

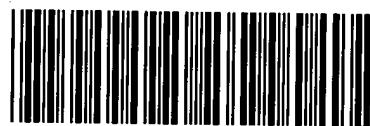
Registered number: 07019261

MANAGED247 LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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MANAGED247 LTD

COMPANY INFORMATION

Directors	Mr S Boardman Mr J M Pepper Mr A T Whitford
Registered number	07019261
Registered office	100 Avebury Boulevard Milton Keynes Buckinghamshire MK9 1FH
Independent auditors	MHA Chartered Accountants & Statutory Auditors Moorgate House 201 Silbury Boulevard Milton Keynes Buckinghamshire MK9 1LZ

MANAGED247 LTD

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MANAGED247 LTD

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Introduction

Managed247 is a highly successful and innovative provider of IT managed services, outsourced service desk and specialist IT consultancy services. We are extremely proud to provide a unique and bespoke customer service offering which operates 24 hours a day, 365 days a year, and our services are staffed by full time employees from within the UK. Managed247 is wholly committed to delivering market leading and continuous best-in-class customer satisfaction.

Business review

We were delighted to see all of the hard work from our employees and the management team reflected in a 10% increase in turnover across the year. Furthermore, our Annual Recurring Revenues increased by 14% and now stand at 86% of FY23 recognised revenues. These efforts have passed down into increased profitability with EBITA increasing by 11% YoY.

Sales order wins continued apace throughout the year with the business closing the year with a sales order book at an all time high. To match this demand, and in anticipation for the delivery of open orders during FY23 whilst simultaneously maintaining our market-leading service performance, we continued to invest in cutting edge leading service desk and automation technologies during the year.

It is a worthy reflection of this continued investment and placing customer success at the forefront of all that we do that, from the 1st of January to 31st of December 2023 our IT Service Desk achieved a Net Promoter Score (NPS) of 92 (FY22, NPS 91) against an industry average of 60.

Our revolutionary monitoring and systems automaton software continued through its development cycle with initial internal deployments being carried out. When launched during FY24 the benefit to both our internal support services and to existing and new customers alike will be significant.

Principal risks and uncertainties

The Directors undertake a process of identifying and evaluating risk acceptance and risk management through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management, and internal audit. Compliance with regulation, legal and ethical standards is a high priority for the Company and both the Board and the finance department take on an important oversight role in this regard.

The Company's principal credit risk relates to trade receivables. This is managed through rigorous initial client vetting and strong management of its trade receivables ledger.

The Company manages, and mitigates, liquidity risk by carefully monitoring cash generation and expenditure. The cash flow forecasts are updated regularly to ensure the availability of sufficient funds to meet all financial commitments.

The principal operations risk is presented third party outages or failures in their product/service delivery arising through fluctuations in the timing and frequency of such services. The Company carefully manages its relationship with key suppliers to mitigate these risks.

MANAGED247 LTD

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

Financial key performance indicators

	2023	2022
Turnover	£7,860,081	£7,166,551
Gross profit	£4,262,551	£4,265,795
Gross profit %	54%	60%
EBITA	£1,394,779	£1,300,002
Overheads	£3,064,070	£3,077,052

Other key performance indicators

	2023	2022
Headcount	53	81
Annual Recurring Revenues	£6,772,203	£5,938,292
(Value of contracted recurring revenue normalised to a one year period)		

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



.....
Mr J M Pepper
Director

Date: 30th September 2024

MANAGED247 LTD

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

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

Principal activity

The principal activity of the Company was that of outsourced service desk facilities and specialist IT consultancy.

Results and dividends

The profit for the year, after taxation, amounted to £568,269 (2022 - £852,812).

No dividends were paid in the year (2022: £Nil).

Directors

The Directors who served during the year were:

Mr S Boardman
Mr J M Pepper
Mr A T Whitford

Directors' responsibilities statement

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

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

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Future developments

The Company will actively seek to optimise the customer service experience by continuing to invest in its workforce (through training and career development), operational software and processes and its Predictably monitoring tool.

MANAGED247 LTD

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

Disclosure of information to auditors

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

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

Post balance sheet events

There have been no significant events affecting the Company.

Auditors

A resolution to appoint MHA as an independent auditor, in accordance with section 485 of the Companies Act 2006, will be proposed at the next Annual General Meeting.

