	3,288
	<u>55,625</u>	<u>53,596</u>

7 Directors' remuneration

During the year the number of directors who were receiving benefits and share incentives borne by the Company was as follows:

	Year ended 31 March 2019 No.	Year ended 31 March 2018 No.
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>-</u>

The directors' remuneration and highest paid director for the year borne by the Company was as follows:

	Year ended 31 March 2019 £ 000	Year ended 31 March 2018 £ 000
Remuneration	247	-
Company contributions paid to money purchase schemes	<u>3</u>	<u>-</u>

The Company also received a re-charge of £102,000 (2018: £192,000) in respect of directors' remuneration from fellow group companies.

Allvotec Limited (formerly Daisy IT Services Limited)

Notes to the financial statements for the Year Ended 31 March 2019 (continued)

8 Finance income

	Year ended 31 March 2019 £ 000	Year ended 31 March 2018 £ 000
Other interest receivable	-	268
Net interest income on defined benefit pension scheme	<u>4</u>	<u>-</u>
	<u><u>4</u></u>	<u><u>268</u></u>

9 Finance costs

	Year ended 31 March 2019 £ 000	Year ended 31 March 2018 £ 000
Interest on leases	396	519
Interest payable to group undertakings	5	14
Other finance costs	-	4
Net interest cost on defined benefit pension scheme	<u>-</u>	<u>7</u>
	<u><u>401</u></u>	<u><u>544</u></u>

10 Auditors' remuneration

	Year ended 31 March 2019 £ 000	Year ended 31 March 2018 £ 000
Audit of the financial statements	<u>50</u>	<u>65</u>

There were no non-audit fees paid to the auditors (2018: £nil).

Allvotec Limited (formerly Daisy IT Services Limited)

Notes to the financial statements for the Year Ended 31 March 2019 (continued)

11 Income tax

Tax charged/(credited) in the Income statement:

	Year ended 31 March 2019 £ 000	Year ended 31 March 2018 £ 000
Current taxation		
Corporation tax charge	31	93
Adjustments in respect of prior years	<u>(137)</u>	<u>(503)</u>
UK Corporation tax credit	<u>(106)</u>	<u>(410)</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	(236)	1,274
Deferred tax adjustment relating to prior years	<u>77</u>	<u>(251)</u>
Total deferred tax (credit)/charge	<u>(159)</u>	<u>1,023</u>
Total tax (credit)/charge	<u><u>(265)</u></u>	<u><u>613</u></u>

The tax on (loss)/profit before tax for the year is higher than the standard rate of corporation tax in the UK (2018 - lower than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	Year ended 31 March 2019 £ 000	Year ended 31 March 2018 £ 000
(Loss)/profit before tax	<u>(4,426)</u>	<u>3,906</u>
Corporation tax at standard rate	(841)	742
Increase (decrease) in current tax from adjustment for prior periods	(60)	(754)
Increase (decrease) from effect of capital allowances depreciation	(5)	(59)
(Decrease)/increase from effect of net (income)/expenses not deductible for tax purposes	(114)	1,449
Tax decrease from utilisation of tax losses	-	(13)
Increase (decrease) arising from group relief tax reconciliation	<u>755</u>	<u>(752)</u>
Total tax (credit)/charge	<u><u>(265)</u></u>	<u><u>613</u></u>

Allvotec Limited (formerly Daisy IT Services Limited)

Notes to the financial statements for the Year Ended 31 March 2019 (continued)

11 Income tax (continued)

Factors that may affect future tax charges

The Finance (No. 2) Act 2015 introduced a reduction in the main rate of corporation tax from 20% to 19% from 1 April 2017 and from 19% to 18% from 1 April 2020. These reductions were substantively enacted on 26 October 2015.

The Finance Act 2016 introduced a further reduction in the main rate of corporation tax to 17% from 1 April 2020. This was substantively enacted on 6 September 2016. Accordingly, deferred tax balances that are expected to reverse after 1 April 2020 have been valued at the lower rate of 17%.

The deferred tax asset has been recognised as it is probable that there will be sufficient taxable profits for the future deductions to be utilised, it is expected to be utilised over the next two years.

