Company registration number 06228885 (England and Wales)

AURORA MANAGED SERVICES LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

AURORA MANAGED SERVICES LTD

COMPANY INFORMATION

Directors	A J Moffitt	
	M Oxley	(Appointed 9 November 2021)
Company number	06228885	
Registered office	1-2 Castle Lane London SW1E 6DR	
Auditor	Grant Thornton UK LLP 30 Finsbury Square London EC2A 1AG	

AURORA MANAGED SERVICES LTD

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AURORA MANAGED SERVICES LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present the strategic report for the year ended 31 March 2022.

The company is the main trading company in the group. This strategic report refers to the activities of the group which include this company's activities. However, the financial statements presented in this annual report are those of the company and not the group.

In FY22, the demand challenges triggered by COVID-19, presented the group an opportunity to focus on structural enhancements to capitalise on the years ahead.

At the forefront of this was a change to the leadership team with Andy Moffitt welcomed as CEO in April 2021 and Martin Oxley joining as CFO in November 2021, each with proven capability of enhancing businesses through Customer First focus, scale and quality of service.

In line with the revised strategy the group completed its first acquisition in the COVID-19 period, in May 2021, acquiring the Print Solutions customer book of Maintel Holdings Plc, extending the group's geographical reach into the North of England and increasing the group's MIF (Machines in Field) and customer base. The group continues to assess suitable acquisition opportunities.

Since year end, in April 2022, the group re-branded its trading operations from Corona Corporate Solutions to Aurora, reflecting the customer centric focus and a new value set, a change that has been superbly received by our customers. Further, in April 2023, the group are delighted to have signed terms to refinance its debt structure through a debt for equity conversion between its existing lenders Pemberton and HIG. The group will benefit from serviceable debt facilities with Pemberton reducing from £114.3m to £50.0m with the lenders also extending additional ACF facilities to the group to support future M&A growth plans. The agreement also includes full covenant resets which allow significant headroom against trading projections. Completion is subject only to FCA and NSIA clearances with completion anticipated June 2023. The agreement demonstrates ardent lender support for incredibly exciting company growth plans.

Review of business

The main activity of the group is the supply of managed print services including the provision of multi-functional devices, related software, solutions and services, office supplies and telephony systems.

The results for the year and financial position of the company are shown in these financial statements. Gross profit for the year was £28,283,639 (2021 £25,318,089). The company generated a profit before tax and dividends of £7,506,431 (2021 £10,269,696).

Mindful of its responsibility to its customers during the turbulence of COVID-19, the group elected to call back all of its furloughed employees during FY22, so relinquishing Government aid and resulting in a marked increase in its cost base, directly resulting in a short term reduction in EBITDA, yet driving improving NPS results, customer engagement and a focus on strategic matters.

With a desire for renewed focus towards a more Customer First strategy, and to facilitate a scaled growth post COVID-19, the group welcomed Andy Moffitt as CEO in April 2021 and Martin Oxley as CFO in November 2021, succeeding James Stephens and Ken Coveney respectively, to whom we extend our sincere thanks for taking the group to the pinnacle of the industry. Andy brings a wealth of Leadership experience, particularly in Service Management as demonstrated in improving customer care, industry leading service delivery scores and for broadening the services on offer to customers.

The group continued to see trade affected by COVID-19 impacts, with home working increasingly an accepted part of business culture and global supply chains still adjusting to the market disruptions. Whilst gross profits showed double digit growth from FY21, like for like trading remains, and is expected to remain, below pre-COVID levels, primarily from a servicing perspective, with equipment sales encouragingly resilient.

The directors continue to maintain effective and strong relationships with key suppliers whilst internally, continue to place particular focus on cash generation and liquidity enabling measures. With steadfast investor and lender support, resulting in a consensual debt for equity conversion in April 2023, the directors are confident that the company has adequate resources to continue operating normally for the foreseeable future and meet all going concern requirements.

AURORA MANAGED SERVICES LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Principal risks and uncertainties

The principal risks and uncertainties facing the group continue to be posed by COVID-19. These include an unexpected decrease in turnover and continued disruption in the supply chain. The group's board minimises risk through continuous monitoring and maintaining strong relationships with key customers and suppliers.

