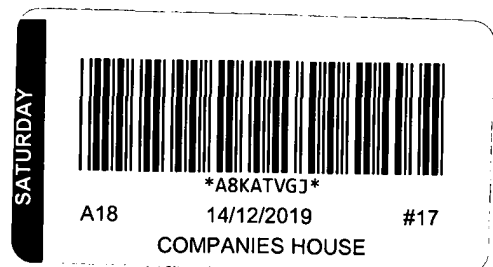


Registration number: 02762460

Daisy IT Continuity and Resilience Services Limited

Annual Report and Financial Statements

for the year ended 31 March 2019



Daisy IT Continuity and Resilience Services Limited

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Daisy IT Continuity and Resilience Services Limited

Company information

| | |
|-----------------------------|--|
| Directors | S Oliver P Worthington |
| Registered office | Lindred House 20 Lindred Road Brierfield Nelson BB9 5SR United Kingdom |
| Bankers | Bank of Scotland 19/21 Spring Gardens Manchester M2 1FB |
| Independent auditors | PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Hardman Square Manchester M3 3EB United Kingdom |

Daisy IT Continuity and Resilience Services Limited

Strategic report for the year ended 31 March 2019

The directors present their strategic report for Daisy IT Continuity and Resilience Services Limited ("the Company") for the year ended 31 March 2019.

Principal activity

The principal activity of the Company during the year was the supply of comprehensive business protection and disaster recovery services to help customers avoid significant disruption to their businesses when things go wrong.

Acquisitions and disposals

On 1 January 2019 the Company sold its trade and assets to fellow group company, Daisy Corporate Services Trading Limited, at market value and so is no longer trading. The trade and assets were sold for a consideration of £158.9 million, generating a profit on disposal of £93.3 million.

Results and performance

The statement of income and retained earnings is set out on page 9. The financial position of the Company at 31 March 2019 is set out on page 10. At 31 March 2019 the Company had net assets of £142.2 million (2018: £52.0 million).

Key performance indicators (KPIs)

| | 2019 | 2018 |
|--------------------------|--------|--------|
| Turnover (£ 000) | 31,586 | 43,019 |
| Adjusted EBITDA (£ 000)* | 8,560 | 15,524 |
| Operating profit (£ 000) | 90,339 | 8,293 |

*- Adjusted EBITDA is operating profit before depreciation, amortisation and net exceptional administrative income/(expense), 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 profit can be found on the face of the income statement set out on page 9.

The Company has performed in line with expectations in the year. For a detailed analysis of the KPIs refer to Daisy Group Holdings Limited's consolidated financial statements.

Future developments

The Company is no longer trading following the sale of its trade and assets to Daisy Corporate Services Trading Limited and has no plans to trade in the future.

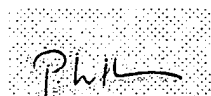
Principal risks and uncertainties

The Company ceased to trade during the year and so there are no principal risks and uncertainties applicable.

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 2 December 2019 and signed on its behalf by:



P Worthington
Director

Daisy IT Continuity and Resilience Services Limited

Directors' report for the year ended 31 March 2019

The directors present the 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.

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 customers before new contracts are accepted. Individual exposures are monitored with customers 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.

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.

Directors of the company

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

N Marke (resigned 1 February 2019)

N Muller (resigned 22 June 2018)

S Smith (resigned 1 February 2019)

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

S Oliver (appointed 1 December 2018)

P Worthington (appointed 1 December 2018)

Directors' and officers' liability insurance and indemnity

The Group 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.

Daisy IT Continuity and Resilience Services Limited

Directors' report for the year ended 31 March 2019 (continued)

Proposed dividend

The directors do not recommend the payment of a dividend (2018: £nil).

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 Company is in a net asset and net current asset position, which is considered sufficient to meet the forecast cash outflows for at least the next 12 months, therefore the going concern basis continues to be adopted in preparing the financial statements (see note 1).

Future developments

Details of future developments can be found in the strategic report and form part of this report by cross-reference.

Disclosure of information to the auditors

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

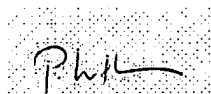
- (a) so far as the directors are aware, there is no relevant information of which the Company's auditors are unaware; and
- (b) each director has taken all the steps that ought to have taken as a director in order to make aware of any relevant audit information and to establish that the Company's auditors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

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 2 December 2019 and signed on its behalf by:



P Worthington
Director

Daisy IT Continuity and Resilience 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.