12 Intangible assets

	Goodwill	Other intangible assets*	Total
	£ 000	£ 000	£ 000
Cost or valuation			
At 1 April 2017 and 31 March 2018	-	-	-
Additions	9,880	3,420	13,300
At 31 March 2019	9,880	3,420	13,300
Accumulated amortisation			
At 1 April 2017 and 31 March 2018	-	-	-
Amortisation charge	-	57	57
At 31 March 2019	-	57	57
Carrying amount			
At 31 March 2019	9,880	3,363	13,243
At 1 April 2017 and 31 March 2018	-	-	-

* *Customer lists*

On 1 March the trade and assets of Allvotec Services Limited (previously Daisy Partner Services Limited) and Allvotec Trading Limited (previously Daisy Partner Services Trading Limited), both subsidiary companies, were transferred to the Company. For further details see note 27.

Allvotec Limited (formerly Daisy IT Services Limited)

Notes to the financial statements for the Year Ended 31 March 2019 (continued)

13 Property, plant and equipment

	Land and buildings £ 000	Leasehold improvements £ 000	Furniture, fittings and equipment £ 000	Motor vehicles £ 000	Total £ 000
Cost or valuation					
At 1 April 2017 (as previously reported)	1,922	432	14,141	-	16,495
Transition to FRS 101 (note 28)	6,053	-	-	2,801	8,854
At 1 April 2017 (post transition to FRS 101)	7,975	432	14,141	2,801	25,349
Additions	-	-	99	973	1,072
At 31 March 2018 and 1 April 2018	7,975	432	14,240	3,774	26,421
Additions	-	-	166	1,138	1,304
Disposals	-	(432)	(702)	-	(1,134)
At 31 March 2019	7,975	-	13,704	4,912	26,591
Accumulated depreciation					
At 1 April 2017	556	432	12,049	-	13,037
Charge for year	1,603	-	1,095	1,345	4,043
At 31 March 2018 and 1 April 2018	2,159	432	13,144	1,345	17,080
Charge for the year	1,398	-	681	1,443	3,522
Eliminated on disposal	-	(432)	(683)	-	(1,115)
At 31 March 2019	3,557	-	13,142	2,788	19,487
Carrying amount					

Allvotec Limited (formerly Daisy IT Services Limited)

Notes to the financial statements for the Year Ended 31 March 2019 (continued)

13 Property, plant and equipment (continued)

	Land and buildings £ 000	Leasehold improvements £ 000	Furniture, fittings and equipment £ 000	Motor vehicles £ 000	Total £ 000
At 31 March 2019	<u>4,418</u>	<u>-</u>	<u>562</u>	<u>2,124</u>	<u>7,104</u>
At 31 March 2018	<u>5,816</u>	<u>-</u>	<u>1,096</u>	<u>2,429</u>	<u>9,341</u>
At 1 April 2017	<u>1,366</u>	<u>-</u>	<u>2,092</u>	<u>-</u>	<u>3,458</u>

Allvotec Limited (formerly Daisy IT Services Limited)

Notes to the financial statements for the Year Ended 31 March 2019 (continued)

13 Property, plant and equipment (continued)

Included in the cost of land and buildings is freehold land of £206,000 (2018: £206,000) which is not being depreciated.

Included within property, plant and equipment are right-of-use assets, for which the Company is the lessee, accounted for in line with the requirements of IFRS 16. Additions to the right-of-use assets during the year were £1,138,000 (2018: £973,000).

31 March 2019

	Land and buildings	Furniture, fittings and equipment	Motor vehicles	Total
	£ 000	£ 000	£ 000	£ 000
Cost	6,053	1,849	4,912	12,814
Accumulated depreciation	(2,919)	(1,849)	(2,788)	(7,556)
Net book amount	3,134	-	2,124	5,258

31 March 2018

	Land and buildings	Furniture, fittings and equipment	Motor vehicles	Total
	£ 000	£ 000	£ 000	£ 000
Cost	6,053	1,849	3,774	11,676
Accumulated depreciation	(1,561)	(1,758)	(1,345)	(4,664)
Net book amount	4,492	91	2,429	7,012

Allvotec Limited (formerly Daisy IT Services Limited)

Notes to the financial statements for the Year Ended 31 March 2019 (continued)

13 Property, plant and equipment (continued)

Depreciation for the year on the right-of-use assets were:

	Land and buildings	Furniture, fittings and equipment	Motor vehicles	Total
	£ 000	£ 000	£ 000	£ 000
Year ended 31 March 2019	1,358	91	1,443	2,892
Year ended 31 March 2018	1,561	369	1,345	3,275

Allvotec Limited (formerly Daisy IT Services Limited)