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



.....
Mr J M Pepper
Director

Date: 30th September 2024

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MANAGED247 LTD

Opinion

We have audited the financial statements of Managed247 LTD (the 'Company') for the year ended 31 December 2023, which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MANAGED247 LTD (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MANAGED247 LTD (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

- enquiry of management and those charged with governance around actual and potential litigation and claims;
- enquiry of entity staff in tax compliance functions to identify any instances of non-compliance with laws and regulations;
- performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- reviewing minutes of meetings of those charged with governance; and
- reviewing financial statement disclosures and testing to supporting documentation to access compliance with applicable laws and regulations.
- performing substantive tests of detail over the completeness of income within the financial system.

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

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

MANAGED247 LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MANAGED247 LTD (CONTINUED)

Use of our report

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



Simon Knibbs MA FCA (Senior Statutory Auditor)
for and on behalf of

MHA

Chartered Accountants

Statutory Auditors

Milton Keynes, United Kingdom

Date: 9 October 2024

MHA is the trading name of MacIntyre Hudson LLP, a Limited Liability Partnership in England and Wales registered number OC312313)

MANAGED247 LTD


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

	Note	2023 £	2022 £
Turnover	4	7,860,081	7,166,551
Cost of sales		(3,597,530)	(2,900,756)
Gross profit		4,262,551	4,265,795
Administrative expenses		(3,064,070)	(3,077,052)
Operating profit		1,198,481	1,188,743
Interest receivable and similar income	8	1,699	374
Interest payable and similar expenses	9	(257,128)	(200,268)
Profit before tax		943,052	988,849
Tax on profit	10	(374,783)	(136,037)
Profit after tax		568,269	852,812
Retained earnings at the beginning of the year		5,081,732	4,228,920
Profit for the year		568,269	852,812
Retained earnings at the end of the year		5,650,001	5,081,732
The notes on pages 13 to 29 form part of these financial statements.			

BALANCE SHEET
AS AT 31 DECEMBER 2023

	Note	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Intangible assets	11		7,332,177		6,785,413
Tangible assets	12		102,140		161,812
			<u>7,434,317</u>		<u>6,947,225</u>
Current assets					
Stocks	13	981,159		3,920	
Debtors	14	5,415,350		4,885,681	
Cash at bank and in hand	15	699,484		728,645	
		<u>7,095,993</u>		<u>5,618,246</u>	
Creditors: amounts falling due within one year	16	(7,691,868)		(6,199,310)	
Net current liabilities			<u>(595,875)</u>		<u>(581,064)</u>
Total assets less current liabilities			<u>6,838,442</u>		<u>6,366,161</u>
Creditors: amounts falling due after more than one year	17		-		(470,283)
Provisions for liabilities					
Deferred tax	20		(1,187,441)		(813,146)
Net assets			<u>5,651,001</u>		<u>5,082,732</u>
Capital and reserves					
Called up share capital	21		1,000		1,000
Profit and loss account	22		5,650,001		5,081,732
			<u>5,651,001</u>		<u>5,082,732</u>

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


.....
Mr J M Pepper
Director

Date: 30th September 2024

The notes on pages 13 to 29 form part of these financial statements.

MANAGED247 LTD

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023 £	2022 £
Cash flows from operating activities		
Profit for the financial year	568,269	852,812
Adjustments for:		
Depreciation of tangible assets	62,463	76,104
Interest paid	257,128	200,268
Interest received	(1,699)	(374)
Taxation charge	374,783	136,037
Increase in stocks	(977,239)	(3,920)
Increase in debtors	(529,669)	(922,184)
Increase in creditors	1,477,302	926,570
Corporation tax received	111,081	96,507
Net cash generated from operating activities	1,342,419	1,361,820
Cash flows from investing activities		
Purchase of intangible fixed assets	(546,764)	(836,126)
Purchase of tangible fixed assets	(2,792)	(18,010)
Interest received	1,699	374
HP interest paid	(253,903)	(197,358)
Net cash from investing activities	(801,760)	(1,051,120)
Cash flows from financing activities		
Repayment of loans	(1,024,646)	(587,329)
Repayment of/new finance leases	458,051	1,370
Interest paid	(3,225)	(2,910)
Net cash used in financing activities	(569,820)	(588,869)
Net (decrease) in cash and cash equivalents	(29,161)	(278,169)
Cash and cash equivalents at beginning of year	728,645	1,006,814
Cash and cash equivalents at the end of year	699,484	728,645
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	699,484	728,645
	699,484	728,645

The notes on pages 13 to 29 form part of these financial statements.