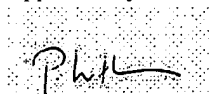
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed 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 2 December 2019 and signed on its behalf by:



.....
P Worthington
Director

Daisy IT Continuity and Resilience Services Limited

Independent auditors' report to the members of Daisy IT Continuity and Resilience Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, Daisy IT Continuity and Resilience 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 profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 March 2019; the Statement of income and retained earnings 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.

Daisy IT Continuity and Resilience Services Limited

Independent auditors' report to the members of Daisy IT Continuity and Resilience 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 or, 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.

Daisy IT Continuity and Resilience Services Limited

Independent auditors' report to the members of Daisy IT Continuity and Resilience 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
United Kingdom

2 December 2019

Daisy IT Continuity and Resilience Services Limited

Statement of income and retained earnings for the year ended 31 March 2019

| | Note | Year ended 31 March 2019 £ 000 | Year ended 31 March 2018 £ 000 |
|--|------|--------------------------------------|--------------------------------------|
| Turnover | 3 | 31,586 | 43,019 |
| Cost of sales | | <u>(1,695)</u> | <u>(2,378)</u> |
| Gross profit | | 29,891 | 40,641 |
| Administrative income/(expenses) | | <u>60,448</u> | <u>(32,348)</u> |
| Operating profit | 4 | <u>90,339</u> | <u>8,293</u> |
| Adjusted EBITDA* | | 8,560 | 15,524 |
| Depreciation | 12 | (3,044) | (4,790) |
| Amortisation | 11 | (567) | (722) |
| Net exceptional administrative income/(expenses) | 6 | 85,390 | (1,719) |
| Operating profit | | <u>90,339</u> | <u>8,293</u> |
| Interest payable and similar expenses | 9 | <u>(107)</u> | <u>(213)</u> |
| Profit before taxation | | 90,232 | 8,080 |
| Tax on profit | 10 | <u>(15)</u> | <u>(37)</u> |
| Profit for the financial year | | 90,217 | 8,043 |
| Profit and loss account brought forward | | <u>51,938</u> | <u>43,895</u> |
| Profit and loss account carried forward | | <u>142,155</u> | <u>51,938</u> |

All results in the current and prior year derive from continuing activities.

The Company has recognised no other comprehensive income and expenses, in the current or prior year, other than those shown above in the income statement, and therefore no separate statement of comprehensive income has been prepared.

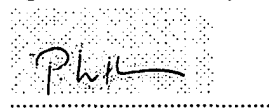
*- operating profit before depreciation, amortisation and net exceptional administrative income/(expenses).

Daisy IT Continuity and Resilience Services Limited

Balance sheet as at 31 March 2019

| | Note | 31 March 2019 £ 000 | 31 March 2018 £ 000 |
|--|------|------------------------|------------------------|
| Fixed assets | | | |
| Intangible assets | 11 | - | 8,014 |
| Tangible assets | 12 | 2,268 | 11,793 |
| Investments | 13 | - | - |
| | | <u>2,268</u> | <u>19,807</u> |
| Current assets | | | |
| Debtors | 14 | 150,731 | 78,578 |
| Cash at bank and in hand | | - | 9,991 |
| | | <u>150,731</u> | <u>88,569</u> |
| Creditors: amounts falling due within one year | 15 | <u>(2,601)</u> | <u>(46,249)</u> |
| Net current assets | | <u>148,130</u> | <u>42,320</u> |
| Total assets less current liabilities | | 150,398 | 62,127 |
| Creditors: amounts falling due after more than one year | 16 | (1,069) | (1,875) |
| Provisions for liabilities | 17 | <u>(7,124)</u> | <u>(8,264)</u> |
| Net assets | | <u>142,205</u> | <u>51,988</u> |
| Capital and reserves | | | |
| Share capital | 18 | 50 | 50 |
| Profit and loss account | | <u>142,155</u> | <u>51,938</u> |
| Total shareholders' funds | | <u>142,205</u> | <u>51,988</u> |

The financial statements on pages 9 to 27 were approved by the Board of Directors on 2 December 2019 and signed on its behalf by:



P Worthington

Director

Company registration number: 02762460

Daisy IT Continuity and Resilience Services Limited

Notes to the financial statements for the year ended 31 March 2019

1 Accounting policies

Basis of preparation

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.