Notes to the financial statements for the Year Ended 31 March 2019 (continued)

14 Investments

	Subsidiaries £ 000
Cost	
1 April 2017 and 31 March 2018	-
Additions	<u>11,345</u>
At 31 March 2019	11,345
Accumulated impairment	
At 1 April 2017, 31 March 2018 and 31 March 2019	<u>-</u>
Carrying amount	
At 31 March 2019	<u>11,345</u>
At 1 April 2017 and 31 March 2018	<u>-</u>

On 28 February 2019 the Company acquired 100% of the ordinary share capital of Allvotec Services Limited (previously Daisy Partner Services Limited) and Allvotec Trading Limited (previously Daisy Partner Services Trading Limited) for £6,426k and £4,919k respectively. The consideration remains unsettled in Amounts owed to group undertakings.

Details of the subsidiaries (registered in England and Wales) as at 31 March 2019 are as follows:

Name of subsidiary	Principal activity	Registered office	Percentage of issued share capital held	
			2019	2018
Allvotec Services Limited (previously Daisy Partner Services Limited)	Information technology services	Lindred House, 20 Lindred Road, Nelson, Lancashire, BB9 5SR	100%	0%
Allvotec Trading Limited (previously Daisy Partner Services Trading Limited)	Information technology services	Lindred House, 20 Lindred Road, Nelson, Lancashire, BB9 5SR	100%	0%

The directors believe that the carrying value of the investments is supported by the underlying net assets of the businesses.

Allvotec Limited (formerly Daisy IT Services Limited)

Notes to the financial statements for the Year Ended 31 March 2019 (continued)

15 Inventories

	2019	2018
	£ 000	£ 000
Service inventories	<u>6,779</u>	<u>5,233</u>

During the year £953,000 of inventory was recognised as an expense in the income statement (2018: £865,000). In the prior year there was an additional impairment expense of £272,000 recognised in exceptional expenses in the Income Statement.

16 Trade and other receivables

	2019	2018
	£ 000	£ 000
Trade receivables	10,957	9,749
Amounts owed by group undertakings	46,912	62,661
Other receivables	547	909
Corporation tax asset	223	137
Accrued income	4,305	2,707
Prepayments	<u>5,931</u>	<u>6,298</u>
	<u>68,875</u>	<u>82,461</u>

Included in prepayments and accrued income is £2,909,000 (2018: £2,682,000) relating to amounts due in more than one year.

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Allvotec Limited (formerly Daisy IT Services Limited)

Notes to the financial statements for the Year Ended 31 March 2019 (continued)

17 Deferred taxation

Deferred taxation provided for in the financial statements is set out below. There were no unprovided amounts of deferred taxation at 31 March 2019 and 31 March 2018. The deferred tax movement in the prior and current year was as follows:

	Asset at 1 April 2017 £ 000	Credit/(charge) for the year (note 11) £ 000	Recognised in equity £ 000	(Liability)/ asset at 31 March 2018 £ 000
Accelerated tax depreciation	820	(1,209)	-	(389)
Other items	1,542	186	(303)	1,425
Net tax assets	<u>2,362</u>	<u>(1,023)</u>	<u>(303)</u>	<u>1,036</u>

	(Liability)/ asset at 1 April 2018 £ 000	Credit/(charge) for the year (note 11) £ 000	Acquired (note 27) £ 000	Recognised in equity £ 000	(Liability)/ asset at 31 March 2019 £ 000
Accelerated tax depreciation	(389)	302	-	-	(87)
Other items	1,425	(143)	38	(123)	1,197
Net tax assets	<u>1,036</u>	<u>159</u>	<u>38</u>	<u>(123)</u>	<u>1,110</u>

18 Trade and other payables

	2019 £ 000	2018 £ 000
Trade payables	6,513	4,482
Amounts owed to group undertakings	85,500	68,685
Other taxation and social security	4,822	5,054
Other payables	1,248	1,014
Accruals	3,917	3,443
Deferred income	<u>7,755</u>	<u>7,378</u>
	<u>109,755</u>	<u>90,056</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Allvotec Limited (formerly Daisy IT Services Limited)

Notes to the financial statements for the Year Ended 31 March 2019 (continued)

