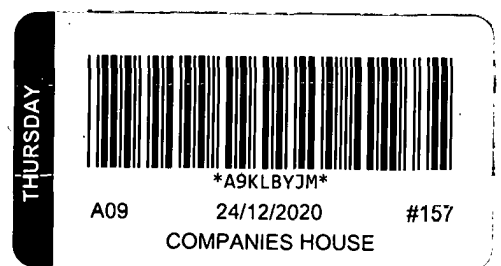


Registered number: 11334361

Divitias Midco Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2019



Divitias Midco Limited

Company Information

Directors	W Churchill (appointed 10 September 2019) K J Budge (appointed 22 July 2020)
Registered number	11334361
Registered office	Global House 2 Crofton Close Lincoln Lincolnshire LN3 4NT
Independent auditors	Ernst & Young LLP No 1. Colmore Square Birmingham B4 6HQ

Divitias Midco Limited

Contents

	Page
Group Strategic Report	1 - 6
Directors' Report	7 - 10
Independent Auditor's Report	11 - 14
Consolidated Income Statement	15
Consolidated Statement of Financial Position	16 - 17
Company Statement of Financial Position	18 - 19
Consolidated Statement of Changes in Equity	20 - 21
Company Statement of Changes in Equity	22 - 23
Consolidated Statement of Cash Flows	24 - 25
Notes to the Financial Statements	26 - 57

Divitias Midco Limited

Group Strategic Report For the Year Ended 31 December 2019

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

Principal activities

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

The company acts as a holding company for its subsidiary undertakings.

Business review

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

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

Currently, operating under the GCI branding, with over 3,500 customers we are continuing our growth strategy both organically across all sectors of the IT and data marketplace, as well as through acquisitions.

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

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

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

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

The 3 Business Units are:

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

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

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

Divitias Midco Limited

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

Key performance indicators

The Key performance indicators of the business are set out below:

	2019	As restated Period 27 April 2018 to 31 December 2018
	£000's	£000's
Revenue (£'000)	93,264	60,886
Gross profit (£'000)	40,684	23,212
EBITDA* (£'000)	12,046	10,602
Loss before tax for the period (£'000)	<u>(33,302)</u>	<u>(22,768)</u>

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

Divitias Midco Limited

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

Principal risks and uncertainties

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

Regulatory change

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

Market conditions

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

Capital risk management

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

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

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

Credit risk

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

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

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

Divitias Midco Limited

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

Liquidity

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

Future developments

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

Strategy and objectives

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

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

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

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

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

Divitias Midco Limited

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

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

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


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

Divitias Midco Limited

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

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

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

DocuSigned by:

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K J Budge
Director

30 October 2020

Divitias Midco Limited

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

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

The Group was incorporated on 27 April 2018 issuing 1 £1 Ordinary Share which was fully paid.

Results and dividends

The loss for the year, after taxation, amounted to £32,958,088 (2018 – loss as restated £22,663,049).

No dividends were paid during the period.

Directors

The Directors who served during the year were:

A Clarke (appointed 29 April 2019, resigned 22 July 2020)
T D Howard (appointed 29 April 2019, resigned 7 October 2019)
A A Thirkill (appointed 4 May 2018, resigned 27 August 2019)
W Churchill (appointed 10 September 2019)
M D Allen (appointed 4 May 2018, resigned 8 April 2019)

Other changes to Directors:

K J Budge (appointed 22 July 2020)

Directors' responsibilities statement

The Directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

Divitias Midco Limited

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

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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Employee involvement

Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees concerning the financial and economic factors affecting the company's performance. We regularly consult with employees and encourage their views when making decisions which are relevant to them.

Disabled employees

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

Qualifying third party indemnity provisions

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

Disclosure of information to auditors

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

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

Post balance sheet events

On 27 January 2020, the Group acquired 100% of the issued share capital of Nasstar plc, a company incorporated in England and Wales with company number 05623736, for £81,473,169.

The impact of COVID-19 has created some level of uncertainty as to the outlook for the remainder of the financial year and it is still too early to ascertain the impact this may have on our full year 2020 revenue and profitability. Should it become apparent that sales orders, revenue and/or cash collections are being affected by a slowdown in the markets in which the Group operates, the Directors will undertake a further review on discretionary expenditure and capital investment to protect the Group's cash position.

Given the above, is not possible to estimate the financial effect of COVID-19 disruption.

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

Divitias Midco Limited

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

There is the potential should macro-economic weakness persist, for write down of goodwill and investment valuation alongside increases in bad debt provisions and write offs should customers enter financial difficulty. We aim to mitigate this customer risk categorising customers as either paying in advance or by securing suitable credit insurance coverage on certain customers according to input from external credit agencies.

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

Going concern

Notwithstanding the Group's net liabilities of £55,621,136 (2018 - £22,663,048 as restated), which include net amounts owed to group undertakings of £47,203,183 (2018 - £43,586,065), the directors believe the preparation of the financial statements on a going concern basis to be appropriate for the reasons set out below.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 6. The Principal risks and uncertainties section includes a description of the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The Group is funded by a £140.5m Senior Facilities Agreement ('SFA') and loan notes of £121.6m. In July 2020, the Group secured access a £6.5m Revolving Credit Facility (currently undrawn) to provide additional significant liquidity headroom. The SFA has a quarterly leverage covenant test measured as last 12 months adjusted EBITDA as a proportion of net debt.

The Board has considered the impact of the ongoing COVID-19 impact. Despite the COVID-19 pandemic the Group has traded profitably and increased its cash position by £8.1m during H1 2020. Revenues are slightly suppressed from budget but a strong cost-out programme following the acquisition of Nasstar plc in January 2020 has mitigated this resulting in an EBITDA that is only slightly below budget. However, it is still too early to ascertain the impact that COVID-19 may have on our full year 2020 revenue and profitability.

