

Company registration number: 08068760

ANNUAL REPORT AND FINANCIAL
STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2023

OFFICE POWER LIMITED

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OFFICE POWER LIMITED

COMPANY INFORMATION

Directors	S S Drakeford N P Wilson R G Sinclair
Company secretary	N P Wilson
Registered number	08068760
Registered office	Unit 4 Perrywood Business Park Honeycrook Lane Redhill Surrey RH1 5DZ
Independent auditors	Menzies LLP Chartered Accountants & Statutory Auditors Ashcombe House 5 The Crescent Leatherhead Surrey KT22 8DY

OFFICE POWER LIMITED

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OFFICE POWER LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

Business review

The principal activity of the Company during the year was that of providing B2B eCommerce software solutions and operational services to small and medium sized business supplies distributors / dealers based in the UK.

Office Power offers a flexible solution that enables its partners to evolve their business through great technology and a tailored set of services, giving the partner deep insights into the performance of their business and more time to focus on developing and growing their business.

Office Power's competitive advantage comes from the market-leading software platform with the most comprehensive feature set available to SMEs in the business supplies industry, supported by aggregated purchasing power. As a result, the business is highly automated, process driven and designed to scale without the proportional increase in overheads.

The Company achieved a turnover of £20,019,995 for the period to 31 March 2023 (2022: £16,232,094) resulting in an operating profit of £6,557,469 (2022: loss £644,612).

The Company's customers are heavily reliant on the occupation of office environments for much of the demand for the products and services they offer. Following the removal of all COVID-19 restrictions on the UK economy in March 2022, the occupation of offices slowly improved as white-collar workers steadily returned to work. Google Workplace movement data supported this trend, improving to -18% below pre-pandemic levels by the end of 2022 (having run -27% down during the previous financial year). However, based on other external data sources we estimate that office occupancy is still running 30-50% below pre-pandemic levels reflecting a permanent shift to new hybrid working patterns.

Despite this background, the Company succeeded in growing turnover by 23% through a combination of new customer partnerships and growth within existing partner businesses.

During the financial year the Company accelerated its investment into the development of the software platform with the objective of enabling the business to offer a software only solution to new partners. This product was brought to market towards the end of the financial year with the first partners launching early in the next financial year. The software only product provides greater flexibility to partners and opens the Company marketplace up to a wider audience of larger businesses.

In November 2022, the Company sold the website and software development costs to another group company to allow it to focus on the sales, marketing and support services functions. The sale of the intangible asset generated a profit on disposal of £6,987,793 (2022: £nil) recognised in Exceptional Items in the Statement of Income and Retained Earnings. The asset transfer created an intercompany debtor of £8,600,000 resulting in a material improvement in net current assets in the year.

Following the increased investment into the software platform and sales / marketing resource to support the launch of the new software only product, the resulting EBITDA (equivalent to Operating profit before depreciation, goodwill amortisation and exceptional items) decreased in the year to £272,170 (2022: £380,029).

Future developments

The Company is focused on continuing to grow through new partnerships and organic growth of existing partners in the core UK business supplies market.

In May 2020, Spicers Limited, one of the Company's key suppliers, appointed administrators to wind up their business. Following the appointment of administrators, the Company submitted a claim for historical pricing issues and withheld payment of the outstanding trade creditor balance, which was far exceeded by the value of the Company's claim. The trade creditor balance therefore remains the subject of an on-going legal claim with little progress being made during the financial year.

OFFICE POWER LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Key performance measures

The Directors monitor the ongoing performance of the business through a number of primarily financial focused measures including;

	2023	2022
Turnover	£ 20,019,995	£ 16,232,094
Gross profit margin	19.2%	19.6%
EBITDA	£ 272,170	£ 380,029
Cash at bank and in hand	£ 1,155,033	£ 637,511

Management also closely monitor partner performance, profitability by product category and debtor collection rates.

Management receive daily, weekly and monthly performance reports measured against previous periods and budgets that include both financial and non-financial measures. The key non-financial KPIs are partner satisfaction, sales pipeline movement, website / platform uptime and query handling times.