19 Other non-current liabilities

	2019	2018
	£ 000	£ 000
Deferred income	<u>36</u>	<u>174</u>

20 Lease liabilities

	Minimum lease payments £ 000	Interest £ 000	Carrying value £ 000
As at 31 March 2019			
Within one year	2,772	(307)	2,465
In two to five years	3,281	(174)	3,107
In over five years	<u>33</u>	<u>(3)</u>	<u>30</u>
	<u>6,086</u>	<u>(484)</u>	<u>5,602</u>

	Minimum lease payments £ 000	Interest £ 000	Carrying value £ 000
As at 31 March 2018			
Within one year	3,375	(688)	2,687
In two to five years	<u>4,791</u>	<u>(149)</u>	<u>4,642</u>
	<u>8,166</u>	<u>(837)</u>	<u>7,329</u>

21 Provisions

	Loss making contracts provision £ 000	Restructuring provision £ 000	Dilapidation provision £ 000	Total £ 000
At 1 April 2018	-	-	285	285
Additional provisions	2,139	970	24	3,133
Provisions used	(1,379)	-	(216)	(1,595)
Unused provision reversed	-	-	(59)	(59)
Increase due to change in discount rate	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
At 31 March 2019	<u>760</u>	<u>970</u>	<u>36</u>	<u>1,766</u>
		Note	2019	2018
			£ 000	£ 000
Non-current			308	13
Current			<u>1,458</u>	<u>272</u>
			<u>1,766</u>	<u>285</u>

Allvotec Limited (formerly Daisy IT Services Limited)

Notes to the financial statements for the Year Ended 31 March 2019 (continued)

21 Provisions (continued)

The loss-making contract provision relates to a loss-making contract which is expected to be utilised over the next two years.

The dilapidation provision relates to obligations to reinstate certain properties to their former condition at the end of their leases which end between July and October 2021.

The restructuring provision was management's best estimate in relation to restructuring activities and redundancy costs as a result of a Company reorganisation. It is expected to be fully utilised in the year ending 31 March 2020.

22 Called up share capital and reserves

Allotted, called up and fully paid shares

	2019		2018	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

The retained earnings represent cumulative profits or losses, net of dividends paid and other adjustments.

The capital redemption reserve represents the share capital repurchased by the Company.

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

Allvotec Limited (formerly Daisy IT Services Limited)

Notes to the financial statements for the Year Ended 31 March 2019 (continued)

23 Pension schemes

Defined contribution pension scheme

The Company contributes to a Group personal pension plan in respect of certain employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The charge for the year was £3,180,000 (2018: £2,130,000). Outstanding contributions at 31 March 2019 were £212,000 (2018: £192,000) and are included in other payables.

Defined benefit pension schemes

The Company participates in two defined benefit pension schemes: the Federated Pension Plan ("FPP scheme") and the ICM Computer Group Pension and Assurance Scheme ("ICM scheme"), for certain of its employees.

The Company is a participating employer within the ICM scheme which was closed to future service accrual with an effective date of 30 September 2010. Members of the scheme were invited to make contributions into the defined contribution plan. The sponsoring employer for the plan is Daisy Holdings Limited (a fellow Group Company) and as there is no contractual agreement for charging the net defined benefit cost for the plan, the Company recognises a cost equal to its contribution payable for the year. As such this defined benefit pension scheme is treated as a defined contribution scheme in these financial statements and only the contributions payable in the accounting period are recognised in the Statement of comprehensive income.

As at 31 March 2019 an asset of £9,663,000 (2018: £9,349,000) was recognised in the financial statements of the legal sponsoring entity, Daisy Holdings Limited, and in the Daisy Group Holdings consolidated financial statements in respect of the ICM defined benefit pension scheme. The disclosure in the Group consolidation financial statements is calculated in accordance with IAS 19. The total pension cost under the defined benefit funded pension scheme during the year was £1,000,000 (2018: £1,000,000), all of which related to payments against the prior year's defined benefit pension deficit. Of the total pension costs, the Company has incurred £210,000 (2018: £327,000), with the remaining £790,000 (2018: £673,000) being recharged to other group companies. The Group is currently contributing £252,000 (2018: £1,000,000) to this scheme per annum, which along with investment returns from return-seeking assets, is expected to eliminate the funding deficit by December 2022.

Since the employees in the FPP scheme transferred into the Company under TUPE (Transfer of Undertakings (Protection of Employment)) Regulations, they have been accruing pension benefits and the Company has been paying regular contributions into the scheme.