Key Performance Indicators

For comparative purposes, the table below illustrates the performance of the company in the year ended 31 March 2022 versus financial year 2021.

Whilst the directors review and measure all aspects of the business, including service NPS and call response times, MIF per engineer and first-time fix rates, the directors consider EBITDA and EBITDA % of revenue as the key indicator of success of the business.

The board has confidence in the company's strategy and therein, in its ability to drive organic growth underpinned by improving trading metrics and supplemented by complimentary acquisitive growth.

	2022	2021	Change
	£'000	£'000	£'000
Turnover	47,387	42,792	4,595
Gross Profit	28,284	25,318	2,966
Gross Profit Margin	60%	59%	1%
EBITDA before exceptional costs	9,819	11,558	(1,739)
EBITDA as % of Turnover	21%	27%	(6%)

Going concern

Details of matters relevant to the directors' assessment of the application of the going concern basis are given in note 1.2 to the financial statements.

Future developments

To achieve its strategic goals, the group continues both to assess suitable acquisition opportunities and improve operational efficiencies.

Section 172 statement

Section 172 of the Companies Act 2006 requires the directors of a company to act in a way they consider, in good faith, would be most likely to promote the success of the company and its group for the benefit of its shareholders as a whole and, in doing so, have regard (among other matters) to:

a) the likely consequences of any decisions in the long term;

b) the interests of the group's employees;

c) the need to foster the group's business relationships with suppliers, customers and others;

d) the impact of the group's operations on the community and environment;

e) the desirability of the group maintaining a reputation for high standards of business conduct;

f) the need to act fairly as between shareholders of the company

Further details of how the directors have fulfilled their duties are set out below.

Risk management

The directors have deployed several initiatives across the group to effectively manage risks posed to the business.

These include a dedicated customer care team focussed on ensuring customer satisfaction, and consequently assisting with improved retention and reduced machine and customer attrition. The group have also introduced an Ask Nicely customer survey, ensuring open dialogue with the customer at regular intervals, allowing a continual feedback loop to improve all areas of the business. In measuring responses through NPS, the group take great pride in seeing industry leading results. The group has diversification in its product offering through complementary solutions, services and the launch of our Enterprise offerings, alongside our ICT and Office Supplies capabilities. The directors recognise the importance of a localised service offering to their customers and will, therefore, adopt a Customer focussed methodology when integrating newly acquired businesses.

Business relationships

The group returns value to businesses through providing innovative products and exceptional levels of service to meet our customers' requirements. The group understands the value of maintaining and developing relationships with its customers and suppliers, as it is these relationships that underpin its current and future growth. With this doctrine, the group's relationships go from strength to strength as demonstrated by the group's involvement with the same suppliers and customers for many years.

Community and the environment

The group has completed its second ESG impact report and has embarked on its sustainability journey towards net zero. The directors are passionate in its endeavour to play its part in making the world a better place for us all. Environmentally, the group continues to assess and improve its practices, supply chain, services, and carbon emissions. The group is partnered with innovative companies who are minimising their impact to the environment whilst also increasing its range of recycled products and recycling across the life cycle of its machines.

The group will strive to better its ESG credentials and for continual improvement.

Employees

The company and group are committed to being responsible employers and make every effort to create a working environment where their employees are actively engaged and part of their success. The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests. The company has embarked on a series of additional initiatives to continually improve and understand employee likes and dislikes, including annual employee engagement surveys and wellbeing surveys and clinics. Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance. Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Shareholders
The company's ultimate shareholder has representation on the board to ensure the company's strategy and objectives are in line with its needs and expectations, and those needs and expectations are regularly communicated to the board.

On behalf of the board

Martin Oxley

M Oxley
Director

15 May 2023

AURORA MANAGED SERVICES LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their annual report and financial statements for the year ended 31 March 2022.

Principal activities

The principal activity of the company continued to be that of the supply and maintenance of multi-functional devices and telephony systems, and software thereon.

On 7th March 2022 the company changed its name from Corona Corporate Solutions Limited to Aurora Managed Services Ltd.