Principal risks

The management of the business and the execution of the Company's strategy are subject to a number of risks:

Market

The market for office products remains highly competitive and continues to shrink as a result of advances in technology and changes in working habits. However, by developing deep relationships with customers and suppliers – focused on customer service, continually reviewing the broad product offering, monitoring competitor pricing and controlling the cost to serve – the Company aims to retain competitiveness, grow the customer base and minimise the risk of sales / customer loss. This is balanced by an assessment of the return versus the investment in acquiring new customers.

Liquidity / cash flow

The Directors regularly monitor key performance indicators and cash flow forecasts to ensure the Company has sufficient working capital to meet its debts as and when they fall due.

The Company's primary sources of funding are a revolving short-term, secured invoice financing facility provided by Barclays Bank PLC and a long-term, variable rate loan from Barclays Bank PLC under the UK Government's Coronavirus Business Interruption Loan Scheme. Neither facility has any associated covenants. The appropriateness of the facilities will continue to be reviewed periodically by management and the EO Group Board. As a result, the Directors believe the financing in place minimises the Company's liquidity risk and provides the necessary headroom to support future plans.

Supplier Credit

This provides a further source of funding for the Company. This is influenced (but not determined) by the views of the credit insurance industry and credit rating agencies. Management update external stakeholders on a regular basis and monitor the ongoing cash headroom of the Company on a daily basis. Management will continue to hold regular meetings with suppliers and credit insurers and will continue with this open approach to communication, which is key to building and maintaining trusting relationships.

Supplier performance

The Company relies on the performance of its key suppliers to fulfil customer orders and maintain a high standard of service. The Directors manage the risk of a failure in supplier performance through regular review meetings with key suppliers to discuss their operational and financial performance. In addition, the Company's purchasing team use different suppliers for different product categories to avoid concentrations of purchasing with individual suppliers and (where possible) engage with more than one supplier in each product category.

OFFICE POWER LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Customer Credit

Credit risk in relation to trade debtors is managed by running credit checks on new customers and by monitoring on-going payments against contractual terms. In addition, the Company's credit risk is reduced by a proportion of customers who settle at the time of placing the order.

The Directors have strategies to manage and mitigate all of the above risks and remains confident of the continued success of the Company.

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

N P Wilson

Director

Date: 7 July 2023

OFFICE POWER LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

The Directors present their report and the financial statements for the year ended 31 March 2023.

Directors

The Directors who served during the year were:

S S Drakeford
N P Wilson
R G Sinclair

Results and dividends

The profit for the year, after taxation, amounted to £6,624,915 (2022 - loss £771,941).

The Directors do not recommend the payment of a dividend.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Directors' 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 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 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors indemnities

The Company maintains Directors' and officers' liability insurance providing appropriate cover for any legal action brought against its Directors.

Research and development activities

The Company provides Research and Development activities in areas including website and software development. Core to these activities is the provision of coding for new features and enhancements to existing platforms.

Disclosure of information in the strategic report

The Company has chosen, in accordance with Section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, to set out within the Company's Strategic Report the Company's Strategic Report Information Required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008. This includes information that would have been included in the business review and details of the principal risks and uncertainties.

OFFICE POWER LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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

Auditors

Under section 487(2) of the Companies Act 2006, Menzies LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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

N P Wilson

Director

Date: 7 July 2023

Unit 4
Perrywood Business Park
Honeycock Lane
Redhill
Surrey
RH1 5DZ

OFFICE POWER LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OFFICE POWER LIMITED

Opinion

We have audited the financial statements of Office Power Limited (the 'Company') for the year ended 31 March 2023, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and the related notes, 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 31 March 2023 and of its profit 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 Auditors' 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 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

OFFICE POWER LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OFFICE POWER LIMITED (CONTINUED)

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 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 Strategic Report and the 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 the 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 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, 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 Directors' Responsibilities Statement set out on page 4, 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.

OFFICE POWER LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OFFICE POWER LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the following laws and regulations were most significant:
 - The Companies Act 2006;
 - Financial Reporting Standard 102;
 - UK employment legislation;
 - General Data Protection Regulations; and
 - UK tax legislation.
- We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statements items.
- We understood how the Company is complying with those legal and regulatory frameworks by, making inquiries to management and those responsible for legal and compliance procedures. We corroborated our inquiries through our review of board minutes.
- The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations. The assessment did not identify any issues in this area.
- We assessed the susceptibility of the Company financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
 - Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
 - Challenging assumptions and judgements made by management in its significant accounting estimates; and
 - Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.
- As a result of the above procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:
 - Posting of journals to the accounting software which are of a non-routine nature in terms of timing and amount;
 - Timing of revenue recognition; and
 - The use of management override of controls to manipulate results, or to cause the Company to enter into transactions not in their best interests.