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The principal accounting policies, which have been applied consistently throughout the current and prior year, are set out below.

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

In all cases, references to Adjusted EBITDA relate to the operating profit from continuing operations before depreciation, amortisation and net exceptional administrative income/(expenses).

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 publically available.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken exemptions available to it in the preparation of its financial statements. Exemptions have been taken in relation to the presentation of a cash flow statement, financial instrument disclosures, intra-group transactions and remuneration of key management personnel.

Going concern

All funding is currently arranged through fellow group companies which provide working capital facilities to the rest of the Group via intercompany accounts. The divisional forecasts and projections which include the forecast results 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.

Taking the above into account and the results of the Company for the year, the directors have a reasonable expectation that 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.

Daisy IT Continuity and Resilience Services Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

1 Accounting policies (continued)

Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and can be reliably measured. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales duty.

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.

For fixed-fee disaster recovery contracts the turnover arising is spread evenly over the term of the contract. Costs incurred under these contracts are charged to the income statement as they arise, typically these contracts are annual and costs arise evenly over the contract term. If circumstances arise such that costs do not reasonably reflect performance, appropriate adjustments are made.

Goodwill

Purchased goodwill arising on the acquisition of the trade and assets of a business is capitalised. Goodwill is determined from the excess of the fair value of the consideration given over the fair value of the separable net assets acquired. It is amortised by equal annual instalments over its estimated useful life, which is over a period of 20 years.

The Company evaluates the carrying value of goodwill where there have been any indicators of impairment in the financial year. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the income statement.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and 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 provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

| | |
|------------------------|-----------------|
| Freehold buildings | 50 years |
| Leasehold buildings | Period of lease |
| Fixtures and equipment | 2 years |
| Motor vehicles | 3 years |

Fixed asset 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 income statement. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Daisy IT Continuity and Resilience 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 balance sheet 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 mentioned above are measured at cost (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.

Provision for liabilities

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 amount of the obligation. The provision is discounted to its present value where the effect is material.

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 as the majority of the property alterations are carried out at the start of the lease.

Daisy IT Continuity and Resilience 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 the 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 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 Group 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.

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 a Group defined benefit pension scheme. Contributions to the Group defined benefit 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 the 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.

Exceptional items

Items that are material in size, individually or in aggregate, and non-operating or non-recurring in nature are presented as exceptional items in the profit and loss account, within the relevant account heading. The directors are of the opinion that the separate recording of exceptional items provides helpful information about the Company's underlying business performance.

Hire purchase and leasing

Daisy IT Continuity and Resilience Services Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

1 Accounting policies (continued)

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the lease term.

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful economic lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

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 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.

Critical judgements in applying the Company'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 and 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, transaction fees and re-measurement of contingent consideration. The directors are of the opinion that the separate recording of exceptional items provides helpful information about the Company's underlying business performance.

3 Turnover

Turnover is wholly attributable to the principal activity of the Company and arises from customers within the United Kingdom. The Company had a single class of business and consequently does not present a segmental analysis.

Daisy IT Continuity and Resilience Services Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

4 Operating profit

Operating profit is stated after charging/(crediting):

| | | Year ended 31 March 2019 £ 000 | Year ended 31 March 2018 £ 000 |
|--|-------------|---|---|
| | Note | | |
| Depreciation - owned assets | 12 | 3,044 | 4,790 |
| Staff costs | 7 | 4,742 | 6,867 |
| Goodwill amortisation | 11 | 567 | 722 |
| Operating lease rentals | | 2,851 | 2,982 |
| Operating lease expense - plant and machinery | | - | 101 |
| Net exceptional administrative (income)/expenses | 6 | <u>(85,390)</u> | <u>1,719</u> |

5 Auditors' remuneration

| | Year ended 31 March 2019 £ 000 | Year ended 31 March 2018 £ 000 |
|---|---|---|
| Fees payable to the Company's auditors for the audit of the Company's annual financial statements | <u>18</u> | <u>32</u> |

There were no fees for non-audit services paid by the Company during the year (2018: £nil).