The Board has therefore performed a number of stress tests to assess the Group's ability to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements, with a focus on 1) the sufficiency of liquidity to fund operations, and 2) whether the Group is forecast to be in compliance with the leverage covenant per the SFA.

The Directors have prepared forecasts for the Group covering a period through to 31 December 2021. These forecasts reflect an assessment of current and future market conditions and their impact on the Group's future profitability performance. The forecasts have been sensitised for a reduction in revenue from H1 2020 to the end of the review period with the impact on profitability and cash flow considered, net of certain expected cost savings given the reduced volumes. The forecasts have also been reverse stress tested with some cost mitigations, each within the control of the business.

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

Divitias Midco Limited


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

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

Auditors

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

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

DocuSigned by:

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K J Budge
Director

30 October 2020

Independent Auditor's Report to the Shareholders of Divitias Midco Limited

Opinion

We have audited the financial statements of Divitias Midco Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019, which comprise the Group Income Statement, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes 1 - 32, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Emphasis of matter - Effects of COVID-19

We draw attention to Notes 1.3 and 31 of the financial statements, which describe the economic and operational consequences the company is facing as a result of COVID-19 which is impacting customer demand, profitability and liquidity, together with personnel being able to access offices. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

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

Independent Auditor's Report to the Shareholders of Divitias Midco Limited (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Independent Auditors' Report to the Shareholders of Divitias Midco Limited (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

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

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

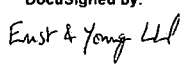
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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

Independent Auditors' Report to the Shareholders of Divitias Midco Limited (continued)

Use of our report

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

DocuSigned by:

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Adrian Roberts (Senior Statutory Auditor)

for and on behalf of
Ernst & Young LLP

No 1. Colmore Square
Birmingham
B4 6HQ

30 October 2020

Divitias Midco Limited

**Consolidated Income Statement
For the Year Ended 31 December 2019**

	Note	Year ended 31 December 2019 £	As restated Period 27 April 2018 to 31 December 2018 £
Turnover	2	93,263,708	60,885,517
Cost of sales		(52,579,879)	(37,673,487)
Gross profit		40,683,829	23,212,030
Administrative expenses		(28,637,876)	(12,609,536)
EBITDA		12,045,953	10,602,494
Depreciation	14	(1,850,720)	(1,466,782)
Amortisation	13	(20,720,479)	(13,008,127)
Gain/(loss) on disposals		2,619	(130,909)
Other operating income	3	201,305	-
Impairment of non-working capital debtor	17	(604,333)	-
Exceptional items	11	(2,827,562)	(6,496,957)
Operating loss	4	(13,753,217)	(10,500,281)
Interest receivable and similar income	8	1,374	25,322
Interest payable and similar expenses	9	(19,550,082)	(12,292,790)
Loss before tax		(33,301,925)	(22,767,749)
Tax on loss	10	343,837	104,700
Loss for the financial year		(32,958,088)	(22,663,049)
Loss for the year attributable to:			
Owners of the controlling party		(32,958,088)	(22,663,049)
		(32,958,088)	(22,663,049)

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

The notes on pages 26 to 57 form part of these financial statements.

Divitias Midco Limited
Registered number: 11334361

Consolidated Statement of Financial Position
As at 31 December 2019

	Note	2019 £	As restated 2018 £
Fixed assets			
Intangible assets	13	173,717,086	178,588,041
Tangible assets	14	8,356,029	6,805,923
		<u>182,073,115</u>	<u>185,393,964</u>
Current assets			
Stocks	16	861,391	1,617,787
Debtors: amounts falling due after more than one year		-	1,053,333
Debtors: amounts falling due within one year	17	31,141,407	28,492,357
Cash at bank and in hand		3,613,103	2,913,242
		<u>35,615,901</u>	<u>34,076,719</u>
Creditors: amounts falling due within one year	18	(54,231,077)	(49,955,210)
Net current liabilities		<u>(18,615,176)</u>	<u>(15,878,491)</u>
Total assets less current liabilities		<u>163,457,939</u>	<u>169,515,473</u>
Creditors: amounts falling due after more than one year	19	(212,967,469)	(187,489,741)
Provisions for liabilities			
Deferred tax	21	(5,761,606)	(4,688,780)
Other provisions	22	(350,000)	-
		<u>(6,111,606)</u>	<u>(4,688,780)</u>
Net liabilities		<u>(55,621,136)</u>	<u>(22,663,048)</u>

Divitias Midco Limited
Registered number: 11334361

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

	Note	2019 £	As restated 2018 £
Capital and reserves			
Called up share capital	23	1	1
Profit and loss account	24	(55,621,137)	(22,663,049)
		<u>(55,621,136)</u>	<u>(22,663,048)</u>

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

DocuSigned by:

Kevin Budge

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K J Budge
Director

30 October 2020

The notes on pages 26 to 57 form part of these financial statements.

Divitias Midco Limited
Registered number: 11334361

Company Statement of Financial Position
As at 31 December 2019


	Note	2019 £	2018 £
Fixed assets			
Investments	15	1	1
		<u>1</u>	<u>1</u>
Current assets			
Debtors: amounts falling due after more than one year	17	23,123,008	20,973,691
Debtors: amounts falling due within one year	17	112,203,932	100,480,749
		<u>135,326,940</u>	<u>121,454,440</u>
Creditors: amounts falling due within one year	18	(26,537,161)	(22,772,894)
Net current assets		108,789,779	98,681,546
Total assets less current liabilities		108,789,780	98,681,547
Creditors: amounts falling due after more than one year	19	(109,527,579)	(98,935,263)
Net liabilities		<u>(737,799)</u>	<u>(253,716)</u>

Divitias Midco Limited
Registered number: 11334361

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

	Note	31 December 2019 £	31 December 2018 £
Capital and reserves			
Called up share capital	23	1	1
Profit and loss account	24	(737,800)	(253,717)
		<u>(737,799)</u>	<u>(253,716)</u>

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

DocuSigned by:

K J Budge
B40BCE8BC4604EC...
Director

30 October 2020

The notes on pages 26 to 57 form part of these financial statements.