Allvotec Limited (formerly Daisy IT Services Limited)

Notes to the financial statements for the Year Ended 31 March 2019 (continued)

23 Pension schemes (continued)

FPP

Risks

Investment risk

The present value of the defined benefit plans' liabilities is calculated using a discount rate determined by reference to high quality corporate bond yields. If the return on plan assets is below this rate, it will create a plan deficit. Currently the plans have a relatively balanced investment in equity securities and debt instruments. The investment return in relation to equity securities is variable and as such they are considered riskier investments. This results in 'the equity risk premium' which is included in the yield on the equity investment and compensates investors for the additional risk of holding this type of investment. There is significant uncertainty about the expected size of this risk premium and this risk is managed by holding assets which are less risky in nature but have a corresponding lower return. The risk of default on the assets invested in bonds is considered to be small.

Inflation risk

The defined benefit plans' liabilities are linked to inflation. A higher inflation rate would lead to higher liabilities. The majority of the plans' assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation will also increase any deficit or reduce any surplus.

Life expectancy risk

The present value of the defined benefit plans' liabilities is calculated by reference to the best estimate of the mortality of plan participants. An increase in the life expectancy of the plan participants will increase the plans' liabilities.

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

	2019	2018
	%	%
Discount rate	2.45	2.60
Future salary increases	2.00	1.90
Future pension increases	2.05	1.95
Inflation (CPI)	<u>2.00</u>	<u>1.90</u>

Post retirement mortality assumptions

The mortality assumptions represent the following life expectancies post-retirement (in years):

	2019	2018
	Years	Years
Male currently age 65	21.50	21.90
Female currently age 45	23.40	23.80
Male currently age 45	22.80	23.30
Female currently age 45	<u>24.90</u>	<u>25.40</u>

Amounts recognised in the Income statement

Allvotec Limited (formerly Daisy IT Services Limited)

Notes to the financial statements for the Year Ended 31 March 2019 (continued)

23 Pension schemes (continued)

	Year ended 31 March 2019 £ 000	Year ended 31 March 2018 £ 000
Amounts recognised in operating (loss)/profit		
Current service cost	(629)	(679)
Past service cost	<u>(266)</u>	<u>-</u>
Recognised in arriving at operating (loss)/profit	<u>(895)</u>	<u>(679)</u>
Amounts recognised in finance income or costs		
Net interest income/(expense) on defined benefit assets	<u>4</u>	<u>(7)</u>
Total recognised in the Income statement	<u>(891)</u>	<u>(686)</u>

Amounts taken to the Statement of comprehensive income

	Year ended 31 March 2019 £ 000	Year ended 31 March 2018 £ 000
Actuarial gains and losses arising from experience adjustments	(636)	(381)
Return on plan assets, excluding amounts included in interest income/(expense)	<u>(86)</u>	<u>92</u>
Amounts recognised in the Statement of comprehensive income	<u>(722)</u>	<u>(289)</u>

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2019 £ 000	2018 £ 000
Fair value of scheme assets	5,961	4,877
Present value of scheme liabilities	<u>(5,528)</u>	<u>(5,172)</u>
Defined benefit pension scheme surplus/(deficit)	<u>433</u>	<u>(295)</u>

Allvotec Limited (formerly Daisy IT Services Limited)

Notes to the financial statements for the Year Ended 31 March 2019 (continued)

23 Pension schemes (continued)

Scheme assets

Changes in the fair value of scheme assets are as follows:

	2019	2018
	£ 000	£ 000
Fair value at start of year	4,877	4,190
Interest income	138	115
Actuarial gains and losses arising from changes in financial assumptions	86	(92)
Employer contributions	897	672
Contributions by scheme participants	17	14
Benefits paid	<u>(54)</u>	<u>(22)</u>
Fair value at end of year	<u><u>5,961</u></u>	<u><u>4,877</u></u>

Analysis of assets

The major categories of scheme assets are as follows:

	2019	2018
	£ 000	£ 000
Cash and cash equivalents	42	12
Equity instruments	2,664	2,160
Debt instruments	<u>3,255</u>	<u>2,705</u>
	<u><u>5,961</u></u>	<u><u>4,877</u></u>

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company. All equity and debt instruments have quoted prices in active markets.

