

Registered number: 07019261

## MANAGED247 LTD

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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**MANAGED247 LTD**

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**COMPANY INFORMATION**

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

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**MANAGED247 LTD**

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## MANAGED247 LTD

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 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 9% increase in turnover across the year. Furthermore, our Annual Recurring Revenues increased by 13% and now stand at 83% of FY22 recognised revenues.

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 people and service delivery resources during the year; as a result our people and overhead cost increased by 21%.

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 2022 our IT Service Desk achieved a Net Promoter Score (NPS) of 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 FY23 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.

#### Financial key performance indicators

	2022	2021
Turnover	£7,166,551	£6,517,357
Gross profit	£4,265,795	£3,850,262
Gross profit %	60%	58%
FRITA	£1,300,002	£1,304,690
Overheads	£3,077,052	£2,717,450

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**MANAGED247 LTD**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Other key performance indicators**

	<b>2022</b>	<b>2021</b>
Headcount	81	72
Annual Recurring Revenues	£5,938,292	£5,273,321
(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: 27/09/2023

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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The Directors present their report and the financial statements for the year ended 31 December 2022.

**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 £852,812 (2021 - £846,613).

No dividends were paid in the year (2021 - £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

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**MANAGED247 LTD**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**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 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 were no post balance sheet events impacting the Company.

**Auditors**

Following a rebranding exercise on 15 May 2023, the trading name of the companies independent auditor changed from MHA MacIntyre Hudson to MHA. A resolution to appoint MHA as 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.



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**Mr J M Pepper**  
Director

Date: 27/09/2023

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MANAGED247 LTD**

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**Opinion**

We have audited the financial statements of Managed247 LTD (the 'Company') for the year ended 31 December 2022, 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 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 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)

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**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)

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**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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

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MANAGED247 LTD

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

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**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

Date:

28 September 2023

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

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**MANAGED247 LTD**

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**STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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	Note	2022 £	2021 £
Turnover	4	7,166,551	6,517,357
Cost of sales		(2,900,756)	(2,667,095)
<b>Gross profit</b>		<b>4,265,795</b>	<b>3,850,262</b>
Administrative expenses		(3,077,052)	(2,717,450)
<b>Operating profit</b>		<b>1,188,743</b>	<b>1,132,812</b>
Interest receivable and similar income	8	374	28
Interest payable and similar expenses	9	(200,268)	(63,234)
<b>Profit before tax</b>		<b>988,849</b>	<b>1,069,606</b>
Tax on profit	10	(136,037)	(222,993)
<b>Profit after tax</b>		<b>852,812</b>	<b>846,613</b>
Retained earnings at the beginning of the year		4,228,920	3,382,307
Profit for the year		852,812	846,613
<b>Retained earnings at the end of the year</b>		<b>5,081,732</b>	<b>4,228,920</b>


The notes on pages 14 to 30 form part of these financial statements.

**MANAGED247 LTD**  
**REGISTERED NUMBER: 07019261**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2022**

	Note	2022 £	2022 £	2021 £	2021 £
<b>Fixed assets</b>					
Intangible assets	11		6,785,413		5,949,287
Tangible assets	12		161,812		219,904
			<u>6,947,225</u>		<u>6,169,191</u>
<b>Current assets</b>					
Stocks	13	3,920		-	
Debtors	14	4,885,681		3,963,499	
Cash at bank and in hand	15	728,645		1,006,814	
			<u>5,618,246</u>	<u>4,970,313</u>	
Creditors: amounts falling due within one year	16	(6,199,310)		(5,088,523)	
<b>Net current liabilities</b>			<u>(581,064)</u>		<u>(118,210)</u>
<b>Total assets less current liabilities</b>			<u>6,366,161</u>		<u>6,050,981</u>
Creditors: amounts falling due after more than one year	17		(470,283)		(1,154,707)
<b>Provisions for liabilities</b>					
Deferred tax	20		(813,146)		(666,354)
<b>Net assets</b>			<u>5,082,732</u>		<u>4,229,920</u>
<b>Capital and reserves</b>					
Called up share capital	21		1,000		1,000
Profit and loss account	22		5,081,732		4,228,920
			<u>5,082,732</u>		<u>4,229,920</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: 27/09/23

The notes on pages 14 to 30 form part of these financial statements.