Divitias Midco Limited

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019 (as restated)	1	(22,663,049)	(22,663,048)
Comprehensive expense for the year			
Loss for the year	-	(32,958,088)	(32,958,088)
	<hr/>	<hr/>	<hr/>
At 31 December 2019	1	(55,621,137)	(55,621,136)

The notes on pages 26 to 57 form part of these financial statements.

Divitias Midco Limited

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
Comprehensive expense for the period			
Loss for the period (as previously reported)		(22,320,302)	(22,320,302)
Prior year adjustment (note 26)		(342,747)	(342,747)
Loss for the period (as restated)		(22,663,049)	(22,663,049)
	<hr/>	<hr/>	<hr/>
Shares issued during the period	1	-	1
	<hr/>	<hr/>	<hr/>
Total transactions with owners	1	-	1
	<hr/>	<hr/>	<hr/>
At 31 December 2018 (as restated)	<u>1</u>	<u>(22,663,049)</u>	<u>(22,663,048)</u>

The notes on pages 26 to 57 form part of these financial statements.

Divitias Midco Limited

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	1	(253,717)	(253,716)
Comprehensive expense for the period			
Loss for the year	-	(484,083)	(484,083)
	<hr/>	<hr/>	<hr/>
At 31 December 2019	<u>1</u>	<u>(737,800)</u>	<u>(737,799)</u>

The notes on pages 26 to 57 form part of these financial statements.

Divitias Midco Limited

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
Comprehensive expense for the period			
Loss for the period	-	(253,717)	(253,717)
Contributions by and distributions to owners			
Shares issued during the period	1	-	1
Total transactions with owners	1	-	1
At 31 December 2018	1	(253,717)	(253,716)

The notes on pages 26 to 57 form part of these financial statements.

Divitias Midco Limited

**Consolidated Statement of Cash Flows
For the Year Ended 31 December 2019**

	2019 £	As restated Period 27 April 2018 to 31 December 2018 £
Cash flows from operating activities		
Loss for the financial year	(32,958,088)	(22,663,049)
Adjustments for:		
Amortisation of intangible assets	20,720,479	13,008,127
Depreciation of tangible assets	1,850,720	1,466,782
(Gain)/loss on disposal of tangible assets	(2,619)	130,909
Other operating income	(201,305)	-
Interest charge	19,550,082	12,292,790
Interest received	(1,374)	(25,322)
Taxation (credit)/charge	(343,837)	(104,700)
Decrease/(increase) in stocks	756,396	(110,328)
Decrease/(increase) in debtors	399,681	(4,685,211)
Decrease in creditors	(2,102,664)	(6,526,510)
Increase in provisions	350,000	-
Corporation tax (paid)/received	51,775	(319,832)
Impairment of deferred consideration receivable	604,333	-
Net cash generated from operating activities	8,673,579	(7,536,344)
Cash flows from investing activities		
Purchase of intangible fixed assets	(963,279)	(58,355)
Purchase of tangible fixed assets	(3,058,052)	(1,349,385)
Purchase of subsidiary undertaking	(13,431,674)	(119,313,574)
Interest received	1,374	25,322
Net cash acquired with subsidiary undertaking	394,880	2,984,103
Deferred consideration received	547,667	471,000
Net cash from investing activities	(16,509,084)	(117,240,889)

Divitias Midco Limited

**Consolidated Statement of Cash Flows (continued)
For the Year Ended 31 December 2019**

	2019	As restated Period 27 April 2018 to 31 December 2018
	£	£
Cash flows from financing activities		
New secured loans	14,500,000	88,300,000
Repayment of loans	-	(50,000,000)
Ultimate parent loan notes	-	72,045,534
Management loan notes	-	674,196
Loan from ultimate parent	-	20,511,113
Cash cost of hedging	-	(247,000)
Interest paid	(5,964,634)	(3,593,368)
Net cash used in financing activities	8,535,366	127,690,475
Net increase in cash and cash equivalents	699,861	2,913,242
Cash and cash equivalents at beginning of year	2,913,242	-
Cash and cash equivalents at the end of year	<u>3,613,103</u>	<u>2,913,242</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,613,103	2,913,242
	<u>3,613,103</u>	<u>2,913,242</u>

The notes on pages 26 to 57 form part of these financial statements.

Divitias Midco Limited

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

1. Accounting policies

1.1 Basis of preparation of financial statements

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income Statement in these financial statements.

Prior year adjustments relate to the correction of a material prior period error. See Note 26 for further details of the prior year adjustment recognised.

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- a) Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the Group and the parent company would be identical;
- b) Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole as per Section 11 Financial Instruments paragraphs 11.39 to 11.48A; and
- c) the requirement of Section 33 Related Party Disclosures paragraph 33.7.

The following principal accounting policies have been applied:

1.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Income Statement from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 27 April 2018.

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

1. Accounting policies (continued)

1.3 Going concern

Notwithstanding the Group's net liabilities of £55,621,136 (2018 - £22,663,048 as restated), which include net amounts owed to group undertakings of £47,203,183 (2018 - £43,586,065), the directors believe the preparation of the financial statements on a going concern basis to be appropriate for the reasons set out below.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 6. The Principal risks and uncertainties section includes a description of the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The Group is funded by a £140.5m Senior Facilities Agreement ('SFA') and loan notes of £121.6m. In July 2020, the Group secured access a £6.5m Revolving Credit Facility (currently undrawn) to provide additional significant liquidity headroom. The SFA has a quarterly leverage covenant test measured as last 12 months adjusted EBITDA as a proportion of net debt.