OFFICE POWER LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OFFICE POWER LIMITED (CONTINUED)

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 Auditors' Report.

Use of our report

This report is made solely to the Company's shareholders, 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 shareholders those matters we are required to state to them in an Auditors' 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 shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

Caroline Milton FCA (Senior Statutory Auditor)
for and on behalf of

Menzies LLP
Chartered Accountants
Statutory Auditors
Ashcombe House
5 The Crescent
Leatherhead
Surrey
KT22 8DY

7 July 2023

OFFICE POWER LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 MARCH 2023

		2023 £	2022 £
Turnover	3	20,019,995	16,232,094
Cost of sales		<u>(16,167,946)</u>	<u>(13,049,804)</u>
Gross profit		3,852,049	3,182,290
Distribution costs		(1,331,514)	(1,048,260)
Administrative expenses		(2,892,766)	(2,778,642)
Exceptional administrative income	10	<u>6,929,700</u>	<u>-</u>
Operating profit/(loss)		6,557,469	(644,612)
Interest receivable and similar income	7	1,932	68
Interest payable and similar expenses	8	<u>(91,776)</u>	<u>(18,032)</u>
Profit/(loss) before tax		6,467,625	(662,576)
Tax on profit/(loss)	9	<u>157,290</u>	<u>(109,365)</u>
Profit/(loss) after tax		<u>6,624,915</u>	<u>(771,941)</u>
Retained earnings at the beginning of the year		<u>(9,460,121)</u>	<u>(8,688,180)</u>
		(9,460,121)	(8,688,180)
Profit/(loss) for the year		<u>6,624,915</u>	<u>(771,941)</u>
Retained earnings at the end of the year		<u>(2,835,206)</u>	<u>(9,460,121)</u>

There was no other comprehensive income for 2023 (2022: £NIL).

The notes on pages 12 to 24 form part of these financial statements.

OFFICE POWER LIMITED
REGISTERED NUMBER:08068760

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	11	-	1,677,161
		-	1,677,161
Current assets			
Debtors: amounts falling due after more than one year	14	8,600,000	-
Debtors: amounts falling due within one year	14	4,101,257	3,080,961
Cash at bank and in hand		1,155,033	637,511
		13,856,290	3,718,472
Creditors: amounts falling due within one year	15	(6,479,220)	(4,532,170)
Net current assets/(liabilities)		7,377,070	(813,698)
Total assets less current liabilities		7,377,070	863,463
Creditors: amounts falling due after more than one year	16	(1,730,000)	(1,730,000)
Provisions for liabilities			
Deferred tax	17	-	(111,308)
		-	(111,308)
Net assets/(liabilities)		5,647,070	(977,845)
Capital and reserves			
Called up share capital	18	8,482,276	8,482,276
Profit and loss account		(2,835,206)	(9,460,121)
		5,647,070	(977,845)

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

N P Wilson
 Director

Date: 7 July 2023

The notes on pages 12 to 24 form part of these financial statements.

OFFICE POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. General information

Office Power Limited is a private company limited by shares incorporated in England and Wales. The address of the registered office is disclosed on the company information page.

The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £.

2. Accounting policies

2.1 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 preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic

of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47,

11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);

- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a),

12.29(b) and 12.29A; and

- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of EO Group Ltd as at 31 March 2023

and these financial statements may be obtained from Companies House.

2.3 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.

Depreciation, amortisation, impairment and recoverability of debtors to provision for doubtful debts are the main estimation areas. In making its judgement for depreciation and amortisation management has considered the benefit accruing over the useful life of the asset. Impairment reviews are carried out on a timely basis to ensure that the accounting policy adopted reflects a true and fair value of the assets as detailed in note 2.10 below.

OFFICE POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.4 Revenue recognition

Turnover is recognised when invoices for associated costs are received from suppliers/dealers and goods have been delivered by the suppliers/dealers to customers such that risks and rewards of ownership have transferred to them.

The turnover shown in the Statement of Income and Retained Earnings represents amounts receivable during the year in the normal course of business, net of trade discounts, VAT and other sales and related taxes.

