

Registration number: 03873327

# Vitesse Plc

Annual Report and Financial Statements

for the Year Ended 30 June 2020



## **Vitesse Plc**

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## **Vitesse Plc**

### **Company Information**

<b>Directors</b>	C P Mather R A Parncutt
<b>Company secretary</b>	C Hancock
<b>Registered office</b>	Nexus House 2 Cray Road Sidcup Kent DA14 5DA
<b>Auditors</b>	McBrides Business Advisers Limited Nexus House Cray Road Sidcup Kent DA14 5DA

## Vitesse Plc

### Strategic Report for the Year Ended 30 June 2020

The directors present their strategic report for the year ended 30 June 2020.

#### Principal activity

The principal activity of the company is provision of printer cartridges, computer consumables and printer repairs.

#### Fair review of the business

The company has five revenue streams which include remanufactured printer cartridges, standard desktop printer repairs, managed print division, desktop rental division and the sale and service of multifunction devices.

The company has continued to utilise cash flow to fund the capital expenditure requirements of the rental fleet and asset finance facilities have been utilised during the financial year to support the financing of fixed assets.

Management use a range of performance measures to monitor and manage the business including turnover and EBITDA. The company recorded a turnover of £10.0m (2019: £11.5m). EBITDA for the year was £595k.

The Covid-19 pandemic presented significant disruption to the business during the last quarter of the year. The decisions of the directors during this time were based upon ensuring that business adapted appropriately, making use of government financial support, whilst maintaining the safety of its suppliers, employees and customers. The downturn in trading and the resulting impact on turnover was, however, unavoidable.

The company had net assets at the year-end of £1.1m, a decrease from £1.39m the previous year. When measuring performance of the company against the key performance indicators the Directors consider that both the results for the year and the company's position as at the year-end are satisfactory given the downturn in trading brought about by the pandemic.

#### Principal risks and uncertainties

The principal risk facing the business is the impact of ongoing print requirements of customers in the sector. The A3 print usage by customer is declining although A4 print usage remains at stable levels. In addition, raw material used by the company, notably toner products, can be subject to varying quality. Ongoing quality assurance procedures help to mitigate the impact of this risk on the company's customers.

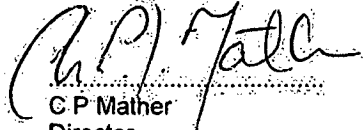
In addition, the pandemic has impacted the business in a number of different ways. The closure of large offices has resulted in a reduction in overall revenue plus many A3 devices have been 'switched off' as they are not regarded as Covid safe, though conversely A4 devices are regarded as Covid safe. This has led to an overall 72% drop in service revenue for A3 devices and a 20% drop for A4 devices. The company's revenue make up is predominantly 80% A4 which has allowed the business to continue trading at reasonable levels.

As we publish these results, the UK continues to emerge from the nationwide lockdown brought about by the Covid-19 pandemic. As noted in the 'fair review' above, the pandemic has brought about a reduction in our business, but overall, we hope to remain financially resistant from any future disruption the pandemic may bring.

**Vitesse Plc**

**Strategic Report for the Year Ended 30 June 2020**

Approved by the Board on 29/06/21 and signed on its behalf by:

  
C.P. Mather  
Director

## Vitesse Plc

### Directors' Report for the Year Ended 30 June 2020

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

#### **Directors of the company**

The directors who held office during the year were as follows:

C P Mather

RA Parncutt

#### **Financial instruments**

##### **Interest rate risk**

The company does have some exposure to interest rate risk, arising from its external borrowings. The company's interest cost is reduced during the period, reflecting reduced interest rate risk. While there is an element of sensitivity to interest receivable on surplus funds, this is not considered significant at the company's risk profile.

##### **Liquidity risk**

The company manages liquidity risk by monitoring cash flow forecasts and ensuring that there is an adequate headroom to meet its obligations.

The majority of the company's liabilities are short-term in nature.

##### **Credit risk**

The principal area of credit risk is trade debtors. The company monitors the financial position of its customers on an ongoing basis. The granting of customer credit is controlled by frequent monitoring and the company has a history of minimal bad debt. The company sets stringent criteria before extending credit facilities to prospective customers and has limited exposure to any particular customer. At the reporting date, management did not consider there to be any significant credit risk exposure.