Results and dividends

The results for the year are set out on page 13.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

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

K Coveney	(Resigned 1 October 2021)
D M Pickering	(Resigned 26 August 2022)
J Stephens	(Resigned 16 April 2021)
A J Moffitt	
M Oxley	(Appointed 9 November 2021)

AURORA MANAGED SERVICES LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Going concern

The company is a member of the Harrow Topco Limited group ("the group"). The entity is reliant upon the wider group's financing facilities. The group meets its day-to-day working capital requirements through its own cash balances and committed banking / funding facilities. In assessing the appropriateness of adopting the going concern basis in the preparation of these financial statements, the directors have reviewed a number of factors, including information provided to them in relation to the group's trading results, its available resources, the ability of the group to continue to operate within its financial covenants and the group's latest forecasts and projections, comprising:

- A base case forecast for the period to 31 March 2026 which has been prepared on a bottom-up basis with realistic assumptions regarding new contract wins, print volumes and likely margin evolution;

- Sensitised scenarios reflecting reasonably possible variations in performance including:
  - a decline in sales volume as a consequence of hardening economic conditions and the consequent impact on buying patterns;
  - a decline in margins brought about by economic and competitive pressures;
  - a fall in retention rates as a consequence of customers continuing to downsize their install base post COVID.

The group's loan agreements are subject to covenant clauses, whereby the group is required to meet certain key financial ratios. Lenders have supported the business by waiving the Leverage Ratio test for successive quarters from September 2021 to December 2022. In April 2023 Harrow Midco Limited, an indirect parent company, agreed terms to refinance its debt structure through a debt for equity conversion between its existing lenders Pemberton and HIG. Harrow Debtco Limited, an indirect parent of the company,is to be purchased by a new company formed for the purpose of refinancing. The revised group will benefit from serviceable debt facilities with Pemberton reducing from £114.3m to £50.0m with the lenders also extending additional facilities to the company to support future acquisition growth plans.

The agreement includes full covenant resets which allow significant headroom against trading projections. Completion of the refinancing is subject only to FCA and NSIA clearances, with completion anticipated June 2023. Until completion is formalised however, a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern . The agreement demonstrates ardent lender support for incredibly exciting company growth plans. The directors have satisfied themselves that the company will continue operating, with continued support from funders and investors up to the point that facilities are satisfactorily restructured, and with more certainty about post Covid-19 trading. For these reasons, the group and company continues to adopt the going concern basis in preparing its financial statements.

Financial instruments

Capital management policies

In managing its capital, the group's primary objective is to maintain a sufficient funding base to enable the group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, through new share issues or debt, the group considers not only its short-term position but also its long-term operational and strategic objectives.

Liquidity risk

Liquidity risk arises from the group management of working capital. It is the risk that the group will encounter difficulty in meeting its financial obligations as they fall due. Refer to Note 1.2 of the financial statements for details of going concern considerations.

The group policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 90 days.

Interest rate risk

The group borrows at variable rates of interest. It is therefore exposed to increases in interest rates. The group reviews market forecasts of future interest rates on a regularly basis and would consider the use of hedging instruments to mitigate such risk where appropriate. No hedging arrangements were in force at the balance sheet date.

Foreign currency risk
The group trades exclusively in the UK and all financing is denominated in sterling. The group therefore is not exposed to currency risk.

Credit risk
Credit risk is the risk of financial loss to the group if a customer or a counter party to a financial instrument fails to meet its contractual obligations. The group is principally exposed to credit risk on cash and cash equivalents with banks and financial institutions, and trade receivables. For banks and financial institutions, only independently rated parties with an acceptable rating are utilised.

Credit risk in connection with trade receivables is managed by the use of credit control procedures, such as the maintenance of a credit control department, use of credit references and stop limits.

Post reporting date events
Subsequent to 31 March 2022, the group is delighted to have signed terms to refinance its debt structure through a debt for equity conversion between its existing lenders, Pemberton and HIG. The group will benefit from serviceable debt facilities with Pemberton reducing from £114.3m to £50m. The lenders will also extend additional ACF facilities to the group to support future M&A growth plans. The agreement, which also includes full covenant resets, was signed in April 2023 with completion imminent and subject only to FCA and NSIA clearances. The agreement demonstrates ardent lender support for incredibly exciting company growth plans.

Auditor
In accordance with the company's articles, a resolution proposing that Grant Thornton UK LLP be reappointed as auditor of the company will be put at a General Meeting.

