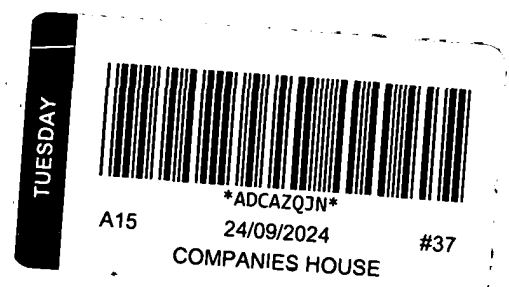


Registered number: 04624743

RESTORE DIGITAL LIMITED

ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



RESTORE DIGITAL LIMITED

COMPANY INFORMATION

Directors	C Skinner D J Baker N Dews
Company secretary	C Fussell
Registered number	04624743
Registered office	Village Way Bilston Wolverhampton WV14 0UJ

RESTORE DIGITAL LIMITED

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RESTORE DIGITAL LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

INTRODUCTION

The Directors of Restore Digital Limited (the "Company") present their strategic report for the year ended 31 December 2023.

The principal activity of the Company continued to be the provision of solutions and services in the digital transformation market including scanning services, outsourced services and consultancy services.

Restore Digital is part of the Restore plc group, a highly successful integrated business services company that is listed on the AIM in the UK.

Restore Digital is one of the UK leaders in secure outsourced document digitalisation and information processing services. Our services include:

- Large scale, business-critical document digitalisation
- Omnichannel digital mailroom services
- Cloud-based document management systems and storage, with automated workflows
- Record preservation and digital transformation consultancy
- Professional services, supporting digital transformation and business workflow.

REVIEW OF BUSINESS

For the year ended 31 December 2023, revenue increased by £5.9m (15%) to £45.1m and operating profit decreased by £2.5m to £1.7m reflecting the first full year following the acquisition of EDM Group Limited in 2021.

The net current assets of the Company increased to reflect a position of £7.2m at 31 December 2023 up from £5.8m at 31 December 2022.

Looking forward, the Directors are of the opinion, that whilst the current operating environment remains challenging, the business is well set to navigate the current challenges and to focus on continuing to leverage Digital's unique strengths in its market as customers look to unlock the information in their physical records to support a digital transformation.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Company's strategy are subject to several risks. The key business risks that could affect the Company relate to the UK economy and wider operating environment, data security and Health, Safety & Environment.

Risk from the state of the UK economy is mitigated in two ways. Firstly, by recent significant contract wins and secondly by the flexibility of the cost base within the organisation.

Data security risk is mitigated by the Company operating under stringent ISOs and other closely managed and accredited processes. The processes underpinning compliance to certifications are internally and externally audited and compliance is a key business capability. The business maintains all appropriate accreditations in the industry and maintains adequate insurance for such risk.

Health, Safety & Environment risk is mitigated by ingrained training, accident reporting and management processes.

RESTORE DIGITAL LIMITED

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

KEY PERFORMANCE INDICATORS

The Directors consider the following to be the key financial performance indicators:

	2023	2022	Change
	£000	£000	%
Revenue	45,130	39,275	15
Gross Profit	16,873	17,787	(5)
EBITDA	5,226	6,270	(17)
Profit before taxation	591	3,405	(83)

SECTION 172(1) STATEMENT

Directors of a company must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- The likely consequences of any decisions in the long-term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and environments;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between shareholders of the Company.

As part of their induction, Directors are briefed on their duties and they can access professional advice on these, either from the Company Secretary or, if they judge it necessary, from an independent adviser. It is important to recognise that in a large organisation such as ours, the Directors fulfil their duties partly through a governance framework that delegates day-to-day decision-making to employees of the Company.

The following points summarise how the Directors fulfil their duties

- Risk management, we provide business-critical services to our clients. As we grow, our business and our risk environment also become more complex. It is therefore vital that we effectively identify, evaluate, manage and mitigate the risks we face, and that we continue to evolve our approach to risk management.
- Our people, the Company is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, customers, investors, communities and society as a whole. People are at the heart of our services. For our business to succeed we need to manage our people's performance and develop and bring through talent while ensuring we operate as efficiently as possible.
- Business Relationships, our strategy is based on three core elements, organic growth, acquisitions and margin expansion. We need to develop and maintain strong customer relationships and we value all of our suppliers. The Company has a formal policy in place for new suppliers, which includes new suppliers contracting with and agreeing to Restore's terms of business. Existing supplier relationships are also periodically reviewed.