##### **Future developments**

Subsequent to the year end, the company has undertaken a major review of its sales and marketing department which resulted in significant levels of redundancy with salaries and wages being reduced on an annualised basis from £3.8m to £2.5m. Along with this the teams were restructured allowing for a larger new business team to be put in place. The company has also begun the process of consolidating its premises which will reduce fixed costs into the future.

##### **Going concern**

The company continues to monitor the development of the Covid-19 outbreak and assess the potential exposure. Currently, the impact on this entity is expected to be manageable. Nonetheless, the company will continue to monitor the impact to customers and other key stakeholders and review business continuity plans as appropriate. Further information regarding going concern is included in note 2.

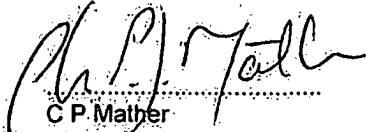
##### **Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

**Vitesse Plc**

**Directors' Report for the Year Ended 30 June 2020**

Approved by the Board on 29/04/2021 and signed on its behalf by:

  
C.P. Mather  
Director

## **Vitesse Plc**

### **Statement of Directors' Responsibilities**

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Vitesse Plc

### Independent Auditor's Report to the Members of Vitesse Plc

#### Opinion

We have audited the financial statements of Vitesse Plc (the 'company') for the year ended 30 June 2020, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 company's affairs as at 30 June 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

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

#### 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.

## **Vitesse Plc**

### **Independent Auditor's Report to the Members of Vitesse Plc**

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

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

#### **Matters on which we are required to report by exception**

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

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

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

#### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## Vitesse Plc

### Independent Auditor's Report to the Members of Vitesse Plc

#### 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 statement is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors's report.

#### Use of our report

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

*McBrides Accountants LLP*

Mark Grady (Senior Statutory Auditor)

For and on behalf of McBrides Business Advisers Limited, Statutory Auditor

Nexus House  
Cray Road  
Sidcup  
Kent  
DA14 5DA

Date: *29/04/21*

## Vitesse Plc

### Profit and Loss Account for the Year Ended 30 June 2020

	Note	2020 £	2019 £
Turnover	3	9,990,325	11,515,178
Cost of sales		<u>(4,882,129)</u>	<u>(5,290,867)</u>
Gross profit		5,108,196	6,224,311
Administrative expenses		(5,675,488)	(5,914,994)
Other operating income	4	<u>599,181</u>	<u>157,299</u>
Operating profit	5	31,889	466,616
Interest payable and similar expenses	6	<u>(37,854)</u>	<u>(43,375)</u>
(Loss)/profit before tax		(5,965)	423,241
Taxation	10	<u>(19,946)</u>	<u>(164,381)</u>
(Loss)/profit for the financial year		<u>(25,911)</u>	<u>258,860</u>

No Statement of Comprehensive Income has been presented as there is no movement through other comprehensive income for the year


Vitesse Plc

(Registration number: 03873327)  
Balance Sheet as at 30 June 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	11	-	110,271
Tangible assets	12	<u>1,531,630</u>	<u>1,533,782</u>
		<u>1,531,630</u>	<u>1,644,053</u>
<b>Current assets</b>			
Stocks	13	791,501	789,021
Debtors	14	955,468	1,922,040
Cash at bank and in hand		-	42,156
		<u>1,746,969</u>	<u>2,753,217</u>
<b>Creditors: Amounts falling due within one year</b>	16	<u>(1,921,428)</u>	<u>(2,796,764)</u>
<b>Net current liabilities</b>		<u>(174,459)</u>	<u>(43,547)</u>
<b>Total assets less current liabilities</b>		1,357,171	1,600,506
<b>Creditors: Amounts falling due after more than one year</b>	16	(223,496)	(156,613)
<b>Provisions for liabilities</b>	20	<u>(62,920)</u>	<u>(54,015)</u>
<b>Net assets</b>		<u>1,070,755</u>	<u>1,389,878</u>
<b>Capital and reserves</b>			
Called up share capital	18	250,000	250,000
Share premium reserve		316,025	316,025
Profit and loss account		504,730	823,853
<b>Total equity</b>		<u>1,070,755</u>	<u>1,389,878</u>

Under the Companies Act 2006, s454, on a voluntary basis, the directors can amend these financial statements if they subsequently prove to be defective.

