

Registered number: 07019261

MANAGED247 LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



MANAGED247 LTD

COMPANY INFORMATION

Directors Mr S Boardman
Mr J M Pepper
Mr A T Whitford

Registered number 07019261

Registered office Technology House
151 Silbury Boulevard
Milton Keynes
MK9 1LH

Independent auditors MHA MacIntyre Hudson
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 2020

Introduction

Managed247, trading under the name of 'Managed' is a highly successful and innovative provider of IT 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. Managed is wholly committed to delivering market leading and continuous best-in-class customer satisfaction.

Business review

We were encouraged by the underlying performance of the company during 2020 in the face of significant COVID headwinds. Our response and service to our blue chip customer base demonstrated, once again, the resiliency and adaptability of the business despite the unprecedented global economic and pandemic events. We are rightly proud of the wonderful efforts of our staff in rising to meet many challenges whilst working remotely.

Despite the challenging economic headwinds, the company were still able to attract new business with several new clients onboarded during 2020. This was reflected within our positive increase on overall Annual Recurring Revenues from £4.6m in 2019 to £4.84m in 2020.

Customer investment in larger infrastructure projects was, understandably, largely placed on hold during 2020 with our customer base focused on minimizing downtime within their core systems whilst simultaneously consuming larger amounts of services in order to ensure the successful execution of remote working within their employee base. The lack of larger infrastructure projects did play a role in a softening of revenues during 2020 however I am pleased to report that consumption of higher margin services continued to be in high demand.

Our revolutionary monitoring and automation software continued relentless development through 2020 and trials are due to begin at a blue-chip customer in 2021.

Overall, despite the decline in revenue and gross profit during the "pandemic year" we are happy to report that the ARR as a percentage of turnover has increased from 69% in 2019 to over 87% in 2020; this being demonstrable proof that our revised strategies are executing as planned.

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 2020**

Financial key performance indicators

| | 2020 | 2019 |
|----------------|-------------|-------------|
| Turnover | £5,537,188 | £6,790,272 |
| Gross profit | £3,473,000 | £4,371,997 |
| Gross profit % | 63% | 64% |
| EBITA | £1,383,433 | £1,609,705 |

Other key performance indicators

| | 2020 | 2019 |
|---|-------------|-------------|
| Headcount | 64 | 71 |
| Annual Recurring Revenues (Value of contracted recurring revenue normalised to a one year period) | £4,841,419 | £4,664,352 |

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

.....
Mr J M Pepper
Director

Date: 28th September 2021

MANAGED247 LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their report and the financial statements for the year ended 31 December 2020.

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 £924,963 (2019 - £1,130,880).

No dividends were paid in the year.

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 2020**

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 were no post balance sheet events impacting the Company.

Auditors

The auditors, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

.....

Mr J M Pepper

Director

Date: 28th September 2021

MANAGED247 LTD

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 2020, 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 2020 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.

MANAGED247 LTD

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

MANAGED247 LTD

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

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.

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 and 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 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 MacIntyre Hudson
Chartered Accountants
Statutory Auditors
Milton Keynes, United Kingdom

Date: 29 September 2021

MANAGED247 LTD

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2020**

| | Note | 2020 £ | 2019 £ |
|---|------|------------------|------------------|
| Turnover | 4 | 5,537,188 | 6,790,272 |
| Cost of sales | | (2,064,188) | (2,418,275) |
| Gross profit | | 3,473,000 | 4,371,997 |
| Administrative expenses | | (2,203,647) | (2,973,078) |
| Exceptional administrative expenses | 11 | (203,242) | (125,089) |
| Operating profit | | 1,066,111 | 1,273,830 |
| Interest receivable | 8 | 48 | 130 |
| Interest payable and similar expenses | 9 | (112,951) | (38,841) |
| Profit before tax | | 953,208 | 1,235,119 |
| Tax on profit | 10 | (28,245) | (104,239) |
| Profit after tax | | 924,963 | 1,130,880 |
| Retained earnings | | | |
| - as previously stated | | 2,505,984 | 1,326,464 |
| - correction of a prior period error | | (48,640) | - |
| At the beginning of the year as restated | | 2,457,344 | 1,326,464 |
| Profit for the year | | 924,963 | 1,130,880 |
| Retained earnings at the end of the year | | 3,382,307 | 2,457,344 |

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of income and retained earnings.