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**MANAGED247 LTD**

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**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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	2022 £	2021 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	852,812	846,613
<b>Adjustments for:</b>		
Depreciation of tangible assets	76,104	65,504
Interest paid	200,268	63,234
Interest received	(374)	(28)
Taxation charge	136,037	222,993
(Increase)/decrease in stocks	(3,920)	-
(Increase) in debtors	(922,184)	(967,463)
Increase in creditors	926,570	1,580,797
Corporation tax received	96,507	28,699
<b>Net cash generated from operating activities</b>	<b>1,361,820</b>	<b>1,840,349</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(836,126)	(1,036,905)
Purchase of tangible fixed assets	(18,010)	(34,189)
Interest received	374	28
Interest paid	(197,358)	(60,922)
<b>Net cash from investing activities</b>	<b>(1,051,120)</b>	<b>(1,131,988)</b>
<b>Cash flows from financing activities</b>		
Repayment of loans	(587,329)	(293,539)
New finance leases	1,370	-
Interest paid	(2,910)	(2,312)
<b>Net cash used in financing activities</b>	<b>(588,869)</b>	<b>(295,851)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(278,169)</b>	<b>412,510</b>
Cash and cash equivalents at beginning of year	1,006,814	594,304
<b>Cash and cash equivalents at the end of year</b>	<b>728,645</b>	<b>1,006,814</b>

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**MANAGED247 LTD**

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**STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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	2022 £	2021 £
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	<u><u>728,645</u></u>	<u><u>1,006,814</u></u>

The notes on pages 14 to 30 form part of these financial statements.

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**MANAGED247 LTD**

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**ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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	At 1 January 2022 £	Cash flows £	New finance leases £	At 31 December 2022 £
Cash at bank and in hand	1,006,814	(278,169)	-	728,645
Debt due after 1 year	(1,079,794)	609,511	-	(470,283)
Debt due within 1 year	(626,667)	(22,182)	-	(648,849)
Finance leases	-	-	(1,370)	(1,370)
	<u>(699,647)</u>	<u>309,160</u>	<u>(1,370)</u>	<u>(391,857)</u>

The notes on pages 14 to 30 form part of these financial statements.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**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 but also from Unit 9, Beaufort Court, Roebuck Way, Knowhill, Milton Keynes, MK5 8HL.

These accounts are rounded to the nearest £1, the presentational 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:

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)**

**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.

**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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.4 Tangible fixed assets (continued)**

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 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.

**2.6 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.

**2.7 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.7 Financial instruments (continued)**

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

**2.8 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.

**2.9 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'.

**2.10 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.

**2.11 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.12 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 accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

**2.13 Interest income**

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

**2.14 Borrowing costs**

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

**2.15 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

**NOTES TO THE FINANCIAL STATEMENTS  
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**2. Accounting policies (continued)**

**2.16 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.

**2.17 Exceptional items**

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

**2.18 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.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**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 judgment 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 2022 was £6,785,413. 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 fully recoverable.

**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 2022 was £161,812 after a depreciation charge in the year of £76,102.