Approved and authorised by the Board on 29/04/2021 and signed on its behalf by:

  
C P Mather  
Director

**Vitesse Plc**

**Statement of Changes in Equity for the Year Ended 30 June 2020**

	<b>Share capital</b>	<b>Share premium</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 July 2019	250,000	316,025	823,853	1,389,878
Loss for the year	-	-	(25,911)	(25,911)
Total comprehensive income	-	-	(25,911)	(25,911)
Dividends	-	-	(293,212)	(293,212)
At 30 June 2020	<u>250,000</u>	<u>316,025</u>	<u>504,730</u>	<u>1,070,755</u>
	<b>Share capital</b>	<b>Share premium</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 July 2018	250,000	316,025	796,630	1,362,655
Profit for the year	-	-	258,860	258,860
Total comprehensive income	-	-	258,860	258,860
Dividends	-	-	(231,637)	(231,637)
At 30 June 2019	<u>250,000</u>	<u>316,025</u>	<u>823,853</u>	<u>1,389,878</u>

The notes on pages 14 to 28 form an integral part of these financial statements.

**Vitesse Plc**

**Statement of Cash Flows for the Year Ended 30 June 2020**

	Note	2020 £	2019 £
<b>Cash flows from operating activities</b>			
(Loss)/profit for the year		(25,911)	258,860
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	580,323	658,260
Profit on disposal of property plant and equipment		(17,696)	-
Finance costs	6	37,854	43,375
Corporation tax	10	19,946	164,381
		<u>594,516</u>	<u>1,124,876</u>
Working capital adjustments			
(Increase)/decrease in stock	13	(2,480)	4,974
Decrease in trade and other debtors	14	966,572	266,808
Decrease in trade and other creditors	16	(420,149)	(714,578)
Cash generated from operations		1,138,459	682,080
Corporation tax paid	10	-	(86,132)
Net cash flow from operating activities		<u>1,138,459</u>	<u>595,948</u>
<b>Cash flows from investing activities</b>			
Acquisitions of property plant and equipment		(236,026)	(313,845)
Proceeds from sale of property plant and equipment		38,112	-
Net cash flows from investing activities		<u>(197,914)</u>	<u>(313,845)</u>
<b>Cash flows from financing activities</b>			
Interest paid	6	(37,854)	(43,375)
Payments to finance lease creditors		(142,388)	(167,149)
Dividends paid	22	(293,212)	(231,637)
Net cash flows from financing activities		<u>(473,454)</u>	<u>(442,161)</u>
Net increase/(decrease) in cash and cash equivalents		467,091	(160,058)
Cash and cash equivalents at 1 July		<u>(585,453)</u>	<u>(425,395)</u>
Cash and cash equivalents at 30 June		<u>(118,362)</u>	<u>(585,453)</u>

The notes on pages 14 to 28 form an integral part of these financial statements.

## Vitesse Plc

### Notes to the Financial Statements for the Year Ended 30 June 2020

#### 1 General information

The company is a private company limited by share capital, incorporated in England.

The principal activity of the company is disclosed in the Strategic Report.

The address of its registered office is:

Nexus House  
2 Cray Road  
Sidcup  
Kent  
DA14 5DA

The principal place of business is:

15 Tennis Street  
LONDON  
SE1 1YD

#### 2 Accounting policies

##### Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006.

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

##### Summary of significant accounting policies and key accounting estimates

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

## Vitesse Plc

### Notes to the Financial Statements for the Year Ended 30 June 2020

#### Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

At the time of approval of the accounts, the Covid-19 pandemic has had a significant impact on the UK and the directors consider that this will have an impact on the business in the latter part of 2020 and into 2021. The directors obtained a Coronavirus business interruption loan scheme (CBILS) facility of £1m subsequent to the year end which will provide the company sufficient cashflow for the foreseeable future in addition to its existing financing facilities. It should be noted in September and October of 2020 staffing levels returned to near normal but at significant cost (£225K) only for the government to impose further lockdowns. During this period revenue levels showed only minor growth but salary costs grew substantially, EBITDA would have been significantly greater if the government hadn't asked businesses to reopen in late summer. Assuming there is no repeat then along with having traded throughout the three lockdowns it must be concluded that even if the economy remains in a semi state of lockdown until June 2022 then the business will be able to trade through that period with its current cashflow and an unutilised CBILS facility.