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

BALANCE SHEET
AS AT 31 DECEMBER 2020

| | Note | 2020 £ | 2020 £ | 2019 £ | 2019 £ |
|---|------|------------------|------------------|------------------|------------------|
| Fixed assets | | | | | |
| Intangible assets | 12 | | 4,912,382 | | 3,772,361 |
| Tangible assets | 13 | | 251,219 | | 341,555 |
| | | | <u>5,163,601</u> | | <u>4,113,916</u> |
| Current assets | | | | | |
| Stocks | 14 | - | | 27,163 | |
| Debtors | 15 | 2,996,036 | | 2,595,990 | |
| Cash at bank and in hand | 16 | 594,304 | | 366,570 | |
| | | <u>3,590,340</u> | | <u>2,989,723</u> | |
| Creditors: amounts falling due within one year | 17 | (3,059,349) | | (3,520,562) | |
| Net current assets/(liabilities) | | | <u>530,991</u> | | <u>(530,839)</u> |
| Total assets less current liabilities | | | <u>5,694,592</u> | | <u>3,583,077</u> |
| Creditors: amounts falling due after more than one year | 18 | | (1,917,873) | | (850,780) |
| Provisions for liabilities | | | | | |
| Deferred tax | 21 | | (393,412) | | (273,953) |
| Net assets | | | <u>3,383,307</u> | | <u>2,458,344</u> |
| Capital and reserves | | | | | |
| Called up share capital | 22 | | 1,000 | | 1,000 |
| Profit and loss account | 23 | | 3,382,307 | | 2,457,344 |
| | | | <u>3,383,307</u> | | <u>2,458,344</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: 28th September 2021

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

MANAGED247 LTD

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

| | 2020 £ | 2019 £ |
|---|--------------------|--------------------|
| Cash flows from operating activities | | |
| Profit for the financial year | 924,963 | 1,130,880 |
| Adjustments for: | | |
| Depreciation of tangible assets | 114,080 | 162,147 |
| Loss on disposal of tangible assets | 490 | - |
| Interest paid | 112,951 | 38,841 |
| Interest received | (48) | (130) |
| Taxation charge | 28,245 | 104,239 |
| Decrease in stocks | 27,163 | 225,657 |
| (Increase)/decrease in debtors | (400,046) | 450,989 |
| Decrease in creditors | (835,864) | (1,203,979) |
| Decrease in provisions | - | (175,000) |
| Corporation tax received | 88,977 | 74,821 |
| Net cash generated from operating activities | 60,911 | 808,465 |
| Cash flows from investing activities | | |
| Purchase of intangible fixed assets | (1,140,021) | (1,114,554) |
| Purchase of tangible fixed assets | (24,425) | (16,058) |
| Sale of tangible fixed assets | 191 | - |
| Interest received | 48 | 130 |
| HP interest paid | (111,769) | (38,841) |
| Net cash from investing activities | (1,275,976) | (1,169,323) |
| Cash flows from financing activities | | |
| New secured loans | 2,000,000 | 500,000 |
| Repayment of loans | (465,778) | (77,429) |
| Repayment of finance leases | (90,241) | (109,744) |
| Interest paid | (1,182) | - |
| Net cash used in financing activities | 1,442,799 | 312,827 |
| Net increase/(decrease) in cash and cash equivalents | 227,734 | (48,031) |
| Cash and cash equivalents at beginning of year | 366,570 | 414,601 |
| Cash and cash equivalents at the end of year | 594,304 | 366,570 |

MANAGED247 LTD

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

| | 2020 £ | 2019 £ |
|---|------------------|------------------|
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | 594,304 | 366,570 |

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

MANAGED247 LTD

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2020**

| | At 1 January 2020 £ | Cash flows £ | At 31 December 2020 £ |
|--------------------------|------------------------------|-------------------|--------------------------------|
| Cash at bank and in hand | 366,570 | 227,734 | 594,304 |
| Debt due after 1 year | (284,028) | (1,387,083) | (1,671,111) |
| Debt due within 1 year | (181,750) | (147,139) | (328,889) |
| Finance leases | (90,241) | 90,241 | - |
| | <hr/> <hr/> <hr/> | <hr/> <hr/> <hr/> | <hr/> <hr/> <hr/> |
| | (189,449) | (1,216,247) | (1,405,696) |

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

MANAGED247 LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. General information

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

The registered office is Technology House, 151 Silbury Boulevard, Milton Keynes, MK9 1LH. 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.