The Board has considered the impact of the ongoing COVID-19 impact. Despite the COVID-19 pandemic the Group has traded profitably and increased its cash position by £8.1m during H1 2020. Revenues are slightly suppressed from budget but a strong cost-out programme following the acquisition of Nasstar plc in January 2020 has mitigated this resulting in an EBITDA that is only slightly below budget. However, it is still too early to ascertain the impact that COVID-19 may have on our full year 2020 revenue and profitability.

The Board has therefore performed a number of stress tests to assess the Group's ability to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements, with a focus on 1) the sufficiency of liquidity to fund operations, and 2) whether the Group is forecast to be in compliance with the leverage covenant per the SFA.

The Directors have prepared forecasts for the Group covering a period through to 31 December 2021. These forecasts reflect an assessment of current and future market conditions and their impact on the Group's future profitability performance. The forecasts have been sensitised for a reduction in revenue from H1 2020 to the end of the review period with the impact on profitability and cash flow considered, net of certain expected cost savings given the reduced volumes. The forecasts have also been reverse stress tested with some cost mitigations, each within the control of the business.

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

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

1. Accounting policies (continued)

1.3 Going concern (continued)

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

1.4 Turnover

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

Sale of goods

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

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

Rendering of services

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

- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Divitias Midco Limited

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

1. Accounting policies (continued)

1.5 Research and development

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

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

1.6 Interest income

Interest income is recognised in the Consolidated Income Statement using the effective interest method.

1.7 Finance costs

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

1.8 Borrowing costs

All borrowing costs are recognised in the Consolidated Income Statement in the year in which they are incurred.

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

1. Accounting policies (continued)

1.9 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.10 Exceptional items

Items are classified as exceptional where they are material and do not represent normal costs of the business and will not be incurred again in the normal course of business. Such items are recognised as an exceptional expense in the consolidated income statement in the period they are incurred.

Divitias Midco Limited

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

1. Accounting policies (continued)

1.11 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Income Statement over its useful economic life.

Other intangible assets

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

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

The estimated useful lives range as follows:

Patents and licences	-	5	years
Development expenditure	-	3	years
Goodwill	-	10	years
Customer lists	-	10	years

1.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2%	straight line
Leasehold improvements	-	over the lease term
Fixtures and fittings	- 20%	straight line
Core network	- 20%	straight line

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

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

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

1. Accounting policies (continued)

1.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.14 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

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

1.15 Hedge accounting

The Group uses variable to fixed interest rate swaps to manage its exposure to fair value risk on its borrowings. These derivatives are measured at fair value at each balance sheet date.

To the extent the cash flow hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in profit or loss for the year.

Gains and losses on the hedging instruments and the hedged items are recognised in profit or loss for the year. When a hedged item is an unrecognised firm commitment, the cumulative hedging gain or loss on the hedged item is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

Divitias Midco Limited

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

1. Accounting policies (continued)

1.16 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Income Statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

1. Accounting policies (continued)

1.17 Judgements and key sources of estimation uncertainty

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

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

- Intangible assets and goodwill carrying values

Intangible assets and goodwill are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired the carrying value of the asset is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

- Fair value of acquired assets

The Group can acquire identifiable assets both individually and as part of business combinations. Management estimate the fair value of identifiable assets by considering the present value of the expected future economic benefits to be generated by the asset.

- Valuation of investments in subsidiary undertakings

The carry value is regularly reviewed by reference to the net assets or liabilities of the subsidiary undertakings and current and expected future trading prospects. If there is evidence of impairment the carrying amount of the investment is reduced to its recoverable amount. The impairment loss is recognised immediately in the income statement.

Divitias Midco Limited

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

2. Turnover

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

	Year ended 31 December 2019 £	As restated Period 27 April 2018 to 31 December 2018 £
Monthly recurring revenue	65,009,736	43,808,592
Non-recurring revenue	28,253,972	17,076,925
	<u>93,263,708</u>	<u>60,885,517</u>

	Year ended 31 December 2019 £	As restated Period 27 April 2018 to 31 December 2018 £
United Kingdom	89,091,899	60,666,487
Rest of Europe	510,447	219,030
Rest of the world	3,661,362	-
	<u>93,263,708</u>	<u>60,885,517</u>

3. Other operating income

	Year ended 31 December 2019 £	Period 27 April 2018 to 31 December 2018 £
Other operating income	201,305	-
	<u>201,305</u>	<u>-</u>

Other operating income consists of R&D tax credits.

Divitias Midco Limited

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

4. Operating loss

The operating loss is stated after charging:

	Year ended 31 December 2019 £	Period 27 April 2018 to 31 December 2018 £
Exchange differences	(11,356)	4,180
Other operating lease rentals	<u>509,982</u>	<u>482,044</u>

5. Auditor's remuneration

	Year ended 31 December 2019 £	Period 27 April 2018 to 31 December 2018 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>300,000</u>	<u>140,000</u>

Fees payable to the Group's auditor and its associates in respect of:

All other services	405,755	741,393
	<u>405,755</u>	<u>741,393</u>

Fees payable to the Group's auditor in respect of the audit of the Parent company, Divitias Midco Limited, total £20,000 (2018 - £20,000).

Divitias Midco Limited

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

6. Employees

Staff costs were as follows:

	Group 2019 £	Group Period 27 April 2018 to 31 December 2018 £
Wages and salaries	27,894,917	11,837,906
Social security costs	2,966,211	2,231,294
Cost of defined contribution scheme	1,378,238	904,116
	<u>32,239,366</u>	<u>14,973,316</u>

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

	Year ended 31 December 2019 No.	Period 27 April 2018 to 31 December 2018 No.
Product staff	227	181
Operational staff	194	155
Selling staff	90	80
Administrative staff	74	71
	<u>585</u>	<u>487</u>

The Company has no employees other than the Directors, who did not receive any remuneration (2018 - £NIL) in their capacity as Directors of the Company. Their charges are borne by other Group companies.