RESTORE DIGITAL LIMITED

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

- Community and Environment, the Company's approach is to use our position of strength to create positive change for the people and communities with which we interact. We want to leverage our expertise and enable colleagues to support the communities around us.
- Shareholders, the Board is committed to openly engaging with our shareholders, as we recognise the importance of a continuing effective dialogue, whether with institutional investors, private, or employee shareholders. It is important to us that shareholders understand our strategy and objectives, so these must be explained clearly, feedback heard and any issues or questions raised properly considered.

This report was approved by the board on the 19 September 2024 and signed on its behalf.



D J Baker
Director

RESTORE DIGITAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

INTRODUCTION

The Directors present their report with the unaudited financial statements of Restore Digital Limited (the "Company" for the year ended 31 December 2023).

The principal activity of the Company continued to be the provision of solutions and services in the digital transformation market including scanning services, outsourced services and consultancy services.

DIVIDENDS

No dividends were declared or paid for the current year (2022: £nil).

DIRECTORS

The Directors who served during the year were:

C Skinner (appointed 5 September 2023)
M Horrocks (resigned 12 August 2024)
D J Baker (appointed 13 November 2023)
C E Bligh (resigned 6 July 2023)
N J Ritchie (resigned 1 September 2023)
J Hopkins (appointed 15 August 2023 and resigned 15 December 2023)
M D Killick (appointed 1 September 2023 and resigned 13 November 2023)
N Dews (appointed 13 August 2024)

GOING CONCERN

The Directors have adopted the going concern basis in preparing these financial statements. The Company has prepared forecasts for future years and these demonstrate that the Company has sufficient funds to operate for a period of at least 12 months from the approval of these financial statements. The Company also has the support of its ultimate parent company Restore plc.

POLITICAL CONTRIBUTIONS

The Company has not made any political donations or incurred any political expenditure during 2023 or 2022.

EMPLOYEES

Restore Digital as an organisation is led by the people and colleagues within. We place their health and safety as our number one priority. All our colleagues are empowered to drive continuous improvement to move our business forward, specifically improving our already market leading services and service capability. Restore Digital regularly engages all colleagues across the business to make sure each and everyone has a voice and we maintain the balance of work and home life. We are an equality driven business and strive to offer opportunities to all.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS IN A BUSINESS RELATIONSHIP WITH THE COMPANY

Supplier

As part of delivering our services Restore Digital is reliant on a small number of strategic business partners. Each organisation we work with goes through an onboarding process. We align commercially and have a clear understanding of the responsibilities and accountabilities of each party. We are an ethical

RESTORE DIGITAL LIMITED

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

customer and maintain a healthy relationship with all our suppliers.

Customer

Restore Digital is part of Restore plc. We strive to maintain a well-balanced relationship with all of our customers. Our services, by their nature, help our customers manage valuable data by providing the best possible paperless document management experience. Building long-term customer relationships and partnerships is the cornerstone of our strategy. Independently we seek feedback and perform regular service reviews with our customers.

Community

Restore Digital is a national business and as such we have a lot of contacts with different communities. We empower each of our site locations to work with their local community to support initiatives that will benefit all.

Environment

Restore Digital maintains a number of vehicles and operates energy consuming plant and machinery across our sites. As a result we are very focused on our commitment to become carbon zero by 2050. Restore Digital has a medium term strategy to reduce Scope 1 and 2 emissions by 90% by 2035. Over this period Restore Digital's strategy is to move towards electrifying our small and medium sized vehicles.

ENERGY AND EMISSIONS REPORTING

The Company is exempt from the requirement to prepare an energy and emissions report as the Company is included in the group energy and emissions report of Restore plc.

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



D J Baker
Director

Date: 19 September 2024

RESTORE DIGITAL LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period.