MANAGED247 LTD

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2023**

	At 1 January 2023 £	Cash flows £	New finance leases £	At 31 December 2023 £
Cash at bank and in hand	728,645	(29,161)	-	699,484
Debt due after 1 year	(470,283)	470,283	-	-
Debt due within 1 year	(648,849)	178,566	-	(470,283)
Finance leases	(1,370)	-	(458,051)	(459,421)
	<u>(391,857)</u>	<u>619,688</u>	<u>(458,051)</u>	<u>(230,220)</u>

The notes on pages 13 to 29 form part of these financial statements.

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

1. General information

Managed247 Ltd is a private company limited by shares, incorporated in England and Wales.

The registered office is 100 Avebury Boulevard, Milton Keynes, Buckinghamshire, MK9 1FH. The Company trades from this address.

These accounts are rounded to the nearest £1, the presentation and functional currency is GBP.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Revenue

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

Sale of goods

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

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

Rendering of services

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

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

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

2. Accounting policies (continued)

2.3 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.

2.4 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Fixtures and fittings	- 2-5 years
Office equipment	- 2-5 years
Computer equipment	- 15 years
Leasehold property	- 10 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.5 Stocks

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

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

2.6 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

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

2. Accounting policies (continued)

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.8 Financial instruments

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 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 trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, 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.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

Other financial assets

Other financial assets, which includes investments in equity instruments which are not classified as subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the recognised transaction price. Such assets are subsequently measured at fair value with the changes in fair value being recognised in the profit or loss. Where other financial assets are not publicly traded, hence their fair value cannot be measured reliably, they are measured at cost less impairment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the

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

2. Accounting policies (continued)

2.8 Financial instruments (continued)

impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

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 the deduction of all its liabilities.

Basic financial liabilities, which include trade and other payables, bank loans and other loans are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

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

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

2.9 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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

2. Accounting policies (continued)

2.10 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Income and Retained Earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.11 Finance costs

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

2.12 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.13 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in other creditors as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.14 Interest income

Interest income is recognised in profit or loss using the effective interest method.

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

2. Accounting policies (continued)

2.15 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.16 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.

2.17 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

2.18 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

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

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

3. Judgments in applying accounting policies and key sources of estimation uncertainty

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

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Critical judgments in applying accounting policies

i) There are no judgments (apart from those involving estimates) that have had a significant effect on amounts recognised in the Financial Statements.

b) Key accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have the most significant potential impact upon the carrying values of assets and liabilities within the next financial year are as follows:

i) Research and development intangible asset

The criteria for research and development expenditure to qualify as an intangible asset has been set out within the accounting policies. The net book value of the intangible asset as at 31 December 2023 was £7,332,177. This asset has not yet been amortised as it has not yet been brought into use, however, no impairment has been deemed necessary as the asset is considered to be fully recoverable, and no indicators of impairment have been identified.

ii) Useful economic lives of tangible fixed assets

The useful economic lives used by the Company in respect of tangible fixed assets are set out in the accounting policies. These estimates are the best estimate based on past experience and expected performance and are regularly reviewed to ensure they remain appropriate. The net book value of tangible fixed assets as at 31 December 2023 was £102,140 after a depreciation charge in the year of £62,464.

4. Turnover

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

	2023	2022
	£	£
Sales - Professional services	1,995,814	1,625,939
Sales - Service desk support	2,371,520	2,663,010
Sales - Cloud and other services	3,492,747	2,877,602
	<u>7,860,081</u>	<u>7,166,551</u>

All turnover arose within the United Kingdom.

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

5. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors:

	2023 £	2022 £
Fees payable to the Company's auditors for the audit of the Company's financial statements	17,300	16,250
Fees payable to the Company's auditors and its associates in respect of:		
All other services	3,350	3,195
	<u> </u>	<u> </u>

6. Employees

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

	2023 £	2022 £
Wages and salaries	2,406,484	2,690,820
Social security costs	232,058	293,657
Cost of defined contribution scheme	49,553	53,446
	<u>2,688,095</u>	<u>3,037,923</u>

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

	2023 No.	2022 No.
Employees	70	81
	<u> </u>	<u> </u>

7. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	76,505	57,120
	<u> </u>	<u> </u>

Amounts paid to Key Management Personnel in the year totalled £255,348 (2022: £264,218).