Divitias Midco Limited

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

7. Directors' remuneration

	Year ended 31 December 2019 £	Period 27 April 2018 to 31 December 2018 £
Directors' emoluments	735,706	346,129
Company contributions to defined contribution pension schemes	<u>30,185</u>	<u>19,286</u>

The highest paid Director received remuneration of £302,291 (2018 - £186,160).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £3,015 (2018 - £11,248).

8. Interest receivable

	Year ended 31 December 2019 £	Period 27 April 2018 to 31 December 2018 £
Other interest receivable	1,374	25,322
	<u>1,374</u>	<u>25,322</u>

Divitias Midco Limited

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

9. Interest payable and similar expenses

	Year ended 31 December 2019 £	Period 27 April 2018 to 31 December 2018 £
Bank loan interest	6,082,802	3,586,376
Amortised finance costs	958,709	546,479
Loan note interest	12,505,424	7,697,102
Early repayment finance costs	3,147	462,833
	<u>19,550,082</u>	<u>12,292,790</u>

Bank loan interest is charged at 5.25% above base rate per annum, on a balance totalling £105,500,000 (2018 - £90,000,000) at the year end.

Amortised finance costs comprise of the release of costs in relation to the financing of the Group.

Loan note interest is charged on loan notes held with the controlling parent and the ultimate controlling parent. Interest on the loan notes is charged at 10%.

Divitias Midco Limited

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

10. Taxation

	Year ended 31 December 2019 £	As restated Period 27 April 2018 to 31 December 2018 £
Corporation tax		
Current tax on losses for the year/period	250,000	795,143
Adjustments in respect of previous periods	(530,948)	(175,708)
	(280,948)	619,435
Total current tax	(280,948)	619,435
Deferred tax		
Origination and reversal of timing differences	(172,600)	(676,397)
Adjustment in respect of previous periods	109,711	(47,738)
Total deferred tax	(62,889)	(724,135)
Taxation (credit)/charge on loss	(343,837)	(104,700)

Adjustments in respect of previous periods are due mainly in relation to an over-provision in respect of interest which was subsequently allowed.

Divitias Midco Limited

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

10. Taxation (continued)

Factors affecting tax (credit)/charge for the year/period

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

	Year ended 31 December 2019 £	As restated Period 27 April 2018 to 31 December 2018 £
Loss before tax	<u>(33,301,925)</u>	<u>(22,767,749)</u>
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(6,327,366)	(4,325,872)
Effects of:		
Expenses not deductible for tax purposes	5,223,385	4,697,144
Adjustments to tax charge in respect of prior periods	(421,237)	(223,446)
Fixed asset differences	44,255	123,763
Changes to tax rates	(61,717)	(27,467)
R&D expenditure credits	(439)	40,060
Group relief	836,795	-
Deferred tax previously not recognised	359,732	(388,882)
Transfer pricing adjustments	2,755	-
Total tax (credit)/charge for the year/period	<u>(343,837)</u>	<u>(104,700)</u>

Factors that may affect future tax charges

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

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

Divitias Midco Limited

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

11. Exceptional items

	Year ended 31 December 2019 £	Period 27 April 2018 to 31 December 2018 £
Exceptional items	2,827,562	6,496,957
	<u>2,827,562</u>	<u>6,496,957</u>

Exceptional transaction fees of £579,870 (2018 - £4,790,465) have been incurred during the period relating to the acquisition of the Modality Group (2018 – acquisition of the GCI Group). These are professional fees on acquisition and include the costs of due diligence, refinancing and other professional advice.

Exceptional restructuring costs of £2,247,692 (2018 - £1,706,492) have been incurred during the period following acquisitions made. There are post-acquisition reorganisation costs.

The directors have assessed that these costs are material and do not represent normal costs of the business and will not be incurred again in the normal course of business. Accordingly, these costs have been classified as exceptional.

12. Parent company loss for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income Statement in these financial statements. The loss after tax of the parent Company for the year/period was £484,083 (2018 - loss £253,717).

Divitias Midco Limited

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

13. Intangible assets

Group

	Patents and licences £	Development expenditure £	Customer lists £	Goodwill £	Total £
Cost					
At 1 January 2019 (as previously stated)	689,623	166,683	41,210,000	151,379,863	193,446,169
Prior Year Adjustment (see Note 26)	-	-	-	(1,850,000)	(1,850,000)
At 1 January 2019 (as restated)	689,623	166,683	41,210,000	149,529,863	191,596,169
Additions	-	637,908	-	325,371	963,279
Disposals	-	(4,795)	-	-	(4,795)
On acquisition of subsidiaries	1,057,500	2,804,800	3,377,900	7,646,045	14,886,245
At 31 December 2019	<u>1,747,123</u>	<u>3,604,596</u>	<u>44,587,900</u>	<u>157,501,279</u>	<u>207,440,898</u>
Amortisation					
At 1 January 2019	212,975	78,946	2,720,989	9,995,218	13,008,128
Charge for the year	287,102	404,474	4,446,818	15,582,085	20,720,479
On disposals	-	(4,795)	-	-	(4,795)
At 31 December 2019	<u>500,077</u>	<u>478,625</u>	<u>7,167,807</u>	<u>25,577,303</u>	<u>33,723,812</u>
Net book value					
At 31 December 2019	<u><u>1,247,046</u></u>	<u><u>3,125,971</u></u>	<u><u>37,420,093</u></u>	<u><u>131,923,976</u></u>	<u><u>173,717,086</u></u>
At 31 December 2018 (as restated)	<u>476,648</u>	<u>87,737</u>	<u>38,489,011</u>	<u>139,534,645</u>	<u>178,588,041</u>

See Note 25 for further details on additions from the acquisition of subsidiaries.