**4. Turnover**

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

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Sales - Project delivery	<b>1,626,321</b>	1,895,302
Sales - Service desk support	<b>2,459,903</b>	2,290,393
Sales - External services	<b>2,877,220</b>	2,076,250
Sales - Monitoring	<b>203,107</b>	255,412
	<b><u>7,166,551</u></b>	<b><u>6,517,357</u></b>

All turnover arose within the United Kingdom.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**5. Auditors' remuneration**

	2022 £	2021 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>16,250</u>	<u>13,300</u>
<b>Fees payable to the Company's auditor and its associates in respect of:</b>		
All other services	<u>3,195</u>	<u>2,895</u>
	<u><b>3,195</b></u>	<u><b>2,895</b></u>

**6. Employees**

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

	2022 £	2021 £
Wages and salaries	2,690,820	2,371,395
Social security costs	293,657	230,334
Cost of defined contribution scheme	53,446	69,000
	<u><b>3,037,923</b></u>	<u><b>2,670,729</b></u>

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

	2022 No.	2021 No.
Employees	<u>81</u>	<u>60</u>

**7. Directors' remuneration**

	2022 £	2021 £
Directors' emoluments	<u>57,120</u>	<u>48,290</u>

Amounts paid to Key Management Personnel in the year totalled £264,218 (2021:£105,447).



**NOTES TO THE FINANCIAL STATEMENTS  
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**8. Interest receivable**

	<b>2022</b>	2021
	£	£
Other interest receivable	<b>374</b>	28

**9. Interest payable and similar expenses**

	<b>2022</b>	2021
	£	£
Finance leases and hire purchase contracts	<b>197,358</b>	60,922
Other interest payable	<b>2,910</b>	2,312
	<b>200,268</b>	63,234

**10. Taxation**

	<b>2022</b>	2021
	£	£
<b>Corporation tax</b>		
Current tax on profits for the year	<b>(71,825)</b>	(49,942)
Adjustments in respect of previous periods	<b>61,070</b>	(7)
<b>Total current tax</b>	<b>(10,755)</b>	(49,949)
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>146,792</b>	272,942
<b>Total deferred tax</b>	<b>146,792</b>	272,942
<b>Taxation on profit on ordinary activities</b>	<b>136,037</b>	222,993

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**10. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	<u>988,849</u>	<u>1,069,606</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	<b>187,881</b>	203,225
<b>Effects of:</b>		
Expenses not deductible for tax purposes	<b>848</b>	1,758
Capital allowances for year in excess of depreciation	<b>2,619</b>	(3,171)
Utilisation of tax losses	-	(5)
Adjustments to tax charge in respect of prior periods	-	(7)
Other timing differences leading to an increase (decrease) in taxation	<b>(32,332)</b>	15,211
Adjustment in research and development tax credit leading to a decrease in the tax charge	<b>(169,771)</b>	(266,960)
Movement in deferred tax	<b>146,792</b>	272,942
<b>Total tax charge for the year</b>	<u><b>136,037</b></u>	<u>222,993</u>

**Factors that may affect future tax charges**

On 24 May 2021, the UK Government substantively enacted the increase in Corporation Tax rate from 19% to 25% with effect from 1 April 2023.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**11. Intangible assets**

	Development expenditure £	Computer software £	Total £
<b>Cost</b>			
At 1 January 2022	1,949,287	4,000,000	5,949,287
Additions	836,126	-	836,126
At 31 December 2022	<u>2,785,413</u>	<u>4,000,000</u>	<u>6,785,413</u>
<b>Net book value</b>			
At 31 December 2022	<u>2,785,413</u>	<u>4,000,000</u>	<u>6,785,413</u>
At 31 December 2021	<u>1,949,287</u>	<u>4,000,000</u>	<u>5,949,287</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**12. Tangible fixed assets**

	Fixtures and fittings £	Office equipment £	Computer equipment £	Leasehold property £	Total £
<b>Cost or valuation</b>					
At 1 January 2022	184,889	280,622	67,664	384,398	917,573
Additions	-	18,010	-	-	18,010
At 31 December 2022	184,889	298,632	67,664	384,398	935,583
<b>Depreciation</b>					
At 1 January 2022	183,233	244,485	33,846	236,105	697,669
Charge for the year on owned assets	1,052	32,104	4,507	-	37,663
Charge for the year on financed assets	-	-	-	38,439	38,439
At 31 December 2022	184,285	276,589	38,353	274,544	773,771
<b>Net book value</b>					
At 31 December 2022	604	22,043	29,311	109,854	161,812
At 31 December 2021	1,656	36,137	33,818	148,293	219,904