The Directors acknowledge their responsibilities for:

- selecting suitable accounting policies and then apply them consistently;
- stating whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- making judgements and accounting estimates that are reasonable and prudent; and
- preparing the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

RESTORE DIGITAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £000	2022 £000
Turnover	3	45,130	39,275
Cost of sales		(28,257)	(21,488)
Gross Profit		16,873	17,787
Distribution costs		(297)	(287)
Administrative expenses		(13,288)	(11,848)
Amortisation - intangible fixed assets		(1,505)	(1,458)
Other operating charges		(87)	-
Operating Profit	4	1,696	4,194
Exceptional items	5	(1,504)	(413)
Profit Before Interest and Tax		192	3,781
Interest receivable and similar income	8	404	-
Interest payable and similar expenses	9	(5)	(376)
Profit Before Tax		591	3,405
Tax on profit	10	(572)	(1,006)
Profit for the financial year		19	2,399

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

The notes on pages 11 to 28 form part of these financial statements.

RESTORE DIGITAL LIMITED
REGISTERED NUMBER: 04624743

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	2023 £000	2022 £000
Fixed assets			
Intangible assets	12	2,536	3,262
Tangible assets	13	2,428	2,478
Investments	14	935	935
		<u>5,899</u>	<u>6,675</u>
Current assets			
Debtors	15	26,068	17,696
Cash at bank and in hand		3,720	6,655
		<u>29,788</u>	<u>24,351</u>
Creditors: amounts falling due within one year	16	(22,615)	(18,509)
Net current assets		<u>7,173</u>	<u>5,842</u>
Total assets less current liabilities		<u>13,072</u>	<u>12,517</u>
Provisions for liabilities			
Other provisions	18	(427)	-
		<u>(427)</u>	<u>-</u>
Net assets		<u><u>12,645</u></u>	<u><u>12,517</u></u>
Capital and reserves			
Called up share capital	19	100	100
Other reserves	20	(581)	(690)
Retained Earnings	20	13,126	13,107
Total Shareholders' funds		<u><u>12,645</u></u>	<u><u>12,517</u></u>

RESTORE DIGITAL LIMITED
REGISTERED NUMBER: 04624743

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2023

The Company is entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies for the year ended 31 December 2023.

The members have not required the Company to obtain an audit of its financial statements for the year ended 31 December 2023 in accordance with Section 476 of the Companies Act 2006.

The Directors acknowledge their responsibilities for:

- (a) ensuring that the Company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the Company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of, Sections 394 and 395 and which otherwise comply with the requirements of the companies Act 2006 relating to the financial statements, so far as applicable to the Company.

The notes on pages 12 to 30 form part of these financial statements.

The financial statements were approved by the board of directors on 19 September 2024 and were signed on its behalf by:



D J Baker
Director

RESTORE DIGITAL LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Called up share capital £000	Other reserves £000	Retained Earnings £000	Total equity £000
At 1 January 2022	100	(943)	10,708	9,865
Profit for the year	-	-	2,399	2,399
Share based payments	-	253	-	253
At 1 January 2023	100	(690)	13,107	12,517
Profit for the year	-	-	19	19
Share based payments	-	109	-	109
At 31 December 2023	100	(581)	13,126	12,645

The notes on pages 11 to 28 form part of these financial statements.

RESTORE DIGITAL LIMITED

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

1. STATUTORY INFORMATION

Restore Digital Limited is a private company, limited by shares, registered and incorporated in England and Wales. The Company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements have been prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102") and the Companies Act 2006. The financial statements have been prepared under historical cost convention, with the accounting policies as set out below being applied consistently, unless otherwise stated.

The financial statements are presented in sterling, which is also the functional currency of the Company. All amounts in the financial statements have been rounded to the nearest £1,000, except where otherwise indicated.

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The financial statements contain information about Restore Digital Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as its subsidiary undertaking is included by full consolidation in the consolidated financial statements of its parent, Restore plc.

In these financial statements, the Company is considered to be a qualifying entity (for the purpose of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Restore plc include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share-based Payments*; and
- Certain disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these financial statements.