2.5 Going concern

The financial statements continue to adopt the going concern basis.

The Company made a profit before tax of £6,467,625 for the period ended 31 March 2023 (2022: loss £662,576). The Company had net current assets at the balance sheet date of £7,377,070 (2022: liabilities £813,698) and total net assets of £5,647,070 (2022: liabilities £977,845).

Notwithstanding these results, the Company has provided a cross guarantee to its fellow group entities and as a result, the going concern assumption for the Company is also dependent on the financial position of the EO Group.

Following the removal of all COVID-19 restrictions on the UK economy in March 2022, the occupation of office environments experienced a slow improvement as white-collar workers steadily returned to work. Google Workplace movement trend data supported this migration, improving to -18% below pre-pandemic levels by the end of 2022 (having run -27% down during the previous financial year). However, based on other external data sources we estimate that office occupancy is still running 30-50% below pre-pandemic levels reflecting a permanent shift to new hybrid working patterns.

Against the background of a slow recovery in demand, the industry has also been impacted by the sharp increase in UK inflation following the pandemic and the invasion of Ukraine in February 2022, with the Consumer Price Index peaking at 11.1% in October 2022 (a level not seen since 1981). However, as fast as the rate increased over the past two years, economists are also forecasting the rate to return to their target level of 2% by the end of 2024.

As a result, there's still some uncertainty in forecasting the future trading performance of the Group, although the environment is slowly becoming more predictable and therefore forecasting certainty has improved considerably over the past 12 months.

The Directors have, for the Group and the Company, considered the following matters in determining the appropriateness of the going concern basis of preparation in the financial statements:

- The commitment of the other EO Group companies to continue to provide funding support for the foreseeable future;
- A financial forecast to March 2025 indicates that the Group will have sufficient cash reserves to be able to meet its debts as and when they fall due;
- The assumptions used to prepare the financial forecasts are considered to be reasonable;
- Various downside forecast scenarios for the period to March 2025, modelling slower growth (including a reduction in demand) also indicate that the Group will have sufficient cash reserves to be able to meet its debts as and when they fall due;
- The development and growth of the Group's B2B eCommerce platform (now owned / managed by CTRL Commerce Ltd) is diversifying the Group away from a reliance on the sale of office products;
- The Group has successfully launched into new categories during the last financial year and has plans to continue this expansion, further reducing the reliance on the sale of traditional office products;
- The loan from Barclays Plc under the UK Government's Coronavirus Business Interruption Loan Scheme;
- The on-going availability of a short-term, revolving, secured working capital facility from its bankers;
- The Group's credit facilities have no associated covenants;

OFFICE POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.5 Going concern (continued)

- The Group is only carrying £0.8m of third-party debt at 31 March 2023 (repayable over the next three years);
- The Group is using cashflow generated from trading activities to reinvest into the development of the CTRL Commerce B2B eCommerce platform – this investment is discretionary and can be reduced (almost entirely) at any time;
- UK economists are forecasting a sharp reduction in inflation over the next 18 months, returning to their target 2% level by the end of 2024; and
- The Group's key suppliers have expressed support in continuing to provide agreed payment terms on trade credit. Further, we have assessed the ability of our key suppliers to continue to meet our forecast demands for goods & services to ensure we are able to meet our customer demand.

In using the financial forecasts for the going concern assessment, the Directors have taken into consideration the judgements, estimates and assumptions which have been applied. Many of these judgements are, by their nature, subjective and the modelled outcomes are dependent on uncertain, external factors. However, the Directors now anticipate a return to a more stable operating environment in the coming years than has been the case in the recent past – making the forecasting process more predictable and the forecast outcomes more reliable.

Consequently, the Directors are confident given the actions taken over the past 24 months to diversify the business and reduce running costs, the balance sheet funding and the on-going support of key suppliers that the Group will have adequate resources to continue in operational existence for the foreseeable future.

Accordingly, the financial statements continue to adopt the going concern basis.

2.6 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of any part of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2.7 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:

Website & software development costs	-	Over 3 years straight line
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

The useful economic life of website and software development costs are estimated based on business plans which set out the expected return on investment for the associated project.

Amortisation is included in 'administrative expenses' in the Statement of Income and Retained Earnings.