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

	2022 £	2021 £
Land and buildings	109,854	148,293

**13. Stocks**

	2022 £	2021 £
Finished goods and goods for resale	3,920	-

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**14. Debtors**

	2022 £	2021 £
<b>Due after more than one year</b>		
Trade debtors	40,452	40,452
	<u>40,452</u>	<u>40,452</u>
<b>Due within one year</b>		
Trade debtors	709,955	631,500
Other debtors	3,156,203	2,449,042
Prepayments and accrued income	979,071	842,505
	<u>4,885,681</u>	<u>3,963,499</u>

**15. Cash and cash equivalents**

	2022 £	2021 £
Cash at bank and in hand	728,645	1,006,814
	<u>728,645</u>	<u>1,006,814</u>

**16. Creditors: Amounts falling due within one year**

	2022 £	2021 £
Bank loans	648,849	626,667
Trade creditors	1,128,715	938,773
Corporation tax	145,479	59,727
Other taxation and social security	1,182,319	877,663
Obligations under finance lease and hire purchase contracts	1,370	-
Other creditors	1,948,015	1,442,940
Accruals and deferred income	1,144,563	1,142,753
	<u>6,199,310</u>	<u>5,088,523</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.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

	2022 £	2021 £
Bank loans	470,283	1,079,794
Accruals and deferred income	-	74,913
	<u>470,283</u>	<u>1,154,707</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.

**18. Loans**

Analysis of the maturity of loans is given below:

	2022 £	2021 £
<b>Amounts falling due within one year</b>		
Bank loans	648,849	626,667
<b>Amounts falling due 1-2 years</b>		
Bank loans	470,283	1,079,794
	<u>1,119,132</u>	<u>1,706,461</u>

**19. Financial instruments**

All financial instruments are held at amortised cost.

**20. Deferred taxation**

	2022 £	2021 £
At beginning of year	(666,354)	(393,412)
Charged to profit or loss	(146,792)	(272,942)
<b>At end of year</b>	<u>(813,146)</u>	<u>(666,354)</u>

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FOR THE YEAR ENDED 31 DECEMBER 2022**

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**20. Deferred taxation (continued)**

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	(38,894)	(43,691)
Tax losses carried forward	369,510	369,603
Timing differences	3,721	2,343
Timing differences on research and development allowances	(1,147,483)	(994,609)
	<u>(813,146)</u>	<u>(666,354)</u>

**21. Share capital**

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
1,000 (2021 - 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.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**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 amounting 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 amounting 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 amounting 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.

**24. Pension commitments**

The Company contributes to a defined contributions personal pension scheme for certain employees. The pension cost charge for the year was £53,446 (2021: £69,000) and the amount outstanding at the period end was £12,179 (2021: £19,761).

**25. Commitments under operating leases**

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	81,096	142,347
Later than 1 year and not later than 5 years	59,535	129,132
	<u>140,631</u>	<u>271,479</u>

Lease payments recognised as an expense during the year were £143,001 (2021: £314,934).



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**26. Related party transactions**

During the year, the Company paid £147,556 (2021: £143,494) 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 £77,450 (2021: £77,500) 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 £2,294,844 (2021: £1,849,417). Advances in the year totalled £446,783 (2021: £306,640) and repayments totalled £1,356 (2020: £807). No interest is charged on this loan.

At the year end there was a loan due to the Company from Mr S Boardman, a Director of the Company, of £154,414 (2021: £68,414). Advances in the year totalled £86,000 (2021: £0) No interest is charged on this loan.

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 (2021: £13,657). No interest is charged on this loan.