RESTORE DIGITAL LIMITED

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

2. ACCOUNTING POLICIES (continued)

2.3 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Valuation of work in progress

Accrued income represents the value of work performed on contracts which has not been billed as of the balance sheet date. The valuation is based on review of the type of contract and its stage of completion in each job, together with estimates of the additional costs likely to be incurred in completing the contract and realising the consideration.

Useful economic lives of intangible and tangible assets

The annual depreciation and amortisation charges for tangible and intangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

2.4 Going concern

The Directors have adopted the going concern basis in preparing these financial statements. The Company has prepared forecasts for future years and these demonstrate that the Company has sufficient funds to operate for a period of at least 12 months from the approval of these financial statements. The Company also has the support of its ultimate parent company Restore plc.

2.5 Foreign currency translation

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income.

RESTORE DIGITAL LIMITED

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

2. ACCOUNTING POLICIES (continued)

2.6 Financial liabilities

In accordance with FRS 102 section 22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

2.7 Financial instruments

The Company has elected to apply the provisions of Sections 11 and 12 of FRS 102, in full, to all of its financial instruments. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Investments in subsidiaries

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. Interests in subsidiaries are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in Statement of Comprehensive Income.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances.

RESTORE DIGITAL LIMITED

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

2. ACCOUNTING POLICIES (continued)

2.8 Goodwill

Goodwill representing the excess of the consideration for an acquired undertaking, or acquired trade and assets, compared with the fair value of net assets acquired is capitalised and written off evenly over 10 years; as in the opinion of the Directors, this represents the period over which the goodwill is expected to give rise to economic benefits. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

2.9 Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Customer relationships	Straight line over 10 years
Computer software	Straight line over 4 years

Goodwill

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

Other intangible assets

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

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

RESTORE DIGITAL LIMITED

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

2. ACCOUNTING POLICIES (continued)

2.10 Tangible fixed assets

Fixed assets are stated at historical cost less accumulated depreciation and impairment losses. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	2-5% straight line
Plant and machinery	5-10% straight line
Fixtures and fittings	10-33% straight line
Motor vehicles	25% straight line

The carrying amount of an item of property, plant and equipment is derecognised on disposal; or when no future economic benefits are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in Statement of Comprehensive Income when the item is derecognised.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

2.11 Impairment excluding investment properties and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in Statement of Comprehensive Income. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than investment property, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

RESTORE DIGITAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2. ACCOUNTING POLICIES (continued)

2.11 Impairment excluding investment properties and deferred tax assets (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in Statement of Comprehensive Income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis. An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.12 Revenue

Revenue is measured as the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT, returns, rebates and after eliminating intra-group sales. 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. Revenue is recognised based upon the value of work completed in the period.

2.13 Current and deferred taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that it is probable that they will be

RESTORE DIGITAL LIMITED

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

2. ACCOUNTING POLICIES (continued)

2.13 Current and deferred taxation (continued)

recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in Statement of Comprehensive Income, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

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

2.14 Interest receivable and interest payable

Interest is recognised as interest accrues using the effective interest method.

2.15 Pensions

Defined contribution plans and other long-term employee benefits

The Company operates a defined contribution pension scheme. Contributions payable to the Company's pension scheme are charged to Statement of Comprehensive Income in the year to which they relate.

Share-based payment transactions.

The fair value of providing Restore plc share options to subsidiary company employees is charged to the profit and loss account and credited to Other Reserves of the employing subsidiary over the vesting period of the option.

2.16 Finance costs

Interest is recognised as interest accrues using the effective interest method.

2.17 Exceptional items

Transactions in the year that are deemed to be exceptional by nature are disclosed separately on the face of the statement of comprehensive income as an aggregate total.

2.18 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

RESTORE DIGITAL LIMITED

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

2. ACCOUNTING POLICIES (continued)

2.19 Provisions for liabilities

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are generally charged as an expense to profit or loss.

3. TURNOVER

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

	2023 £000	2022 £000
Scanning revenue	32,174	32,940
Project revenue	6,238	3,804
Support revenue	2,501	1,355
Storage revenue	3,405	661
Other	812	515
	<u>45,130</u>	<u>39,275</u>

All turnover arose within the United Kingdom.