Allvotec Limited (formerly Daisy IT Services Limited)

Notes to the financial statements for the Year Ended 31 March 2019 (continued)

23 Pension schemes (continued)

Scheme liabilities

Movements in the present value of scheme liabilities are as follows:

	2019	2018
	£ 000	£ 000
Present value at start of year	5,172	4,760
Current service cost	629	679
Past service cost	266	-
Actuarial gains and losses arising from changes in demographic assumptions	(213)	(171)
Actuarial gains and losses arising from changes in financial assumptions	362	(260)
Actuarial gains and losses arising from experience adjustments	(785)	50
Interest cost	134	122
Benefits paid	(54)	(22)
Contributions by scheme participants	17	14
Present value at end of year	<u>5,528</u>	<u>5,172</u>

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

		31 March 2019	31 March 2018
		Increase in scheme liabilities	Increase in scheme liabilities
Assumption	Change in assumption	£ 000	£ 000
Discount rate	Decrease by 0.25ppts	371	428
Inflation	Increase by 0.25ppts	327	406
Mortality	Long-term mortality improvement of 1.5%	84	82

Allvotec Limited (formerly Daisy IT Services Limited)

Notes to the financial statements for the Year Ended 31 March 2019 (continued)

24 Contingent liabilities

Daisy Group Limited, a fellow group company, has debt facilities in place which are secured through fixed and floating charges over the assets of the company and its subsidiary undertakings. The total indebtedness against these senior and revolving facilities at 31 March 2019 was £788.5 million (2018: £478.9 million).

Daisy PIKco Limited, a fellow group company, had a payment in kind facility in place secured through fixed and floating charges over the assets of the Group that was paid off in the year. The total indebtedness of this facility at 31 March 2019 was £nil (2018: £347.8 million) including capitalised interest of £nil (2018: £92.8 million).

Another fellow group company, Daisy Midco Limited, secured a payment in kind facility during the year which is also secured through fixed and floating charges over the assets of the Group. The total indebtedness of this facility at 31 March 2019 was £291.9 million (2018: £nil) including capitalised interest of £5.6 million (2018: £nil).

The directors do not expect any material loss to arise in respect of the group security arrangements in place.

25 Related party transactions

The director of the ultimate parent company was also a director of Damoco Bidco Limited (which was a customer of this Company during the year) until 23 August 2018. The Company had the following transactions with Damoco Bidco Limited whilst it was a related party:

	Revenue		Expenses	
	Year ended	Year ended	Year ended	Year ended
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	£'000	£'000	£'000	£'000
Damoco Bidco Limited	18	117	-	-

There are no balances outstanding at the balance sheet date with related parties (2018: £14k debtor balance with Damoco Bidco Limited).

Allvotec Limited (formerly Daisy IT Services Limited)

Notes to the financial statements for the Year Ended 31 March 2019 (continued)

26 Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party is Daisy Group Holdings Limited which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the consolidated financial statements can be obtained from the Companies House website.

The immediate parent company, owning the entire share capital of the Company, is Allvotec Holdings Limited, a company registered in the UK.

The Company's direct subsidiaries are Allvotec Trading Limited (previously Daisy Partner Services Trading Limited) and Allvotec Services Limited (previously Daisy Partner Services Limited).

The registered address for all the above companies is Lindred House, 20 Lindred Road, Brieffield, Nelson, BB9 5SR.

27 Trade and assets acquisitions

On 1 March 2019 the trade and assets of Allvotec Services Limited (previously Daisy Partner Services Limited) and Allvotec Trading Limited (previously Daisy Partner Services Trading Limited), both subsidiary companies, were transferred to the Company at market value. Also on 1 March 2019, part of the trade and assets of Daisy Communications Limited (a fellow group company) were transferred to the Company at book value.

The fair value and book value of the assets and liabilities acquired and the associated goodwill arising from the acquisitions were as follows:

	Allvotec Services Limited	Allvotec Trading Limited	Daisy Communications Limited	Total
	£000	£000	£000	£000
Intangible assets - customer list	1,870	1,550	-	3,420
Property, plant and equipment	1	-	-	1
Trade and other receivables	(1,265)	(3)	2,038	770
Cash and cash equivalents	505	-	-	505
Trade and other payables	(361)	(833)	15,608	14,414
Net (liabilities)/assets	750	714	17,646	19,110
Goodwill	5,676	4,204	-	9,880
Purchase consideration	6,426	4,918	17,646	28,990

The only fair value adjustments were in relation to the intangible assets as Allvotec Limited acquired the customer list of its subsidiaries, the adjustment in relation to Allvotec Services Limited and Allvotec Trading Limited was £1,870k and £1,550k respectively.