OFFICE POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.7 Intangible assets (continued)

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period

2.8 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.

The estimated useful lives range as follows:

Motor vehicles	-
	Over 3 years 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 profit or loss.

2.9 Investments

All investments are recorded at cost, being the fair value of the consideration given and including acquisition costs associated with the investment.

2.10 Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

OFFICE POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.11 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings 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 operates and generates 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

2.13 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.14 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 of 3 years.

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.

OFFICE POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

3. Turnover

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

	2023 £	2022 £
Sale of goods	20,019,995	16,232,094
	<u>20,019,995</u>	<u>16,232,094</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

4. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2023 £	2022 £
Profit on disposal of intangible asset	6,987,793	-
Exchange differences	-	(1,189)
Amortisation of intangible assets	<u>(644,401)</u>	<u>(1,024,641)</u>

5. Employees

Staff costs, including Directors' remuneration, were as follows:

	2023 £	2022 £
Wages and salaries	714,342	594,076
Social security costs	65,565	49,968
Cost of defined contribution scheme	20,946	20,694
	<u>800,853</u>	<u>664,738</u>

OFFICE POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

5. Employees (continued)

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

	2023 No.	2022 No.
Customer service & operations	10	8
Ecommerce & category	1	2
Executive	1	-
Finance	5	5
Sales & marketing	3	4
Technology	-	6
	<u>20</u>	<u>25</u>

During the year, the Directors received no remuneration (2022 - £Nil).

6. Auditors' remuneration

The auditors' remuneration is paid by Eurooffice Holdco 2 Limited.

7. Interest receivable

	2023 £	2022 £
Other interest receivable	1,932	68
	<u>1,932</u>	<u>68</u>

8. Interest payable and similar expenses

	2023 £	2022 £
Other interest payable	939	9,112
Group interest payable	90,837	8,920
	<u>91,776</u>	<u>18,032</u>

OFFICE POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

9. Taxation

	2023 £	2022 £
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	(304,696)	(29,467)
Adjustments in respect of prior periods	147,406	105,046
Effect of changes in tax rates	-	33,786
Total deferred tax	<u>(157,290)</u>	<u>109,365</u>
Taxation on (loss)/profit on ordinary activities	<u>(157,290)</u>	<u>109,365</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2022 - higher than) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Profit/(loss) on ordinary activities before tax	<u>6,466,767</u>	<u>(662,576)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	1,228,686	(125,889)
Effects of:		
Expenses not deductible for tax purposes	2,994	-
Other permanent differences	18	-
Additional deduction for R&D expenditure	(110,335)	(86,928)
Group relief surrendered/(claimed)	183,294	65,021
Adjustments to tax charge in respect of previous periods - deferred tax	147,406	105,046
Remeasurement of deferred tax for changes in tax rates	(86,440)	(213,855)
Movement in deferred tax not recognised	55,470	365,970
Non-taxable profit on disposal	(1,578,383)	-
Total tax charge for the year	<u>(157,290)</u>	<u>109,365</u>

Factors that may affect future tax charges

On 3 March 2021 the UK Government announced that from 1 April 2023, the main rate Corporation Tax on profits over £250,000 will be increased to 25%.

OFFICE POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

10. Exceptional items

	2023	2022
	£	£
Restructuring costs	58,093	-
Profit on asset disposals	(6,987,793)	-
	<u>(6,929,700)</u>	<u>-</u>

Restructuring costs are related to employment and legal costs from a restructuring process undertaken by the business. The profit on asset disposals relates to the transfer of the Company's website and software development costs to another group company at market value.

11. Intangible assets

	Website and software development costs £
At 1 April 2022	7,919,373
Additions	579,447
Disposals	(8,498,820)
At 31 March 2023	<u>-</u>
At 1 April 2022	6,242,212
Charge for the year	644,401
On disposals	(6,886,613)
At 31 March 2023	<u>-</u>
Net book value	
At 31 March 2023	<u>-</u>
At 31 March 2022	<u>1,677,161</u>

The intangible assets relate to capitalised software development costs in respect of the Company's website and operating system. This was sold at market value to another company within the group during the year.