Divitias Midco Limited

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

14. Tangible fixed assets

Group

	Freehold property £	Leasehold improvements £	Fixtures and fittings £	Core network £	Total £
Cost or valuation					
At 1 January 2019	2,455,820	412,044	1,947,614	3,745,215	8,560,693
Additions	-	114,076	694,164	2,249,812	3,058,052
Acquisition of subsidiary	-	118,862	153,049	70,863	342,774
At 31 December 2019	<u>2,455,820</u>	<u>644,982</u>	<u>2,794,827</u>	<u>6,065,890</u>	<u>11,961,519</u>
Depreciation					
At 1 January 2019	177,344	146,746	617,246	813,434	1,754,770
Charge for the year on owned assets	32,990	18,718	866,081	932,931	1,850,720
At 31 December 2019	<u>210,334</u>	<u>165,464</u>	<u>1,483,327</u>	<u>1,746,365</u>	<u>3,605,490</u>
Net book value					
At 31 December 2019	<u>2,245,486</u>	<u>479,518</u>	<u>1,311,500</u>	<u>4,319,525</u>	<u>8,356,029</u>
At 31 December 2018	<u>2,278,476</u>	<u>265,298</u>	<u>1,330,368</u>	<u>2,931,781</u>	<u>6,805,923</u>

See Note 25 for further details on additions from the acquisition of subsidiaries.

Divitias Midco Limited

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

15. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Divitias Bidco Limited*	England and Wales	Ordinary	100 %
GCI Managed Services Group Limited	England and Wales	Ordinary	100 %
GCI Network Solutions Limited	England and Wales	Ordinary	100 %
Blue Chip Data Systems Limited	England and Wales	Ordinary	100 %
Freedom Communications (U.K.) Limited	England and Wales	Ordinary	100 %
Packet Media Limited	England and Wales	Ordinary	100 %
Fusion Media Networks Limited	England and Wales	Ordinary	100 %
Evolution Telco Limited	England and Wales	Ordinary	100 %
Erskine Logie Cloud Limited	Scotland	Ordinary	100 %
IA3 Limited	England and Wales	Ordinary	100 %
Edge Contact Solutions Limited	England and Wales	Ordinary	100 %
Modality Systems Limited**	England and Wales	Ordinary	100 %
Modality Systems Inc.**	Delaware, USA	Ordinary	100 %
Modality Systems Pty Ltd**	Australia	Ordinary	100 %
ACT Teleconferencing Malaysia Sdn. Bhd**	Malaysia	Ordinary	100 %
Packet Media Holdings Limited***	England and Wales	Ordinary	100 %
Fusion Managed Services Limited***	England and Wales	Ordinary	100 %
Freedom Communications Limited***	England and Wales	Ordinary	100 %
Edge Telecommunications Limited***	England and Wales	Ordinary	100 %
Global Communication Integrators Limited***	England and Wales	Ordinary	100 %
Sweet Telecom Limited***	England and Wales	Ordinary	100 %
Netservices UK Limited***	England and Wales	Ordinary	100 %
IP Infrastructures Limited***	England and Wales	Ordinary	100 %
Edge Technical Resources Limited***	England and Wales	Ordinary	100 %
Invomo Limited***	England and Wales	Ordinary	100 %
Digital IP Holdings Limited***	England and Wales	Ordinary	100 %
Digital IP Limited***	England and Wales	Ordinary	100 %
Edge Telecom Limited***	England and Wales	Ordinary	100 %

*Direct subsidiary of parent company, the remaining are indirect holdings

**Acquisition during the period, see Note 25 for further details

***Dormant entity

All of the above companies have been consolidated in the group accounts.

Fusion Media Networks Limited, Evolution Telco Limited, Erskine Logie Cloud Limited, IA3 Limited and Edge Contact Solutions Limited have claimed the exemption from their individual entity audit under Section 479A of the Companies Act 2006 relating to subsidiary companies. These entities have been audited at Group level for inclusion within these consolidated financial statements.

Divitias Midco Limited

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

16. Stocks

	Group 2019 £	Group 2018 £
Work in progress	198,381	581,457
Finished goods and goods for resale	663,010	1,036,330
	<u>861,391</u>	<u>1,617,787</u>

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

Divitias Midco Limited

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

17. Debtors

	Group	Group As restated	Company	Company
	2019	2018	2019	2018
	£	£	£	£
Due after more than one year				
Amounts owed by group companies	-	-	23,123,008	20,973,691
Other non-working capital debtors	-	1,053,333	-	-
	<u>-</u>	<u>1,053,333</u>	<u>23,123,008</u>	<u>20,973,691</u>
	Group	Group As restated	Company	Company
	2019	2018	2019	2018
	£	£	£	£
Due within one year				
Trade debtors	20,260,306	16,652,896	-	-
Amounts owed by group companies	933,354	-	112,200,882	99,516,046
Other debtors	320,194	427,882	3,050	-
Other non-working capital debtors	449,000	547,667	-	-
Prepayments and accrued income	9,177,553	10,108,306	-	964,703
Corporation tax recoverable	-	549,378	-	-
Financial instruments	1,000	206,228	-	-
	<u>31,141,407</u>	<u>28,492,357</u>	<u>112,203,932</u>	<u>100,480,749</u>

Amounts owed by group companies that remain in the consolidated position are amounts owed by the controlling parent and therefore are not eliminated on consolidation as Divitias Holdco Limited is an entity registered in Guernsey and does not form part of the operating results of the Divitias Midco Group. See Note 32 for further details.

Other non-working capital debtors relate to deferred consideration in relation to the sale of Evolution Telco Limited in 2017. During the year ended 31 December 2019 an impairment charge of £604,333 was made in relation to this non-working capital debtor. See Note 26 for further details.