Daisy IT Continuity and Resilience Services Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

6 Net exceptional administrative (income)/expenses

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|-----------------------------|-----------------------------|
| | £ 000 | £ 000 |
| Employee-related restructuring costs | 26 | 318 |
| Vacant property costs | 423 | 73 |
| Profit on disposal | (93,289) | - |
| Onerous lease provision | - | 449 |
| Goodwill written off | 7,447 | - |
| Loss on disposal of property, plant and equipment | 3 | - |
| Waiver of intercompany loans | - | 879 |
| | <u>(85,390)</u> | <u>1,719</u> |

Employee-related restructuring costs principally relate to redundancy costs.

Vacant property costs relate to the rental for part of a building which has now become vacant following a restructure.

Profit on disposal relates to the profit on disposal of trade and assets of the Company to Daisy Corporate Services Trading Limited.

An onerous lease provision was created in the prior year for a fully vacated property for the lease costs through to the end of the lease term.

The Company's goodwill balance has been written off in the year following the disposal of its trade and assets to Daisy Corporate Services Trading Limited in the year.

The trade and assets of Daisy IT Continuity Consulting Limited were transferred to the Company at book value in the prior year and part of the intercompany balance owed was waived by the Company.

Daisy IT Continuity and Resilience Services Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

7 Staff costs

The average number of persons employed by the Company during the year, analysed by category was as follows:

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|--------------------------------|-----------------------------|-----------------------------|
| | No. | No. |
| Sales and administrative staff | 35 | 55 |
| Technical staff | 50 | 64 |
| | <u>85</u> | <u>119</u> |

The aggregate payroll costs were as follows:

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|-----------------------|-----------------------------|-----------------------------|
| | £ 000 | £ 000 |
| Wages and salaries | 4,002 | 5,586 |
| Social security costs | 484 | 670 |
| Other pension costs | 256 | 611 |
| | <u>4,742</u> | <u>6,867</u> |

8 Directors' remuneration

Any remuneration received by the directors was borne by another group company. The Company received a charge via the intercompany account of £nil (2018: £437,000) in respect of directors' remuneration during the year.

9 Interest payable and similar expenses

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|-----------------------------|-----------------------------|
| | £ 000 | £ 000 |
| Interest recharge from fellow group companies | - | 32 |
| Other interest | 107 | 181 |
| | <u>107</u> | <u>213</u> |

Daisy IT Continuity and Resilience Services Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

10 Tax on profit

| | Year ended 31 March 2019 £ 000 | Year ended 31 March 2018 £ 000 |
|---|--------------------------------------|--------------------------------------|
| Current tax | | |
| UK corporation tax adjustment to prior periods | (7) | 10 |
| Total current tax (credit)/charge | (7) | 10 |
| Deferred tax | | |
| Arising from origination and reversal of timing differences | - | 10 |
| Deferred tax adjustment relating to previous year | 22 | 17 |
| Total deferred tax charge | 22 | 27 |
| Total tax charge on profit | 15 | 37 |

The tax on profit for the year is lower than the standard rate of corporation tax in the UK (2018: the same as the standard rate of corporation tax in the UK) of 19% (2018: 19%).

| | Year ended 31 March 2019 £ 000 | Year ended 31 March 2018 £ 000 |
|--|--------------------------------------|--------------------------------------|
| Profit before taxation | 90,232 | 8,080 |
| Total tax at 19% (2018: 19%) | 17,144 | 1,535 |
| Non-taxable income | (17,725) | - |
| Expenses not deductible for tax purposes | (5) | 349 |
| Amortisation and depreciation of non-qualifying assets | 1,532 | 216 |
| Group relief claimed not paid for | (946) | (2,090) |
| Adjustments in respect of prior years | 15 | 27 |
| Total tax charge for the year | 15 | 37 |

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%.

Daisy IT Continuity and Resilience Services Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

11 Intangible assets

| | Goodwill £ 000 |
|---------------------------------|---------------------------|
| Cost | |
| At 1 April 2018 | 14,589 |
| Disposals | <u>(14,589)</u> |
| At 31 March 2019 | <u>-</u> |
| Accumulated amortisation | |
| At 1 April 2018 | 6,575 |
| Amortisation charge | 567 |
| Disposals | <u>(7,142)</u> |
| At 31 March 2019 | <u>-</u> |
| Carrying amount | |
| At 31 March 2019 | <u>-</u> |
| At 31 March 2018 | <u>8,014</u> |

The Company's goodwill balance has been written off in the year following the disposal of its trade and assets to Daisy Corporate Services Trading Limited in the year.