Strategic report
The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of disclosure concerning employment etc of disabled persons and engagement with employees, suppliers, customers and others and future developments of the business.

Statement of disclosure to auditor
The directors confirm that:
- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Martin Oxley

M Oxley
Director

15 May 2023

AURORA MANAGED SERVICES LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

The directors are responsible for preparing the Strategic Report and 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

AURORA MANAGED SERVICES LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF AURORA MANAGED SERVICES LTD

Qualified opinion

We have audited the financial statements of Aurora Managed Services Ltd (the 'company') for the year ended 31 March 2022, which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 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 qualified opinion

The company has not prepared group accounts, but it is not entitled to the exemptions available from the requirement to prepare group accounts in the Companies Act 2006. Whilst the company normally could be exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements, for the year ended 31 March 2022 it did not deliver to the registrar, within the time period allowed for filing its accounts, copies of the group financial statements the company is included in, which contains the consolidated annual report and financial statements together with the auditor's report on them. These were delivered to the registrar on 15 May 2023.

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

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements, which indicates that Harrow Midco Limited, an indirect parent Company, has signed terms to refinance the Group's debt structure through a debt for equity conversion. The agreement includes a full covenant reset. Completion is subject only to FCA and NSIA clearances and completion is anticipated in June 2023. The Company is reliant on the Group's financing facilities. As stated in note 1.2 these events or conditions, along with the other matters as set forth in note 1.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements 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.

AURORA MANAGED SERVICES LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF AURORA MANAGED SERVICES LTD

As described in the basis for qualified opinion section of our report, our audit opinion is qualified as it is not entitled to the exemptions available from the requirement to prepare group accounts in the Companies Act 2006. As such, required group disclosures in both the strategic and directors' reports are omitted. Accordingly we have concluded that the other information is materially misstated for the same reason.

Opinions on other matters prescribed by the Companies Act 2006

Except for the matter described in the basis for qualified opinion section of our report, 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.

Matter on which we are required to report under the Companies Act 2006

Except for the matter described in the basis for qualified opinion section of our report, 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 and the directors' report.

Matters on which we are required to report by exception

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

AURORA MANAGED SERVICES LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF AURORA MANAGED SERVICES LTD

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Companies Act 2006, the relevant tax legislation in the jurisdictions in which the Company operates and relevant regulation applicable to the Financial Conduct Authority authorisation status held by the Company;
- We understood how the Company is complying with those legal and regulatory frameworks by making enquiries of management and those charged with governance, including the Company's financial conduct authority officer. We corroborated our enquiries though our review of board minutes and other relevant correspondence received from legal advisors and regulatory bodies;
- We also enquired of management and those charged with governance concerning the Company's policies and procedures relating to the identification, evaluation, detection and response to the risks of fraud and the establishment of internal controls to mitigate risks related to fraud. We enquired as to whether they had any knowledge of actual, suspected or alleged fraud;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by considering management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to the estimation and judgemental areas of revenue recognition which we determined to be amounts that were unbilled at the year end, and revenue relating to usage true-up; the valuation of accrued income; the valuation of investments in subsidiaries; and through management override of controls;
- Audit procedures performed by the audit team included

  - identifying and assessing the design and implementation of controls management utilises to prevent and detect fraud;

  - challenging key assumptions used and judgements made by management in relation to significant accounting estimates, including through the judgemental areas of revenue recognition which we determined to be amounts that were unbilled at the year end, and revenue relating to usage true-up; the valuation of accrued income and; the valuation of investments in subsidiaries;

  - using data interrogation software to identify and test large or unusual journal entries which may carry a higher risk of fraud;

  - assessing the extent of compliance with the relevant laws and regulations as part of our audit procedures on the related financial statement item; and

  - performing audit procedures to conclude on the compliance of disclosures in the financial statements with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation

  - knowledge of the industry in which the client operates;

  - understanding of relevant legal and regulatory frameworks including 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), the Companies Act 2006, and the relevant tax legislation in the jurisdictions in which the Company operates, relevant regulation applicable to the Financial Conduct Authority authorisation status held by the Company and the application of the legal and regulatory requirements of these to Aurora Managed Services.