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 2020**

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.

MANAGED247 LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 Going concern

The financial statements have been prepared on a going concern basis. The Directors have considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment. In response to the COVID-19 pandemic, the Directors have performed a robust analysis of forecast future cash flows taking into account the potential impact on the business of possible future scenarios arising from the impact of COVID-19. This analysis also considers the effectiveness of available measures to assist in mitigating the impact

Based on these assessments and having regard to the resources available to the entity, the Directors have concluded that there is no material uncertainty and that they can continue to adopt the going concern basis in preparing the annual report and accounts.

2.6 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.

2.7 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 2020**

2. Accounting policies (continued)

2.8 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.

2.9 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.

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.

2.10 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 2020**

2. Accounting policies (continued)

2.11 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'.

2.12 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.

2.13 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.

2.14 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.

2.15 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 2020**

2. Accounting policies (continued)

2.16 Borrowing costs

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

2.17 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.

2.18 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.

2.19 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.20 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.

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 2020 was £4,912,382. 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 2020 was £251,219 after a depreciation charge in the year of £114,080.

MANAGED247 LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. Turnover

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

| | 2020 £ | 2019 £ |
|------------------------------|------------------------|------------------------|
| Sales - Service desk support | 2,129,230 | 1,960,442 |
| Sales - Monitoring | 329,114 | 262,340 |
| Sales - External services | 2,037,390 | 2,250,409 |
| Sales - Project delivery | 1,041,454 | 2,317,081 |
| | <hr/> 5,537,188 | <hr/> 6,790,272 |

All turnover arose within the United Kingdom.

5. Auditors' remuneration

| | 2020 £ | 2019 £ |
|--|---------------------|---------------------|
| Fees payable to the Company's auditor for the audit of the Company's annual financial statements | <hr/> 12,600 | <hr/> 12,000 |
| | <hr/> | <hr/> |

Fees payable to the Company's auditor in respect of:

| | | |
|--------------------|--------------------|--------------------|
| All other services | <hr/> 2,680 | <hr/> 8,756 |
| | <hr/> | <hr/> |

MANAGED247 LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. Employees

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

| | 2020 £ | 2019 £ |
|-------------------------------------|------------------------------|------------------------------|
| Wages and salaries | 2,079,708 | 2,499,634 |
| Social security costs | 202,869 | 256,829 |
| Cost of defined contribution scheme | 40,918 | 49,105 |
| | <hr/> <hr/> 2,323,495 | <hr/> <hr/> 2,805,568 |

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

| | 2020 No. | 2019 No. |
|-----------|-----------------------|-----------------------|
| Employees | <hr/> <hr/> 62 | <hr/> <hr/> 71 |

7. Directors' remuneration

| | 2020 £ | 2019 £ |
|-----------------------|---------------------------|----------------------------|
| Directors' emoluments | <hr/> <hr/> 65,376 | <hr/> <hr/> 199,758 |

Amounts paid to Key Management Personnel in the year totalled £101,452 (2019: £159,990).