MANAGED247 LTD

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

8. Interest receivable

	2023 £	2022 £
Other interest receivable	1,699	374

9. Interest payable and similar expenses

	2023 £	2022 £
Finance leases and hire purchase contracts	253,903	197,358
Other interest payable	3,225	2,910
	<u>257,128</u>	<u>200,268</u>

10. Taxation

	2023 £	2022 £
Corporation tax		
Current tax on profits for the year	-	(71,825)
Adjustments in respect of previous periods	488	61,070
	<u>488</u>	<u>(10,755)</u>
Total current tax	<u>488</u>	<u>(10,755)</u>
Deferred tax		
Origination and reversal of timing differences	374,295	146,792
Total deferred tax	<u>374,295</u>	<u>146,792</u>
Tax on profit	<u>374,783</u>	<u>136,037</u>

**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 - lower than) the standard rate of corporation tax in the UK of 23.5% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	<u>943,052</u>	<u>988,849</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.52% (2022 - 19%)	221,617	187,881
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	40	848
Capital allowances for year in excess of depreciation	4,847	2,619
Utilisation of tax losses	(231,143)	-
Other timing differences leading to an increase (decrease) in taxation	5,127	(32,332)
Adjustment in research and development tax credit leading to decrease in the tax charge	-	(169,771)
Movement in Deferred tax	374,295	146,792
Total tax charge for the year	<u><u>374,783</u></u>	<u><u>136,037</u></u>

Factors that may affect future tax charges

MANAGED247 LTD

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

11. Intangible assets

	Development expenditure £	Computer software £	Total £
Cost			
At 1 January 2023	2,785,413	4,000,000	6,785,413
Additions	546,764	-	546,764
At 31 December 2023	3,332,177	4,000,000	7,332,177
Net book value			
At 31 December 2023	3,332,177	4,000,000	7,332,177
At 31 December 2022	2,785,413	4,000,000	6,785,413

MANAGED247 LTD

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

12. Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Computer equipment £	Leasehold property £	Total £
Cost					
At 1 January 2023	184,889	298,632	67,664	384,398	935,583
Additions	-	2,792	-	-	2,792
At 31 December 2023	184,889	301,424	67,664	384,398	938,375
Depreciation					
At 1 January 2023	184,285	276,589	38,353	274,544	773,771
Charge for the year on owned assets	513	19,004	4,507	-	24,024
Charge for the year on financed assets	-	-	-	38,440	38,440
At 31 December 2023	184,798	295,593	42,860	312,984	836,235
Net book value					
At 31 December 2023	91	5,831	24,804	71,414	102,140
At 31 December 2022	604	22,043	29,311	109,854	161,812

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2023 £	2022 £
Leasehold property	71,414	109,854

13. Stocks

	2023 £	2022 £
Finished goods and goods for resale	981,159	3,920

MANAGED247 LTD

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

14. Debtors

	2023 £	2022 £
Due after more than one year		
Trade debtors	9,100	40,452
	9,100	40,452
Due within one year		
Trade debtors	840,004	709,955
Other debtors	4,176,667	3,156,203
Prepayments and accrued income	389,579	979,071
	5,415,350	4,885,681

15. Cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	699,484	728,645

MANAGED247 LTD

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

16. Creditors: Amounts falling due within one year

	2023 £	2022 £
Bank loans	470,283	648,849
Trade creditors	1,712,345	1,128,715
Corporation tax	257,048	145,479
Other taxation and social security	1,721,344	1,182,319
Obligations under finance lease and hire purchase contracts	459,421	1,370
Other creditors	1,039,537	1,948,015
Accruals and deferred income	2,031,890	1,144,563
	<u>7,691,868</u>	<u>6,199,310</u>

The bank loan is secured by a fixed and floating charge over the undertaking and all property and assets present and future, including goodwill, book debts, uncalled capital, buildings, fixtures, fixed plant & machinery.

Obligations under finance lease and hire purchase contracts are secured over the assets to which they relate.

Included in creditors a loan from IWOCA funding amounting to £424,804 (2022- £474,967). The loan is unsecured with market rate interest and repayable within 1 year.

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

	2023 £	2022 £
Bank loans	-	470,283

The bank loan is secured by a fixed and floating charge over the undertaking and all property and assets present and future, including goodwill, book debts, uncalled capital, buildings, fixtures, fixed plant & machinery.