Divitias Midco Limited

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

18. Creditors: Amounts falling due within one year

	Group 2019 £	Group As restated 2018 £	Company 2019 £	Company 2018 £
Trade creditors	8,956,469	8,096,859	18,297	-
Amounts owed to group companies	24,221,405	21,894,333	26,518,507	21,894,333
Corporation tax	235,212	1,236,122	-	-
Other taxation and social security	3,426,656	2,239,935	-	1,200
Other creditors	2,150,044	1,467,498	-	-
Accruals and deferred income	15,241,291	15,020,463	357	877,361
	<u>54,231,077</u>	<u>49,955,210</u>	<u>26,537,161</u>	<u>22,772,894</u>

The loans payable to the controlling parent are repayable on demand, are unsecured and interest is charged at 10% p.a. which is accrued daily. Although the balances have no fixed repayment terms it is not expected that repayments will be required within the next 12 months.

Amounts owed by group companies that remain in the consolidated position are amounts owed to the controlling parent and therefore are not eliminated on consolidation as Divitias Holdco Limited is an entity registered in Guernsey and does not form part of the operating results of the Divitias Midco Group. See Note 32 for further details.

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

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank loans	103,439,890	88,554,478	-	-
Amounts owed to controlling parent	23,915,132	21,691,732	23,915,132	21,691,732
Amounts owed to ultimate controlling party	85,612,447	77,243,531	85,612,447	77,243,531
	<u>212,967,469</u>	<u>187,489,741</u>	<u>109,527,579</u>	<u>98,935,263</u>

Included within other creditors due after one year is £85,612,447 (2018 - £77,243,531) in respect of loan notes payable to Mayfair Equity Partners who own the majority of the share capital of the entire Group.

Divitias Midco Limited

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

20. Loans

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

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

As at 31 December 2019, £105,500,000 (2018 - £91,000,000) facility had been drawn down by the Group. The balances below are offset by prepaid arrangement fees of £2,060,110 (2018 - £2,445,522).

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Amounts falling due after more than 5 years				
Bank loans	103,439,890	88,554,478	-	-
Other loans	23,915,132	21,691,732	23,915,132	21,691,732
	127,355,022	110,246,210	23,915,132	21,691,732
	127,355,022	110,246,210	23,915,132	21,691,732

Divitias Midco Limited

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

21. Deferred taxation

Group

	2019 £
At beginning of year (as restated)	(4,688,780)
Charged to profit or loss (Note 10)	62,889
Arising on business combinations (Note 25)	(1,135,715)
At end of year	<u>(5,761,606)</u>

The provision for deferred taxation is made up as follows:

	Group 2019 £	Group As restated 2018 £
Fixed asset timing differences	658,972	879,214
Short term timing differences	18,466	18,743
Losses and other deductions	498,813	901,975
Arising on business combinations	(6,937,857)	(6,488,712)
	<u>(5,761,606)</u>	<u>(4,688,780)</u>

The amount of the net reversal of deferred tax expected to occur next year is £690,326, relating to the reversal of existing timing differences on tangible and intangible fixed assets and the change in tax rate from 17% to 19%. The year end deferred tax liability if recognised at 19% rather than 17% would increase by £677,836.

The Group has unrecognised a deferred tax asset of £469k in relation to non-trading losses of £2.8m on the basis that these are not expected to be utilised in the foreseeable future.

The Group has £3.3m of unpaid interest carried forward on which a deferred tax asset of £555k has not been recognised.

Divitias Midco Limited

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

22. Provisions

Group

	Other provisions £
Charged to profit or loss	350,000
At 31 December 2019	<u>350,000</u>

The Directors estimate of the probable amounts due to Microsoft Corporation relating to a review of trading and licensing.

23. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
1 (2018 - 1) Ordinary share of £1.00	<u>1</u>	<u>1</u>

24. Reserves

Profit and loss account

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

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

Divitias Midco Limited

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

25. Business combinations

On 2 June 2019, the Group via one of its subsidiary companies, acquired 100% of the issued share capital of the following entities:

Modality Systems Limited, a company incorporated in England and Wales with the company number 06143649;

ACT Teleconferencing Malaysia Sdn. Bhd, a private limited company incorporated in Malaysia with company number 833491-M;

Modality Systems Inc., a Delaware corporation; and

Modality Systems Pty Ltd, an Australian proprietary company limited by shares (company number CAN 168 971 677).

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £	Fair value adjustment £	Fair value £
Tangible	342,774	-	342,774
Intangible	922,572	6,317,628	7,240,200
	<u>1,265,346</u>	<u>6,317,628</u>	<u>7,582,974</u>
Debtors	4,116,691	-	4,116,691
Cash at bank and in hand	394,880	-	394,880
Total assets	<u>5,776,917</u>	<u>6,317,628</u>	<u>12,094,545</u>
Due within one year	(5,173,201)	-	(5,173,201)
Deferred tax on differences between fair value and tax bases	(61,718)	(1,073,997)	(1,135,715)
Total identifiable net assets	<u>541,998</u>	<u>5,243,631</u>	<u>5,785,629</u>
Goodwill			7,646,045
Total purchase consideration			<u>13,431,674</u>
Consideration			£
Cash			13,431,674
Total purchase consideration			<u>13,431,674</u>

Divitias Midco Limited

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

25. Business combinations (continued)

Cash outflow on acquisition

	£
Purchase consideration settled in cash, as above	13,431,674
	<u>13,431,674</u>
Less: Cash and cash equivalents acquired	(394,880)
Net cash outflow on acquisition	<u><u>13,036,794</u></u>

The results of Modality Systems Group since its acquisition are as follows:

	Current period since acquisition £
Turnover	<u><u>12,018,653</u></u>
Profit for the period	<u><u>340,652</u></u>

Divitias Midco Limited

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

26. Prior year adjustment

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

Deferred consideration incorrectly treated as revenue

During the year ended 31 December 2017, GCI Managed Services Group Limited (prior to becoming a subsidiary of Divitias Midco Limited), sold its shares in Evolution Telco Limited for £1.