The decisions of the directors at this time are based upon ensuring that business continues whilst at the same time safeguarding the health and well-being of its employees, customers and suppliers.

#### Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historic experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Specifically, judgements and estimates are required in determining the useful economic lives of fixed assets, the valuation of stock and the recoverability of trade debtors.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The company recognises revenue when:

- The amount of revenue can be reliably measured;
- it is probable that future economic benefits will flow to the entity;
- and specific criteria have been met for each of the company's activities.

## Vitesse Plc

### Notes to the Financial Statements for the Year Ended 30 June 2020

#### Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

#### Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

#### Tax

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

The current corporation 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 operates and generates taxable income.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### Tangible assets

Tangible assets is stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

#### Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	10% straight line
Plant and machinery	10% straight line
Fixtures & fittings	25% straight line
Motor vehicles	25% straight line

## Vitesse Plc

### Notes to the Financial Statements for the Year Ended 30 June 2020

#### Goodwill

Goodwill is amortised over its useful life, which shall not exceed five years if a reliable estimate of the useful life cannot be made.

#### Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

#### Asset class

Goodwill

#### Amortisation method and rate

20% straight line

## Vitesse Plc

### Notes to the Financial Statements for the Year Ended 30 June 2020

#### **Financial instruments**

##### ***Classification***

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. 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 are classified as financial assets at fair value through profit or loss, loans and debtors, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial assets at initial recognition.

Financial liabilities are classified as financial liabilities at fair value through profit and loss, loans and borrowings, trade and other creditors, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial liabilities at initial recognition.

##### ***Recognition and measurement***

All financial instruments are recognised initially at fair value plus transaction costs. Thereafter financial instruments are stated at amortised cost using the effective interest rate method (less impairment where appropriate) unless the effect of discounting would be immaterial in which case they are stated at cost (less impairment where appropriate). The exception to this are those financial instruments where it is a requirement to continue recording them at fair value through profit and loss.

##### ***Impairment***

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

##### **Trade and other debtors**

Trade and other debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment, except where the effect of discounting would be immaterial. In such cases debtors are stated at transaction price less impairment losses. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the transaction.

##### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are 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.

## Vitesse Plc

### Notes to the Financial Statements for the Year Ended 30 June 2020

#### Trade and other creditors

Trade and other creditors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, except where the effect of discounting would be immaterial. In such cases creditors are stated at transaction price.

#### Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

#### Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

#### Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

## Vitesse Plc

### Notes to the Financial Statements for the Year Ended 30 June 2020

#### 3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2020	2019
	£	£
Repairs and printer sales and services	342,024	572,032
Contracts and vouchers	367,356	402,440
MFD Hardware sales and rentals	1,513,777	1,207,497
Click sales	1,887,377	2,311,287
Toners and other sales	5,879,791	7,021,922
	<u>9,990,325</u>	<u>11,515,178</u>

The analysis of the company's turnover for the year by market is as follows:

	2020	2019
	£	£
UK	<u>9,990,325</u>	<u>11,515,178</u>

#### 4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2020	2019
	£	£
Government grants	502,455	-
Rental income	96,726	157,299
	<u>599,181</u>	<u>157,299</u>

#### 5 Operating profit

Arrived at after charging/(crediting)

	2020	2019
	£	£
Depreciation expense	470,052	387,713
Amortisation expense	110,271	270,547
Impairment of trade debtors	44,840	2,499
Operating lease expense - property	536,042	435,463
Profit on disposal of property, plant and equipment	<u>(17,696)</u>	<u>-</u>

#### 6 Interest payable and similar expenses

	2020	2019
	£	£
Interest on bank overdrafts and borrowings	20,227	22,616
Interest on hire purchase	17,627	20,759
	<u>37,854</u>	<u>43,375</u>

**Vitesse Plc**

**Notes to the Financial Statements for the Year Ended 30 June 2020**

**7 Staff costs**

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

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Wages and salaries	3,321,985	3,625,853
Social security costs	346,060	376,744
Pension costs, defined contribution scheme	73,425	63,824
	<u>3,741,470</u>	<u>4,066,421</u>

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

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
Administration and support	15	14
Sales, marketing and distribution	67	73
	<u>82</u>	<u>87</u>