4. OPERATING PROFIT

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

	2023 £000	2022 £000
Depreciation - owned assets	768	616
Goodwill amortisation	1,177	1,177
Customer relationship amortisation	167	112
Computer software amortisation	161	169
Disposal of assets losses / (gains)	(115)	-
Foreign exchange losses / (gains)	87	6
	<u>87</u>	<u>6</u>

RESTORE DIGITAL LIMITED

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

5. EXCEPTIONAL ITEMS

	2023 £000	2022 £000
Restructuring costs	1,504	413
	<u>1,504</u>	<u>413</u>

During the year, the Company incurred exceptional costs of £1,504k relating to the restructuring of the business throughout the year.

6. EMPLOYEES

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

	2023 £000	2022 £000
Wages and salaries	20,759	22,922
Social security costs	1,967	1,436
Cost of defined contribution scheme	519	388
	<u>23,245</u>	<u>24,746</u>

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

	2023 No.	2022 No.
Directors	2	2
Administration and office	137	139
Management	58	50
Production	497	670
	<u>694</u>	<u>861</u>

RESTORE DIGITAL LIMITED

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

7. DIRECTORS' REMUNERATION

	2023 £000	2022 £000
Directors' emoluments	185	176
Directors pension contributions to money purchase schemes	11	18
	<u>196</u>	<u>194</u>

During the year retirement benefits were accruing to no Directors (2022 - NIL) in respect of defined contribution pension schemes.

8. INTEREST RECEIVABLE

	2023 £000	2022 £000
Interest receivable on fellow group companies	404	-
	<u>404</u>	<u>-</u>

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2023 £000	2022 £000
Other finance charges	5	318
Interest payable to fellow group companies	-	58
	<u>5</u>	<u>376</u>

RESTORE DIGITAL LIMITED

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

10. TAXATION

	2023 £000	2022 £000
Corporation tax		
Current tax on profits for the year	253	631
Adjustments in respect of previous periods	25	3
	<u>278</u>	<u>634</u>
Foreign tax		
Foreign tax in respect of prior periods	55	1
	<u>55</u>	<u>1</u>
Total current tax	<u>333</u>	<u>635</u>
Deferred tax		
Origination and reversal of timing differences	295	370
Adjustments in respect of prior periods	(56)	1
	<u>239</u>	<u>371</u>
Tax on profit	<u>572</u>	<u>1,006</u>

RESTORE DIGITAL LIMITED

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

10. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022 - higher than) the standard rate of corporation tax in the UK of 23.52% (2022 - 19%). The differences are explained below:

	2023 £000	2022 £000
Profit on ordinary activities before tax	591	3,405
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.52% (2022 - 19%)	140	647
Effects of:		
Goodwill amortisation	264	-
Intangible amortisation	39	-
Expenses not deductible for tax purposes	9	62
Income not taxable for tax purposes	-	(24)
Other permanent differences	(1)	27
Fixed asset difference	-	200
Adjustments to tax charge in respect of prior periods	80	4
Adjustment to tax charge in respect to previous periods - deferred tax	(56)	1
Remeasurement of deferred tax for changes in tax rates	17	89
Share based payment	66	-
Fixed asset differences - NQ depreciation	14	-
Total tax charge for the year	572	1,006

RESTORE DIGITAL LIMITED

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

11. DEFERRED TAXATION

	2023 £000	2022 £000
At beginning of year	323	695
Charged to profit or loss	(239)	(372)
At end of year	84	323

The deferred tax balance is made up as follows:

	2023 £000	2022 £000
Employee benefit timing differences	120	-
Fixed asset timing differences	(36)	258
Short term timing differences	-	65
	84	323