Allvotec Limited (formerly Daisy IT Services Limited)

Notes to the financial statements for the Year Ended 31 March 2019 (continued)

27 Trade and assets acquisitions (continued)

The following table shows the amount of revenue and profit of the acquiree since the acquisition date which has been included in the Income statement:

	Allvotec Services Limited	Allvotec Trading Limited	Daisy Communications Limited	Total
	£000	£000	£000	£000
Revenue	123	67	650	840
Profit	58	17	346	421

Cash flows arising from the acquisitions were as follows:

	Allvotec Services Limited	Allvotec Trading Limited	Daisy Communications Limited	Total
	£000	£000	£000	£000
Total purchase consideration	6,426	4,918	17,646	28,990
Purchase consideration unsettled in Amounts owed to group undertakings	(6,426)	(4,918)	(17,646)	(28,990)
Cash and cash equivalents in acquiree	505	-	-	505
Cash inflow	505	-	-	505

28 Transition to FRS 101

The Company has transitioned from FRS 102 to FRS 101 and as a result the comparatives have been adjusted to reflect this from 1 April 2017. The Company has elected to apply IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases from 1 April 2017. The only material adjustment in relation to the transition to FRS 101 in the prior year was due to the Company applying IFRS 16. The Company recognised lease liabilities in relation to leases which had previously been classified as operating leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates of the Company as of 1 April 2017. The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Balance sheet as at 1 April 2017.

The Company has used the following practical expedients permitted by the standard:

- the non-lease and lease components have been treated as a single lease component for motor vehicles;
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- determining onerous leases by applying IAS 37 as an alternative to performing an impairment review; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Allvotec Limited (formerly Daisy IT Services Limited)

Notes to the financial statements for the Year Ended 31 March 2019 (continued)

28 Transition to FRS 101 (continued)

There have been no adjustments to equity at 1 April 2017, the date of transition to FRS 101. The following tables summarise the adjustments as a result of the transition at 31 March 2018:

Balance sheet at 31 March 2018

	As originally reported £ 000	Adjustment £ 000	As reported under FRS 101 £ 000
Fixed assets			
Property, plant and equipment	2,421	6,920	9,341
Current assets			
Inventories	5,233	-	5,233
Trade and other receivables	84,643	(1,146)	83,497
Cash at bank and in hand	4,868	-	4,868
	<u>94,744</u>	<u>(1,146)</u>	<u>93,598</u>
Creditors: Amounts falling due within one year	<u>(90,308)</u>	<u>(2,435)</u>	<u>(92,743)</u>
Net current assets	<u>4,436</u>	<u>(3,581)</u>	<u>855</u>
Total assets less current assets	6,857	3,339	10,196
Creditors: Amounts falling due after more than one year	(174)	(4,642)	(4,816)
Provisions for liabilities	<u>(285)</u>	<u>-</u>	<u>(285)</u>
Net assets excluding pension liability	6,398	(1,303)	5,095
Net pension liability	<u>(295)</u>	<u>-</u>	<u>(295)</u>
Net assets	<u>6,103</u>	<u>(1,303)</u>	<u>4,800</u>
Capital and reserves			
Called up share capital	1,000	-	1,000
Share premium reserve	14	-	14
Capital redemption reserve	5	-	5
Retained earnings	<u>5,084</u>	<u>(1,303)</u>	<u>3,781</u>
Shareholder's funds	<u>6,103</u>	<u>(1,303)</u>	<u>4,800</u>

Allvotec Limited (formerly Daisy IT Services Limited)

Notes to the financial statements for the Year Ended 31 March 2019 (continued)

28 Transition to FRS 101 (continued)

Income Statement for the year ended 31 March 2018

	As originally reported £ 000	Adjustment £ 000	As reported under FRS 101 £ 000
Revenue	85,289	-	85,289
Operating profit	3,836	346	4,182
Finance income	268	-	268
Finance costs	(41)	(503)	(544)
Profit before tax	4,063	(157)	3,906
Income tax credit/(expense)	533	(1,146)	(613)
Profit for the financial year	4,596	(1,303)	3,293

29 Post balance sheet event

On 18 December 2019 the Company purchased the entire share capital of Coupra Limited and its subsidiary companies for £22,826k, on a debt-free/cash-free basis. The principal activity of Coupra Limited and its subsidiaries is the provision of communications, infrastructure and technical services to large, multi-site organisations in both the public and private sector.