**8 Directors' remuneration**

The directors' remuneration for the year was as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Remuneration	210,650	214,200
Contributions paid to defined contribution pension scheme	6,600	6,300
	<u>217,250</u>	<u>220,500</u>

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

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>1</u>

In respect of the highest paid director:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Remuneration	<u>204,650</u>	<u>208,200</u>

## Vitesse Plc

### Notes to the Financial Statements for the Year Ended 30 June 2020

#### 9 Auditors' remuneration

	2020	2019
	£	£
Audit of the financial statements	<u>21,000</u>	<u>26,250</u>

#### 10 Taxation

Tax charged/(credited) in the profit and loss account

	2020	2019
	£	£
<b>Current taxation</b>		
UK corporation tax	11,041	95,340
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	<u>8,905</u>	<u>69,041</u>
Tax expense in the profit and loss account	<u>19,946</u>	<u>164,381</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2019 - the same as the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020	2019
	£	£
(Loss)/profit before tax	<u>(5,965)</u>	<u>423,241</u>
Corporation tax at standard rate	(1,133)	80,416
Effect of expense not deductible in determining taxable profit (tax loss)	16,465	4,710
Deferred tax expense	8,905	69,041
Tax increase (decrease) from effect of capital allowances and depreciation	<u>(4,291)</u>	<u>10,214</u>
Total tax charge	<u>19,946</u>	<u>164,381</u>

## Vitesse Plc

### Notes to the Financial Statements for the Year Ended 30 June 2020

#### Deferred tax

Deferred tax assets and liabilities

	<b>Liability £</b>
<b>2020</b>	
Difference between accumulated depreciation and amortisation and capital allowances	<u>77,738</u>
<b>2019</b>	
Difference between accumulated depreciation and amortisation and capital allowances	<u>54,015</u>

The deferred tax balance is measured at 19%.

Based on current capital investment plans the company expects future timing differences between depreciation and capital allowances to remain at a similar level to the current year.

#### 11 Intangible assets

	<b>Goodwill £</b>	<b>Total £</b>
<b>Cost or valuation</b>		
At 1 July 2019	<u>3,205,528</u>	<u>3,205,528</u>
At 30 June 2020	<u>3,205,528</u>	<u>3,205,528</u>
<b>Amortisation</b>		
At 1 July 2019	3,095,257	3,095,257
Amortisation charge	<u>110,271</u>	<u>110,271</u>
At 30 June 2020	<u>3,205,528</u>	<u>3,205,528</u>
<b>Carrying amount</b>		
At 30 June 2020	<u>-</u>	<u>-</u>
At 30 June 2019	<u>110,271</u>	<u>110,271</u>

Vitesse Plc

Notes to the Financial Statements for the Year Ended 30 June 2020

12 Tangible assets

	Leasehold improvements £	Furniture and fittings £	Motor vehicles £	Plant and equipment £	Total £
<b>Cost or valuation</b>					
At 1 July 2019	64,888	742,176	1,006,775	5,364,010	7,177,849
Additions	-	15,092	140,787	332,437	488,316
Disposals	-	(418,659)	(77,797)	(91,907)	(588,363)
At 30 June 2020	<u>64,888</u>	<u>338,609</u>	<u>1,069,765</u>	<u>5,604,540</u>	<u>7,077,802</u>
<b>Depreciation</b>					
At 1 July 2019	41,716	620,578	837,326	4,144,447	5,644,067
Charge for the year	6,506	93,364	88,924	281,258	470,052
Eliminated on disposal	-	(418,659)	(57,381)	(91,907)	(567,947)
At 30 June 2020	<u>48,222</u>	<u>295,283</u>	<u>868,869</u>	<u>4,333,798</u>	<u>5,546,172</u>
<b>Carrying amount</b>					
At 30 June 2020	<u>16,666</u>	<u>43,326</u>	<u>200,896</u>	<u>1,270,742</u>	<u>1,531,630</u>
At 30 June 2019	<u>23,172</u>	<u>121,598</u>	<u>169,449</u>	<u>1,219,563</u>	<u>1,533,782</u>

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2020 £	2019 £
Plant and machinery	220,302	269,429
Motor vehicles	189,796	144,888
	<u>410,098</u>	<u>414,317</u>