Daisy IT Continuity and Resilience Services Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

12 Tangible assets

| | Freehold buildings £ 000 | Leasehold buildings £ 000 | Fixtures and equipment £ 000 | Motor vehicles £ 000 | Total £ 000 |
|------------------------|---|--|---|---------------------------------|------------------------|
| Cost | | | | | |
| At 1 April 2018 | 3,571 | 10,024 | 67,749 | 468 | 81,812 |
| Additions | 178 | - | 1,313 | - | 1,491 |
| Disposals | - | - | (349) | - | (349) |
| Reclassification | (347) | - | 347 | - | - |
| Transfers | - | (10,024) | (69,060) | (468) | (79,552) |
| At 31 March 2019 | <u>3,402</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,402</u> |
| Depreciation | | | | | |
| At 1 April 2018 | 1,186 | 8,065 | 60,307 | 461 | 70,019 |
| Charge for the year | 116 | 451 | 2,471 | 6 | 3,044 |
| Disposals | - | - | (346) | - | (346) |
| Reclassification | (168) | 21 | 147 | - | - |
| Transfers | - | (8,537) | (62,579) | (467) | (71,583) |
| At 31 March 2019 | <u>1,134</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,134</u> |
| Carrying amount | | | | | |
| At 31 March 2019 | <u>2,268</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,268</u> |
| At 31 March 2018 | <u>2,385</u> | <u>1,959</u> | <u>7,442</u> | <u>7</u> | <u>11,793</u> |

Daisy IT Continuity and Resilience Services Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

12 Tangible assets (continued)

Reclassification relates to amounts re-analysed between classes and between cost and accumulated depreciation.

The transfers relate to fixed assets transferred to Daisy Corporate Services Trading Limited as part of the hive up in the year.

Daisy IT Continuity and Resilience Services Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

13 Investments

| | Subsidiary undertakings £ |
|------------------------|---------------------------------|
| Cost | |
| At 1 April 2018 | 101 |
| Disposals | <u>(101)</u> |
| At 31 March 2019 | <u>-</u> |
| Impairment | |
| At 1 April 2018 | - |
| Charge for the year | <u>-</u> |
| At 31 March 2019 | <u>-</u> |
| Net book amount | |
| At 31 March 2019 | <u>-</u> |
| At 31 March 2018 | <u>101</u> |

The investments in Daisy IT Continuity Consulting Limited and Network Disaster Recovery Limited were transferred to Daisy Telecoms Limited at book value.

At 31 March 2019, the Company has no direct or indirect subsidiaries.

14 Debtors

| | 2019 £ 000 | 2018 £ 000 |
|------------------------------------|----------------|---------------|
| Trade debtors | - | 6,007 |
| Amounts owed by group undertakings | 150,576 | 67,466 |
| Deferred tax assets | - | 3,411 |
| Income tax asset | - | 189 |
| Prepayments and accrued income | <u>155</u> | <u>1,505</u> |
| | <u>150,731</u> | <u>78,578</u> |

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

Daisy IT Continuity and Resilience Services Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

14 Debtors (continued)

The movement in the deferred tax asset in the year is as follows:

| | £'000 |
|---|--------------|
| At 1 April 2018 | 3,411 |
| Deferred tax charged to the statement of income | (22) |
| Transferred on hive up | (3,389) |
| At 31 March 2019 | <u>-</u> |
| Analysis of deferred tax: | |
| | Asset |
| 2019 | £ 000 |
| Difference between accumulated depreciation and amortisation capital allowances | - |
| Other timing differences | - |
| | <u>-</u> |
| | <u>-</u> |
| | Asset |
| 2018 | £ 000 |
| Difference between accumulated depreciation and amortisation capital allowances | 2,621 |
| Other timing differences | 790 |
| | <u>3,411</u> |
| | <u>3,411</u> |