- Communications within the audit team in respect of potential non-compliance with laws and regulations and fraud included the potential for fraud including through the judgemental areas of revenue recognition which we determined to be amounts that were unbilled at the year end, and revenue relating to usage true-up; the valuation of accrued income; the valuation of investments in subsidiaries; and through management override of controls in the preparation of the financial statements.

- In assessing the potential risks of material misstatement, we obtained an understanding of:

  - the entity's operations, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.

  - the rules and interpretative guidance issued by the Financial Conduct Authority

  - the entity's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, internal review procedures over the entity's compliance with regulatory requirements, the authority of, and resources available to the compliance officer and procedures to ensure that possible breaches of requirements are appropriately investigated and reported.

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

Use of our report

This report is made solely to the company's member 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 member those matters we are required to state to the member in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Marc Summers BSc(Hons) FCA
Senior Statutory Auditor — 15 May 2023
For and on behalf of Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor

30 Finsbury Square
London
EC2A 1AG

AURORA MANAGED SERVICES LTD

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
Turnover	3	47,387,444	42,791,502
Cost of sales		(19,103,805)	(17,473,413)
Gross profit		28,283,639	25,318,089
Distribution costs		(515,291)	(347,432)
Administrative expenses		(18,284,605)	(13,840,406)
Other operating income	3	-	1,422,558
Exceptional item	4	(1,977,312)	(2,274,609)
Operating profit	6	7,506,431	10,278,200
Interest payable and similar expenses	9	-	(8,504)
Profit before taxation		7,506,431	10,269,696
Tax on profit	10	65,468	41,164
Profit for the financial year		7,571,899	10,310,860

The profit and loss account has been prepared on the basis that all operations are continuing operations.

AURORA MANAGED SERVICES LTD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	2022 £	2021 £
Profit for the year	7,571,899	10,310,860
Other comprehensive income	-	-
Total comprehensive income for the year	7,571,899	10,310,860

AURORA MANAGED SERVICES LTD

BALANCE SHEET

AS AT 31 MARCH 2022

		2022		2021	
	Notes	**£**	**£**	**£**	**£**
Fixed assets					
Intangible assets	**11**		787,310		479,248
Tangible assets	**12**		497,272		672,440
Investments	**13**		2,761,348		2,761,348
			4,045,930		3,913,036
Current assets					
Stocks	**16**	1,693,774		1,083,141	
Debtors	**15**	49,400,425		39,332,612	
Cash at bank and in hand		3,671,375		8,686,414	
		54,765,574		49,102,167	
Creditors: amounts falling due within one year	**17**	(16,332,718)		(18,150,814)	
Net current assets			38,432,856		30,951,353
Total assets less current liabilities			42,478,786		34,864,389
Provisions for liabilities			-		(101,074)
Net assets			42,478,786		34,763;315
Capital and reserves					
Called up share capital	**20**		1,000		1,000
Profit and loss reserves			42,477,786		34,762,315
Total equity			42,478,786		34,763,315

The financial statements were approved by the board of directors and authorised for issue on 15 May 2023 and are signed on its behalf by:

Martin Oxley

M Oxley
Director

Company Registration No. 06228885

AURORA MANAGED SERVICES LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2020		1,000	24,803,811	24,804,811
Year ended 31 March 2021:				
Profit and total comprehensive income for the year		-	10,310,860	10,310,860
Credit to equity for equity settled share-based payments	19	-	(352,356)	(352,356)
Balance at 31 March 2021		1,000	34,762,315	34,763,315
Year ended 31 March 2022:				
Profit and total comprehensive income for the year		-	7,571,899	7,571,899
Credit to equity for equity settled share-based payments	19	-	143,572	143,572
Balance at 31 March 2022		1,000	42,477,786	42,478,786

AURORA MANAGED SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

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1 Accounting policies

Company information

Aurora Managed Services Ltd is a private company limited by shares incorporated in England and Wales. The registered office is 1-2 Castle Lane, London, SW1E 6DR.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

Transactions with related parties which are wholly owned subsidiaries of the company's parent have not been disclosed as permitted by section 33 of FRS102.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Aurora Managed Services Ltd is a wholly owned subsidiary of Harrow Topco Limited and the results of Aurora Managed Services Ltd are included in the consolidated financial statements of Harrow Topco Limited which are available from 1-2 Castle Lane London SW1E 6DR.