MANAGED247 LTD

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

18. Loans

Analysis of the maturity of loans is given below:

	2023 £	2022 £
Amounts falling due within one year		
Bank loans	470,283	648,849
Amounts falling due 1-2 years		
Bank loans	-	470,283
	<u>470,283</u>	<u>1,119,132</u>

19. Financial instruments

All financial instruments are held at amortised cost.

20. Deferred taxation

	2023 £	2022 £
At beginning of year	(813,146)	(666,354)
Charged to profit or loss	(374,295)	(146,792)
At end of year	<u>(1,187,441)</u>	<u>(813,146)</u>

The provision for deferred taxation is made up as follows:

	2023 £	2022 £
Accelerated capital allowances	(170,387)	(38,894)
Tax losses carried forward	123,639	369,510
Timing differences	6,790	3,721
Timing differences on research and development allowances	(1,147,483)	(1,147,483)
	<u>(1,187,441)</u>	<u>(813,146)</u>

MANAGED247 LTD

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

21. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
1,000 (2022 - 1,000) Ordinary shares of £1.00 each	<u>1,000</u>	<u>1,000</u>

22. Reserves**Profit and loss account**

The profit and loss reserve includes all current and prior period retained profits and losses.

23. Share-based payments

On 28 September 2015 the Company granted an approved Enterprise Management Incentive to certain senior employees. The terms of the incentive grant an option to the employee to acquire ordinary A shares amount to 5% of the total share capital of the Company at the date of exercise. The option to acquire these shares is exercisable only in the event of a significant reorganisation of the Company, at any time between the date the option was granted and 28 September 2025. There are no performance conditions attached to the options. Further options were granted on 9 March 2018 which are exercisable up to 9 March 2028.

On 28 September 2015 the Company granted an approved Enterprise Management Incentive to certain senior employees. The terms of the incentive grant an option to the employee to acquire ordinary B shares amount to 3% of the total share capital of the Company at the date of exercise. The option to acquire these shares is exercisable only in the event of a significant reorganisation of the Company, at any time between the date the option was granted and 28 September 2025. There are no performance conditions attached to the options. Further options were granted on 10 January 2017 which are exercisable up to 10 January 2027, and on 9 March 2018 which are exercisable up to 9 March 2028.

On 28 September 2015 the Company granted an approved Enterprise Management Incentive to certain senior employees. The terms of the incentive grant an option to the employee to acquire ordinary C shares amount to 2% of the total share capital of the Company at the date of exercise. The option to acquire these shares is exercisable only in the event of a significant reorganisation of the Company, at any time between the date the option was granted and 28 September 2025. There are no performance conditions attached to the options. Further options were granted on 10 January 2017 which are exercisable up to 10 January 2027, and on 9 March 2018 which are exercisable up to 9 March 2028.

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

24. Pension commitments

The Company contributes to a defined contributions personal pension scheme for certain employees. The pension cost charge for the year was £49,553 (2022: £53,446) and the amount outstanding at the period end was £24,451 (2022: £12,179). The balance is included within other creditors.

25. Commitments under operating leases

At 31 December 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £	2022 £
Not later than 1 year	53,027	81,096
Later than 1 year and not later than 5 years	6,508	59,535
	<u>59,535</u>	<u>140,631</u>

Lease payments recognised as an expense during the year were £76,439 (2022: £143,001).

26. Related party transactions

During the year, the Company paid £147,704 (2022: £147,556) to Ancora Business Consultancy Limited, a company in which Mr A T Whitford is also a director. There was no outstanding balance at the year end.

During the year, the Company was invoiced £77,500 (2022: £77,450) by Impact Commercial Consulting, an entity owned by Mr S Boardman. There was no outstanding balance at the year end.

27. Directors' advances, credit and guarantees

At the year end there was a loan due to the Company from Mr J M Pepper, a Director of the Company of £2,676,963 (2022: £2,294,844). Advances in the year totalled £382,140 (2022: £445,783) and repayments totalled £21 (2022: £1,356). No interest is charged on this loan. This balance is included within other debtors.

At the year end there was a loan due to the Company from Mr S Boardman, a Director of the Company, of £234,414 (2022: £154,414). Advances in the year totalled £80,000 (2022: £86,000). No interest is charged on this loan. This balance is included within other debtors.

At the year end there was a loan due to the Company from Mr A T Whitford, a Director of the Company, of £13,657 (2022: £13,657). No interest is charged on this loan.

28. Controlling party

The ultimate controlling party is deemed to be Mr J M Pepper by virtue of his majority shareholding in Managed247 Ltd.