OFFICE POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

12. Tangible fixed assets

	Motor vehicles
	£
Cost or valuation	
At 1 April 2022	25,725
At 31 March 2023	<u>25,725</u>
Depreciation	
At 1 April 2022	25,725
At 31 March 2023	<u>25,725</u>
Net book value	
At 31 March 2023	<u><u>-</u></u>
At 31 March 2022	<u><u>-</u></u>

13. Fixed asset investments

The Company holds 100% of the share capital of IDOS Online Limited. The investment is fully impaired. IDOS Online Limited is a company incorporated in England.

As disclosed within the accounting policies, the Company is exempt from producing consolidated accounts and therefore accounts present information for the Company as a single entity and not as a group.

OFFICE POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

14. Debtors

	2023 £	2022 £
Due after more than one year		
Amounts owed by group undertakings	8,600,000	-
	<u>8,600,000</u>	<u>-</u>
Due within one year		
Trade debtors	3,205,609	2,822,700
Amounts owed by group undertakings	517,229	-
Other debtors	295,663	237,438
Prepayments and accrued income	36,774	20,823
Deferred taxation	45,982	-
	<u>4,101,257</u>	<u>3,080,961</u>

Included within debtors due after more than one year is a loan amounting to £8,600,000 (2022: £nil) due on 31 March 2033. The interest rate charged to the loan will be 2% per annum above SONIA.

15. Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade creditors	4,913,086	4,110,749
Amounts owed to group undertakings	1,153,090	123,717
Other taxation and social security	64,542	123,360
Other creditors	130,387	41,301
Accruals and deferred income	218,115	133,043
	<u>6,479,220</u>	<u>4,532,170</u>

Included within trade creditors above is £1,080,271 (2022 - £1,080,271) in relation to a disputed balance with a supplier in administration. This liability is subject to a legal claim by the Company in relation to historic pricing errors made by the supplier. The value of these errors is greater than the value of disputed balance included within trade creditors above. As there is currently no certainty over the recovery of this claim, no asset has been recognised in the accounts for this amount.

OFFICE POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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

	2023 £	2022 £
Amounts owed to group undertakings	1,730,000	1,730,000
	<u>1,730,000</u>	<u>1,730,000</u>

Included within creditors due after more than one year are loans amounting to £430,000 (2022: £430,000) due on 29 March 2026 and £1,300,000 (2022: £1,300,000) due on 24 March 2032. Interest at a rate of 2% above LIBOR Base Rate is charged on these loans. The default interest of 1% above the interest rate has been applied on interest overdue.

17. Deferred taxation

	2023 £	2022 £
At beginning of year	(111,308)	(1,943)
Charged to profit or loss	157,290	(109,365)
At end of year	<u>45,982</u>	<u>(111,308)</u>

The deferred taxation balance is made up as follows:

	2023 £	2022 £
Fixed asset timing differences	13,676	(124,558)
Short term timing differences	32,306	13,250
	<u>45,982</u>	<u>(111,308)</u>

A deferred tax asset on losses of £5,239,687 (2022: £5,384,872) has not been provided for as there is no certainty over its recovery.

18. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
8,482,276 (2022 - 8,482,276) Ordinary shares of £1.00 each	<u>8,482,276</u>	<u>8,482,276</u>

Each share entitles the holder to receive notice of all general meetings and to attend and vote at any general meeting. One vote per member on a show of hands, one vote per share on a poll.

OFFICE POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

19. Contingent liabilities

The Company has given Barclays Bank Plc a cross guarantee in favour of the parent company EO Group Ltd and its subsidiaries Eurooffice Holdco 1 Limited, Eurooffice Holdco 2 Limited, Eurooffice Limited, IDOS Online Limited, Ctrl Commerce Limited and UK Office Direct Limited.

20. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £20,946 (2022 - £20,694).

21. Related party transactions

In accordance with the exemption allowed by Financial Reporting Standard 102, transactions with group companies have not been disclosed in these financial statements.

22. Parent and ultimate parent company

The Company's immediate parent company is Eurooffice Holdco 2 Limited.

The ultimate parent company is considered to be EO Group Ltd. EO Group Ltd is the smallest and largest group that prepares consolidated accounts in which the Company is included. Consolidated accounts are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

Both companies have the same registered office as the Company.

23. Ultimate controlling party

The group and Company's ultimate controlling entity is Darwin Private Equity I LP, a fund managed by Darwin Private Equity LLP, a limited liability partnership registered in England and Wales.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.