AURORA MANAGED SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies **(Continued)**

1.2 Going concern

The company is a member of the Harrow Topco Limited group ("the group"). The entity is reliant upon the wider group's financing facilities. The group meets its day-to-day working capital requirements through its own cash balances and committed banking / funding facilities. In assessing the appropriateness of adopting the going concern basis in the preparation of these financial statements, the directors have reviewed a number of factors, including information provided to them in relation to the group's trading results, its available resources, the ability of the group to continue to operate within its financial covenants and the group's latest forecasts and projections, comprising:

- A base case forecast for the period to 31 March 2026 which has been prepared on a bottom-up basis with realistic assumptions regarding new contract wins, print volumes and likely margin evolution;
- Sensitised scenarios reflecting reasonably possible variations in performance including:
  - a decline in sales volume as a consequence of hardening economic conditions and the consequent impact on buying patterns;
  - a decline in margins brought about by economic and competitive pressures;
  - a fall in retention rates as a consequence of customers continuing to downsize their install base post COVID.

The group's loan agreements are subject to covenant clauses, whereby the group is required to meet certain key financial ratios. Lenders have supported the business by waiving the Leverage Ratio test for successive quarters from September 2021 to December 2022. In April 2023 Harrow Midco Limited, an indirect parent company, agreed terms to refinance its debt structure through a debt for equity conversion between its existing lenders Pemberton and HIG. Harrow Debtco Limited, an indirect parent of the company,is to be purchased by a new company formed for the purpose of refinancing. The revised group will benefit from serviceable debt facilities with Pemberton reducing from £114.3m to £50.0m with the lenders also extending additional facilities to the company to support future acquisition growth plans.

The agreement includes full covenant resets which allow significant headroom against trading projections. Completion of the refinancing is subject only to FCA and NSIA clearances, with completion anticipated June 2023. Until completion is formalised however, a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern . The agreement demonstrates ardent lender support for incredibly exciting company growth plans. The directors have satisfied themselves that the company will continue operating, with continued support from funders and investors up to the point that facilities are satisfactorily restructured, and with more certainty about post Covid-19 trading. For these reasons, the company continues to adopt the going concern basis in preparing its financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

The company has three main revenue streams, being equipment sales of multi-functional devices and telephone systems, services and maintenance of equipment sold and telephone network services, including the provision of line rental and telephone calls.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

AURORA MANAGED SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies **(Continued)**

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	20% on cost once brought into use

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	20% on cost
Computers	33% on cost
Motor vehicles	25% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1 Accounting policies **(Continued)**

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

1 Accounting policies **(Continued)**

Impairment of financial assets
Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities
Basic financial liabilities, including trade creditors and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities
Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities
Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1 Accounting policies **(Continued)**

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using a Monte Carlo model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

1 Accounting policies **(Continued)**

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements
The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Application of section 26 of FRS 102-share-based payment
Certain features of equity issued by the company's parent undertaking, Harrow Topco Limited, to members of the company's staff bring those instruments within the scope of the share-based payment provisions of FRS 102, and accordingly a share-based payment charge has been recognised in the financial statements. Disclosure is given in the notes to the financial statements. Judgement is also required in selecting the model to be applied in measuring the charge.

Exceptional items
The directors determine what costs are exceptional items by reference to their size and/or the manner in which they arise and in the latter case the extent to which they arise from the group's expected operations.

Key sources of estimation uncertainty
The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Recoverability of debtors
In estimating debtors' recoverability, the directors have considered the nature of objective evidence concerning loss events for individually significant items. Debtors that are not individually significant are grouped on the basis of similar credit risks.

Revenue recognition
In estimating accrued and deferred income the directors have regard to the nature of the services provided and the terms of agreement with customers.