8. Interest receivable

| | 2020 £ | 2019 £ |
|---------------------------|-----------------------|------------------------|
| Other interest receivable | <hr/> <hr/> 48 | <hr/> <hr/> 130 |

9. Interest payable and similar expenses

| | 2020 £ | 2019 £ |
|--|----------------------------|---------------------------|
| Finance leases and hire purchase contracts | 111,769 | 38,841 |
| Other interest payable | 1,182 | - |
| | <hr/> <hr/> 112,951 | <hr/> <hr/> 38,841 |

MANAGED247 LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. Taxation

| | 2020 | As restated 2019 |
|--|-----------------|---------------------|
| | £ | £ |
| Corporation tax | | |
| Current tax on profits for the year | (91,214) | (25,164) |
| Adjustments in respect of previous periods | - | (615) |
| Total current tax | (91,214) | (25,779) |
| Deferred tax | | |
| Origination and reversal of timing differences | 119,459 | 130,018 |
| Taxation on profit on ordinary activities | 28,245 | 104,239 |
| Factors affecting tax charge for the year | | |
| The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below: | | |
| | 2020 | 2019 |
| | £ | £ |
| Profit on ordinary activities before tax | 953,208 | 1,235,119 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%) | 181,110 | 234,673 |
| Effects of: | | |
| Expenses/(income) not deductible for tax purposes | 1,077 | (298) |
| Depreciation in excess of capital allowances | 4,497 | 13,580 |
| Adjustments to tax charge in respect of prior periods | - | (615) |
| Other timing differences leading to an increase (decrease) in taxation | 28,144 | 9,241 |
| Adjustment in research and development tax credit leading to a decrease in the tax charge | (306,042) | (390,738) |
| Movement in S455 tax | - | 108,378 |
| Movement in deferred tax | 119,459 | 130,018 |
| Total tax charge for the year | 28,245 | 104,239 |

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

MANAGED247 LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. Exceptional items

| | 2020 £ | 2019 £ |
|-------------------|----------------|----------------|
| Exceptional items | <u>203,242</u> | <u>125,089</u> |

The exceptional items related to both redundancy costs and professional fees.

12. Intangible assets

| | Development expenditure £ | Computer software £ | Total £ |
|---------------------------|---------------------------------|---------------------------|------------------|
| Cost | | | |
| At 1 January 2020 | 3,772,361 | - | 3,772,361 |
| Additions - internal | - | 1,140,021 | 1,140,021 |
| Intra-group transfers | <u>(1,859,979)</u> | <u>1,859,979</u> | - |
| At 31 December 2020 | <u>1,912,382</u> | <u>3,000,000</u> | <u>4,912,382</u> |
| Net book value | | | |
| At 31 December 2020 | <u>1,912,382</u> | <u>3,000,000</u> | <u>4,912,382</u> |
| At 31 December 2019 | <u>3,772,361</u> | <u>-</u> | <u>3,772,361</u> |

MANAGED247 LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

13. Tangible fixed assets

| | Fixtures and fittings £ | Office equipment £ | Computer equipment £ | Leasehold property £ | Total £ |
|--|--------------------------------|---------------------------|-----------------------------|-----------------------------|----------------|
| Cost or valuation | | | | | |
| At 1 January 2020 | 182,796 | 364,365 | 67,664 | 384,398 | 999,223 |
| Additions | 1,410 | 23,015 | - | - | 24,425 |
| Disposals | (990) | (139,274) | - | - | (140,264) |
| At 31 December 2020 | 183,216 | 248,106 | 67,664 | 384,398 | 883,384 |
| Depreciation | | | | | |
| At 1 January 2020 | 152,969 | 320,642 | 24,832 | 159,225 | 657,668 |
| Charge for the year on owned assets | 1,648 | 41,789 | 4,507 | - | 47,944 |
| Charge for the year on financed assets | 27,696 | - | - | 38,440 | 66,136 |
| Disposals | (990) | (138,593) | - | - | (139,583) |
| At 31 December 2020 | 181,323 | 223,838 | 29,339 | 197,665 | 632,165 |
| Net book value | | | | | |
| At 31 December 2020 | 1,893 | 24,268 | 38,325 | 186,733 | 251,219 |
| At 31 December 2019 | 29,827 | 43,723 | 42,832 | 225,173 | 341,555 |

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

| | 2020 £ | 2019 £ |
|-----------------------|----------------|----------------|
| Leasehold property | 186,733 | 225,173 |
| Fixtures and fittings | - | 27,696 |
| | 186,733 | 252,869 |