GCI Network Solutions Limited, a subsidiary of GCI Managed Services Group Limited, then entered into a contract to provide services to the buyer of Evolution Telco Limited and its group company. The receipts under this contract were treated as turnover in the financial statements of GCI Network Solutions Limited in the year ended 31 December 2017 and 31 December 2018.

The directors have assessed that the substance of the transaction was in fact deferred consideration for the sale of the shares in Evolution Telco Limited by GCI Managed Services Group Limited and should not have been recognised as turnover within GCI Network Solutions Limited.

The effect on the comparative figures are as follows:

	2018 £
(Decrease) in Turnover	(592,000)
(Decrease) in Corporation tax charge	(97,222)
(Decrease) in Deferred tax charge	(152,031)
(Decrease) in Trade debtors	(343,000)
Increase in Other non-working capital debtor	1,601,000
(Decrease) in Corporation tax liability	(97,222)
(Decrease) in Deferred tax liability	(152,032)
(Decrease) in Goodwill	<u>(1,850,000)</u>

All prior year adjustments reflected in the above exclude VAT. The net effect on the loss for the period amounted to £342,747, as noted in the Consolidated Statement of Changes in Equity on Page 21.

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

The impact of the above prior year adjustment prior to the acquisition of GCI Managed Services Group Limited on 27 April 2018 has no effect on opening reserves; however it does impact the reserves on acquisition reflected in the goodwill adjustment.

Intercompany transactions not eliminated on consolidation

Following a review it was noted that certain intercompany revenues in the period ended 31 December 2018 had not been eliminated on consolidation. The comparatives have now been restated, resulting in a reduction in revenues and cost of sales of £1,254,311.

Divitias Midco Limited

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

27. Contingent liabilities

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

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

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

28. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £1,378,238 (2018 - £904,116). Contributions totalling £106,472 (2018 - £58,033) were payable to the fund at the reporting date and are included in creditors.

29. Commitments under operating leases

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

Group	2019	2018
	£	£
Not later than 1 year	183,560	242,987
Later than 1 year and not later than 5 years	442,093	592,533
Later than 5 years	92,055	127,055
	<u>717,708</u>	<u>962,575</u>

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

30. Related party transactions

The company has taken advantage of the exemption conferred by FRS 102 section 33.1 'Related party disclosure' not to disclose transactions with its wholly owned subsidiaries.

During the period the Group paid £23,170 (2018 - £18,306) to a business operated by a close individual of a previous Director of the company, for payroll services. No amounts were outstanding at the period end.

At the period end date there was a balance owing to the Group of £nil (2018 - £168,025) from a previous Director of the company. The maximum balance outstanding during the period was £168,025 (2018 - £168,025). No interest has been charged. The balance was repaid to the Group during the current year.

During the period sales of £450 (2018 - £236) and purchases of £172,700 (2018 - £142,579) were made to/from an entity owned by a previous Director of the company and current shareholder of the immediate controlling party. At the period end, £1,793 (2018 - £1,253) was owed by the entity which is included within Trade debtors and £98,214 (2018 - £nil) was owed to the entity which is included within Trade creditors.

Included within Other loans are Loan notes totalling £293,638 (2018 - £266,339) owned by a Director of the company and a shareholder of the immediate controlling party. Interest accrued of £43,980 (2018 - £16,681) is included in the period end balance. No interest was paid on these notes during the period.

Also included within Other loans are Loan notes totalling £293,638 (2018 - £266,339) owned by a shareholder of the immediate controlling party. Interest accrued of £43,980 (2018 - £16,681) is included in the period end balance. No interest was paid on these notes during the period.

During the period the Group paid £101,226 (2018 - £49,302) to Mayfair Equity Partners LLP, who own the majority of the share capital of the Group, in respect of monitoring fees. Loan notes of £75,049,577 were issued by Mayfair Equity Partners LLP to the Group in the prior year and £88,005,396 (2018 - £77,243,531) was outstanding at the period end. Interest accrued of £12,955,819 (2018 - £4,955,328) is included in the period end balance. No interest was paid on these notes during the period.

Management Loan notes of £19,658,693 were issued during the prior period and £3,463,185 (2018 - £1,313,508) of interest was accrued therefore £23,122,168 (2018 - £20,972,491) was outstanding at the period end. No interest was paid on these notes during the period.

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

31. Post balance sheet events

On 27 January 2020, the Group acquired 100% of the issued share capital of Nasstar plc, a company incorporated in England and Wales with company number 05623736, for £81,473,169.

The impact of COVID-19 has created some level of uncertainty as to the outlook for the remainder of the financial year and it is still too early to ascertain the impact this may have on our full year 2020 revenue and profitability. Should it become apparent that sales orders, revenue and/or cash collections are being affected by a slowdown in the markets in which the Group operates, the Directors will undertake a further review on discretionary expenditure and capital investment to protect the Group's cash position.

Given the above, is not possible to estimate the financial effect of COVID-19 disruption.

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

There is the potential should macro-economic weakness persist, for write down of goodwill and investment valuation alongside increases in bad debt provisions and write offs should customers enter financial difficulty. We aim to mitigate this customer risk categorising customers as either paying in advance or by securing suitable credit insurance coverage on certain customers according to input from external credit agencies.

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

32. Controlling party

The company's immediate controlling party is Divitias Holdco Limited. The registered office of the parent company is Cambridge House, Le Truchot St, Peter Port, Guernsey, GY1 4BF.

The largest and smallest group in which the company's results are consolidated is that for the Group headed by Divitias Midco Limited.

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