13 Stocks

	2020 £	2019 £
Raw materials and consumables	<u>791,501</u>	<u>789,021</u>

**Vitesse Plc**

**Notes to the Financial Statements for the Year Ended 30 June 2020**

**14 Debtors**

	2020 £	2019 £
Trade debtors	908,256	1,808,367
Other debtors	1,200	49,546
Prepayments	<u>46,012</u>	<u>64,127</u>
Total current trade and other debtors	<u>955,468</u>	<u>1,922,040</u>

**15 Cash and cash equivalents**

	2020 £	2019 £
Cash on hand	-	42,156
Bank overdrafts	<u>(118,362)</u>	<u>(627,609)</u>
Cash and cash equivalents in statement of cash flows	<u>(118,362)</u>	<u>(585,453)</u>

**16 Creditors**

	Note	2020 £	2019 £
<b>Due within one year</b>			
Loans and borrowings	17	302,545	768,773
Trade creditors		363,091	982,090
Social security and other taxes		450,635	420,572
Other creditors		269,044	184,725
Accruals and deferred income		430,081	345,613
Corporation tax	10	<u>106,032</u>	<u>94,991</u>
		<u>1,921,428</u>	<u>2,796,764</u>
<b>Due after one year</b>			
Loans and borrowings	17	<u>223,496</u>	<u>156,613</u>

Loans and borrowings are secured by a debenture and a fixed and floating charge over all current and future assets of the company.

Obligations under hire purchase contracts are secured against the assets concerned.

**Vitesse Plc**

**Notes to the Financial Statements for the Year Ended 30 June 2020**

**17 Loans and borrowings**

	2020	2019
	£	£
<b>Non-current loans and borrowings</b>		
Hire purchase contracts	<u>223,496</u>	<u>156,613</u>

	2020	2019
	£	£
<b>Current loans and borrowings</b>		
Bank overdrafts	118,362	627,609
Hire purchase contracts	<u>184,183</u>	<u>141,164</u>
	<u>302,545</u>	<u>768,773</u>

**Bank loans and borrowings**

The company has access to a £900,000 overdraft facility which was renewed on 25th June 2020. Interest on borrowing is charged at an amended interest rate of 2.93% per annum, over base rate up to £900,000, and at 15% per annum on any amount over £900,000. The overdraft is secured by debentures, over all assets of the company and a guarantee provided by the shareholder.

**18 Share capital**

**Allotted, called up and fully paid shares**

	2020		2019	
	No.	£	No.	£
Ordinary of £1 each	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>

**19 Obligations under leases and hire purchase contracts**

The total of future minimum lease payments is as follows:

	2020	2019
	£	£
Not later than one year	184,183	141,164
Later than one year and not later than five years	<u>223,496</u>	<u>156,613</u>
	<u>407,679</u>	<u>297,777</u>

## Vitesse Plc

### Notes to the Financial Statements for the Year Ended 30 June 2020

#### Operating leases

The total of future minimum lease payments is as follows:

	2020 £	2019 £
Not later than one year	135,000	214,000
Later than one year and not later than five years	<u>247,500</u>	<u>517,068</u>
	<u>382,500</u>	<u>731,068</u>

#### Operating leases - lessor

The total of future minimum lease payments is as follows:

	2020 £	2019 £
Not later than one year	65,167	48,636
Later than one year and not later than five years	<u>122,000</u>	<u>72,928</u>
	<u>187,167</u>	<u>121,564</u>

#### 20 Deferred tax and other provisions

	Deferred tax £	Total £
At 1 July 2019	54,015	54,015
Decrease (increase) through disposals	<u>8,905</u>	<u>8,905</u>
At 30 June 2020	<u>62,920</u>	<u>62,920</u>

#### 21 Pension and other schemes

##### Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £73,425 (2019 - £63,824).

#### 22 Dividends

	2020 £	2019 £
Final dividend of £1.17 (2019 - £0.93) per ordinary share	<u>293,212</u>	<u>231,637</u>

#### 23 Related party transactions

##### Transactions with directors

The director of the company was paid a total of £223,000 (2019 - £214,000) for renting office and factory premises to the company.

## **Vitesse Plc**

### **Notes to the Financial Statements for the Year Ended 30 June 2020**

#### **24 Controlling party**

The company was under the control of C Mather by virtue of his 100% ownership of issued share capital of the company. C Mather is the ultimate controlling party.