Vesting period of share-based payment arrangements
Charges recognised for share-based payment arrangements depend on estimates made of the vesting period for such arrangements

3 *Turnover and other revenue*

	2022	2021
	£	£
Turnover analysed by class of business		
Equipment sales	24,518,650	20,853,498
Maintenance & service	19,940,865	18,887,184
Telephone network services	1,634,694	1,841,633
Telephone network sales	684,729	655,351
Professional sales	477,510	398,717
Professional services	130,996	155,119
	47,387,444	42,791,502

	2022	2021
	£	£
Other significant revenue		
Grants received	-	1,422,558

4 Exceptional costs

	2022	2021
	£	£
Mergers and acquisitions	118,999	21,337
Furlough	8,697	1,851,841
Property-related costs	308,127	89,259
ERP systems	164,297	154,558
Legal and professional	24,310	(39,078)
Share based payment	143,572	-
Redundancy	73,236	-
Write off of director's loan	-	87,848
Management charges	704,077	-
Other	431,997	108,844
	1,977,312	2,274,609

AURORA MANAGED SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

5 Auditor's remuneration

	2022	2021
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the company	207,825	145,000
For other services		
Taxation compliance services	55,000	63,000
Other taxation services	7,000	14,000
Services relating to corporate finance transactions	-	56,000
	62,000	133,000

The company bore the cost of the audit for all of the entities in the Harrow Topco Limited Group.

6 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	-	(1,422,558)
Depreciation of owned tangible fixed assets	323,874	390,207
Loss on disposal of tangible fixed assets	11,028	37,310
Share-based payments	-	(352,356)
Operating lease charges	729,148	769,194

7 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022 Number	2021 Number
Sales	76	58
Service	119	131
Administration	35	28
	230	217

7 Employees **(Continued)**

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	11,754,491	7,942,814
Social security costs	1,235,861	1,121,894
Pension costs	686,646	420,766
	13,676,998	9,485,474

8 Directors' remuneration

	2022	2021
	£	£
Remuneration for qualifying services	945,002	1,404,084
Company pension contributions to defined contribution schemes	91,044	75,828
	1,036,046	1,479,912

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022	2021
	£	£
Remuneration for qualifying services	306,668	440,618
Company pension contributions to defined contribution schemes	20,844	15,063

9 Interest payable and similar expenses

	2022	2021
	£	£
Other interest on financial liabilities	-	8,504

10 Taxation

	2022	2021
	£	£
Current tax		
Adjustments in respect of prior periods	35,606	(85,696)

AURORA MANAGED SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

10 Taxation **(Continued)**

	2022	2021
	£	£
Deferred tax		
Origination and reversal of timing differences	-	63,708
Adjustment in respect of prior periods	(101,074)	(19,176)
Total deferred tax	(101,074)	44,532
Total tax credit	(65,468)	(41,164)

The actual credit for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022	2021
	£	£
Profit before taxation	7,506,431	10,269,696
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	1,426,222	1,951,242
Tax effect of expenses that are not deductible in determining taxable profit	321,064	27,308
Adjustments in respect of prior years	35,606	-
Effect of change in corporation tax rate	(6,948)	-
Group relief	(1,772,516)	(1,857,794)
Depreciation on assets not qualifying for tax allowances	-	9,900
Other permanent differences	8,784	-
Share based payment charge	-	(66,948)
Adjustments in respect of prior periods	-	(85,696)
Deferred tax adjustments in respect of prior years	(106,631)	(19,176)
Deferred tax not recognised	28,951	-
Taxation credit for the year	(65,468)	(41,164)

11 Intangible fixed assets

	Software
	£
Cost	
At 1 April 2021	479,248
Additions - internally developed	308,062
At 31 March 2022	787,310
Amortisation and impairment	
At 1 April 2021 and 31 March 2022	-
Carrying amount	
At 31 March 2022	787,310
At 31 March 2021	479,248

During the year the company acquired certain intangible assets from Maintel Holdings plc as part of the acquisition of its managed print services business unit.