RESTORE DIGITAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

12. INTANGIBLE ASSETS

	Goodwill £000	Customer relationship £000	Computer software £000	Total £000
Cost				
At 1 January 2023	13,550	1,675	789	16,014
Additions	-	-	751	751
Disposals	-	(132)	(6)	(138)
At 31 December 2023	<u>13,550</u>	<u>1,543</u>	<u>1,534</u>	<u>16,627</u>
Amortisation				
At 1 January 2023	11,195	933	624	12,752
Charge for the year on owned assets	1,177	167	161	1,505
On disposals	-	(132)	(34)	(166)
At 31 December 2023	<u>12,372</u>	<u>968</u>	<u>751</u>	<u>14,091</u>
Net book value				
At 31 December 2023	<u>1,178</u>	<u>575</u>	<u>783</u>	<u>2,536</u>
At 31 December 2022	<u>2,355</u>	<u>742</u>	<u>165</u>	<u>3,262</u>

RESTORE DIGITAL LIMITED

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

13. TANGIBLE FIXED ASSETS

	Improvements to property £000	Plant and machinery £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost or valuation					
At 1 January 2023	1,229	2,249	3,113	68	6,659
Additions	13	27	549	10	599
Disposals	(57)	(33)	(172)	(13)	(275)
At 31 December 2023	<u>1,185</u>	<u>2,243</u>	<u>3,490</u>	<u>65</u>	<u>6,983</u>
Depreciation					
At 1 January 2023	575	1,710	1,828	68	4,181
Charge for the year on owned assets	121	179	465	3	768
Disposals	(60)	(34)	(287)	(13)	(394)
At 31 December 2023	<u>636</u>	<u>1,855</u>	<u>2,006</u>	<u>58</u>	<u>4,555</u>
Net book value					
At 31 December 2023	<u>549</u>	<u>388</u>	<u>1,484</u>	<u>7</u>	<u>2,428</u>
At 31 December 2022	<u>654</u>	<u>539</u>	<u>1,285</u>	<u>-</u>	<u>2,478</u>

RESTORE DIGITAL LIMITED

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

14. INVESTMENTS

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2023	935
At 31 December 2023	<u>935</u>

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Capture All Limited	1 Dewar Square, Deans, Livingston, Scotland, EH54 8SA	Ordinary	100%

15. DEBTORS

	2023 £000	2022 £000
Due after more than one year		
Trade debtors	7,653	5,647
Amounts owed by group undertakings	14,980	8,505
Other debtors	209	68
Prepayments and accrued income	3,142	3,153
Deferred tax asset	84	323
	<u>26,068</u>	<u>17,696</u>

RESTORE DIGITAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £000	2022 £000
Trade creditors	2,020	5,874
Amounts owed to group undertakings	13,361	4,848
Corporation tax	1,303	-
Other taxation and social security	1,698	4,168
Other creditors	4,233	3,619
	22,615	18,509

17. LEASES

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2023 £000	2022 £000
Within one year	119	241
Between 1-5 years	392	423
Over 5 years	212	212
	723	876

18. PROVISIONS

	Dilapidations £000
Charged to profit or loss	427
At 31 December 2023	427

19. CALLED UP SHARE CAPITAL

	2023 £000	2022 £000
Allotted, called up and fully paid		
100,000 (2022 - 100,000) Ordinary shares of £1.00 each	100	100
	100	100

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

RESTORE DIGITAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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20. RESERVES

Retained Earnings represents profit accrued to date. Other Reserves represents the Capital Reserve fund. The fair value of providing Restore plc share options to subsidiary company employees is credited to Other Reserves of the employing subsidiary over the vesting period of the option.

21. CONTINGENT LIABILITIES

The assets of the Company are pledged as security for bank borrowings across the Restore plc group, by way of a fixed and floating charge.

22. CONTROLLING PARTY

At 31 December 2023, the immediate parent company was Restore Group Holdings Ltd and the ultimate parent company was Restore plc. Restore plc is a company registered in England and Wales, whose shares are listed on the AIM.

Consolidated financial statements of Restore plc can be obtained by writing to the registered office situated at 8 Beam Reach, Coldharbour Lane, Rainham, RM13 9YB or can be downloaded from the Restore plc website. This is the smallest and largest group for which consolidated accounts are prepared.

23. POST BALANCE SHEET EVENTS

There were no events after the balance sheet date to be disclosed.