15 Creditors: amounts falling due within one year

| | 2019 £ 000 | 2018 £ 000 |
|------------------------------------|---------------|---------------|
| Trade creditors | - | 939 |
| Amounts owed to group undertakings | 2,085 | 16,983 |
| Taxation and social security | - | 2,036 |
| Other creditors | - | 51 |
| Other loans | - | 576 |
| Accruals and deferred income | 516 | 25,664 |
| | <u>2,601</u> | <u>46,249</u> |
| | <u>2,601</u> | <u>46,249</u> |

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

Daisy IT Continuity and Resilience Services Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

16 Creditors: amounts falling due after more than one year

| | 2019 £ 000 | 2018 £ 000 |
|------------------------------|---------------|---------------|
| Other creditors | 1,069 | 437 |
| Other loans | - | 455 |
| Accruals and deferred income | - | 983 |
| | <u>1,069</u> | <u>1,875</u> |

17 Provisions for liabilities

| | Deferred tax £ 000 | Dilapidations provision £ 000 | Total £ 000 |
|-----------------------------|-----------------------|-------------------------------------|----------------|
| At 1 April 2018 | 276 | 7,988 | 8,264 |
| Provision creation | - | 7 | 7 |
| Provisions utilised | - | (362) | (362) |
| Release of unused provision | - | (785) | (785) |
| At 31 March 2019 | <u>276</u> | <u>6,848</u> | <u>7,124</u> |

Out of the total dilapidations provision at year end, £0.2 million (2018: £1.3 million) is expected to be utilised in the next 12 months while the remaining provision of £6.6 million (2018: £6.7 million) is expected to be utilised after more than a year.

The dilapidations provision relates to the obligation to reinstate certain properties to their former condition at the end of their lease. The leases are expected to end between March 2020 and July 2028.

18 Called up share capital and reserves

Allotted, called up and fully paid shares

| | 2019 No. | £ 000 | 2018 No. | £ 000 |
|---------------------------|---------------|-----------|---------------|-----------|
| Ordinary share of £1 each | <u>50,000</u> | <u>50</u> | <u>50,000</u> | <u>50</u> |

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Daisy IT Continuity and Resilience Services Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

19 Commitments

Operating lease commitments

As at 31 March the Company had total future minimum lease payments under non-cancellable operating leases expiring as follows:

| | 2019 £ 000 | 2018 £ 000 |
|---------------------------|---------------|---------------|
| Within one year | 2,643 | 3,008 |
| Within two and five years | 6,095 | 9,915 |
| Over five years | 1,954 | 3,095 |
| | <u>10,692</u> | <u>16,018</u> |

Pension commitments

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 £256,000 (2018: £364,000). Outstanding contributions at 31 March 2019 were £nil (2018: £25,000).

The Company participates in a defined benefit pension scheme, the ICM Computer Group Limited Pension and Assurance scheme, and a number of defined contribution schemes covering certain of its employees. The Company is a participating employer within the Group scheme. The defined benefit pension scheme was closed to future service accrual with an effective date of 30 September 2010. Members of the scheme have been invited to make contributions into the defined contribution plan.

Contributions to the 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 and a multi-employer exemption is being taken. The defined benefit pension scheme is therefore treated as a defined contribution scheme in these financial statements and only the contributions payable in the accounting period are recognised.

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 Limited consolidated financial statements in respect of this defined benefit pension scheme. The disclosure in the group consolidated financial statements is shown and 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 cost, the Company has incurred £nil (2018: £247,000), with the remaining £1,000,000 (2018: £753,000) 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.

Daisy IT Continuity and Resilience Services Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

20 Acquisitions and disposals

On 1 January 2019 the trade and assets of the Company were sold to Daisy Corporate Services Trading Limited for consideration of £158.9 million, generating a profit on disposal of £93.3 million. The consideration was settled through the intercompany accounts.

The following are the net assets transferred:

| | £ 000 |
|--------------------------|--------------------|
| Tangible assets | 7,969 |
| Debtors | 77,770 |
| Deferred tax assets | 3,389 |
| Income tax asset | 178 |
| Cash at bank and in hand | 160 |
| Trade and other payables | (23,862) |
| | <hr/> 65,604 <hr/> |

21 Related undertakings

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 Company's immediate parent undertaking is Daisy Computer Group Limited, a company registered in England.

The Company has no direct or indirect subsidiaries.

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