12 Tangible fixed assets

	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2021	779,237	555,313	79,774	1,414,324
Additions	81,567	78,467	-	160,034
Disposals	(119,560)	(173,616)	(79,774)	(372,950)
At 31 March 2022	741,244	460,164	-	1,201,408
Depreciation and impairment				
At 1 April 2021	341,559	327,023	73,302	741,884
Depreciation charged in the year	158,596	163,793	1,485	323,874
Eliminated in respect of disposals	(113,219)	(173,616)	(74,787)	(361,622)
At 31 March 2022	386,936	317,200	-	704,136
Carrying amount				
At 31 March 2022	354,308	142,964	-	497,272
At 31 March 2021	437,678	228,290	6,472	672,440

13 Fixed asset investments

	Notes	2022	2021
		£	£
Investments in subsidiaries	14	2,761,348	2,761,348

14 Subsidiaries

Details of the company's subsidiaries at 31 March 2022 are as follows:

Name of undertaking	Address	Class of shares held	% Held Direct
Corporate Information & Communication Technology Limited	1	Ordinary	100.00

Registered office addresses (all UK unless otherwise indicated):

1 1-2 Castle Lane London SW1E 6DR

15 Debtors

Amounts falling due within one year:	2022 £	2021 £
Trade debtors	3,835,853	3,460,294
Corporation tax recoverable	930,851	241,957
Amounts owed by group undertakings	42,750,845	34,088,318
Other debtors	5,196	28,504
Prepayments and accrued income	1,877,680	1,513,539
	49,400,425	39,332,612

16 Stocks

	2022 £	2021 £
Finished goods and goods for resale	1,693,774	1,083,141

17 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	2,204,622	2,963,432
Amounts owed to group undertakings	8,113,350	8,075,094
Other taxation and social security	1,394,179	2,950,932
Deferred income	1,510,223	1,792,029
Other creditors	948,782	361,080
Accruals	2,161,562	2,008,247
	16,332,718	18,150,814

AURORA MANAGED SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2022	Liabilities 2021
Balances:	**£**	**£**
Fixed asset timing differences	-	112,918
Short term timing differences	-	(11,844)
	-	101,074

	2022
Movements in the year:	**£**
Liability at 1 April 2021	101,074
Credit to profit or loss	(101,074)
Liability at 31 March 2022	-

19 Share-based payment transactions

Equity instruments other than share options

In 2019, the company's ultimate parent issued 3,637 A ordinary shares,195,015 B ordinary shares, 50,000 C ordinary shares and 1 D ordinary share to employees. The terms of issue of these shares brings them within the scope of section 26 of FRS102. The weighted average fair value of those instruments at the measurement date, being the date of issue, was as follows:

A and B shares	£12.60
C Shares	£12.54
D Shares	£639,689

Fair value was estimated using a Monte Carlo simulation model. This model was deemed appropriate due to the manner in which shareholders' respective entitlement to rights are determined by its articles of association.

The total credit recognised in the year was £143,572 (2021- £352,356). An equivalent debit is recognised in reserves. The credit in the year arose from a revision to the estimating vesting period of the share based award.

20 Share capital

	2022	2021	2022	2021
Ordinary share capital	**Number**	**Number**	**£**	**£**
Issued and fully paid				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

21 Retirement benefit schemes

Defined contribution schemes	**2022** £	**2021** £
Charge to profit or loss in respect of defined contribution schemes	686,646	420,766

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

22 Financial commitments, guarantees and contingent liabilities

The company has guaranteed the bank borrowings of a parent undertaking. The liability under these borrowings at the year end was £117.25 million. A charge over the company's assets has been created in respect of these borrowings.

23 Operating lease commitments

Lessee
At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	**2021** £
Within one year	364,804	427,605
Between two and five years	1,408,860	597,339
	1,773,664	1,024,944

24 Events after the reporting date

Subsequent to 31 March 2022, the group is delighted to have signed terms to refinance its debt structure through a debt for equity conversion between its existing lenders, Pemberton and HIG. The group will benefit from serviceable debt facilities with Pemberton reducing from £114.3m to £50m. The lenders will also extend additional ACF facilities to the group to support future M&A growth plans. The agreement, which also includes full covenant resets, was signed in April 2023 with completion imminent and subject only to FCA and NSIA clearances. The agreement demonstrates ardent lender support for incredibly exciting company growth plans.

25 Ultimate controlling party

The Company is a subsidiary undertaking of Harrow Topco Limited, whose registered office is 1-2 Castle Lane London SW1E 6DR. This is the smallest and largest group for which consolidated accounts are prepared which include the results of the company. Consolidated accounts are available from 1-2 Castle Lane London SW1E 6DR.

The Company's ultimate parent undertaking is H.I.G. Europe Capital Partners II,LP, an entity incorporated in the Cayman Islands.