MANAGED247 LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

14. Stocks

| | 2020 £ | 2019 £ |
|-------------------------------------|-----------|-----------|
| Finished goods and goods for resale | - | 27,163 |

15. Debtors

| | 2020 £ | 2019 £ |
|-------------------------------------|------------------|-----------|
| Due after more than one year | | |
| Trade debtors | 40,452 | 34,515 |
| Due within one year | | |
| Trade debtors | 462,911 | 194,528 |
| Other debtors | 2,118,848 | 1,755,134 |
| Prepayments and accrued income | 373,825 | 611,813 |
| | 2,996,036 | 2,595,990 |

16. Cash and cash equivalents

| | 2020 £ | 2019 £ |
|--------------------------|----------------|-----------|
| Cash at bank and in hand | 594,304 | 366,570 |

MANAGED247 LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

17. Creditors: Amounts falling due within one year

| | 2020 £ | 2019 £ |
|---|------------------------|------------------------|
| Bank loans | 328,889 | 181,750 |
| Trade creditors | 281,552 | 712,898 |
| Corporation tax | 80,977 | 83,214 |
| Other taxation and social security | 570,602 | 359,681 |
| Obligations under finance lease and hire purchase contracts | - | 90,241 |
| Other creditors | 398,032 | 892,510 |
| Accruals and deferred income | 1,399,297 | 1,200,268 |
| | <hr/> 3,059,349 | <hr/> 3,520,562 |

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.

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

| | 2020 £ | 2019 £ |
|------------------------------|------------------------|----------------------|
| Bank loans | 1,671,111 | 284,028 |
| Accruals and deferred income | 246,762 | 566,752 |
| | <hr/> 1,917,873 | <hr/> 850,780 |

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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****19. Loans**

Analysis of the maturity of loans is given below:

| | 2020 £ | 2019 £ |
|--|------------------------------|----------------------------|
| Amounts falling due within one year | | |
| Bank loans | 328,889 | 181,750 |
| Amounts falling due 1-2 years | | |
| Bank loans | 1,671,111 | 284,028 |
| | <hr/> <hr/> 2,000,000 | <hr/> <hr/> 465,778 |

20. Financial instruments

All financial instruments are held at amortised cost.

21. Deferred taxation

| | 2020 £ | 2019 £ |
|---------------------------|------------------------------|------------------------------|
| At beginning of year | (273,953) | (143,935) |
| Charged to profit or loss | (119,459) | (130,018) |
| At end of year | <hr/> <hr/> (393,412) | <hr/> <hr/> (273,953) |

The provision for deferred taxation is made up as follows:

| | 2020 £ | 2019 £ |
|---|------------------------------|------------------------------|
| Accelerated capital allowances | (34,914) | (39,437) |
| Tax losses carried forward | 280,689 | 271,447 |
| Timing differences on research and development allowances | (639,834) | (506,772) |
| Timing differences | 647 | 809 |
| | <hr/> <hr/> (393,412) | <hr/> <hr/> (273,953) |

MANAGED247 LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****22. Share capital**

| | 2020 £ | 2019 £ |
|--|--------------|--------------|
| Allotted, called up and fully paid | | |
| 1,000 (2019 - 1,000) Ordinary shares of £1.00 each | <u>1,000</u> | <u>1,000</u> |

23. Reserves**Profit and loss account**

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

24. 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.

25. Prior year adjustment

The 2019 figures have been amended by the following:

Accruals

An increase of £26,275 has been recognised in respect of missing debt collection costs for the period to July 2019. This has resulted in a decrease of retained earnings for the same amount.

Accrued income

Accrued income has been reduced by £22,365 due to accrued revenues from 2018 that were disputed and credited during 2019. This has resulted in a decrease in retained earnings for the same amount.

MANAGED247 LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****26. Pension commitments**

The Company contributes to a defined contributions personal pension scheme for certain employees. The pension cost charge for the year was £41,487 (2019: £49,341) and the amount outstanding at the period end was £7,676 (2019: £8,992).

27. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | 2020 £ | 2019 £ |
|--|----------------------|----------------------|
| Not later than 1 year | 248,669 | 369,257 |
| Later than 1 year and not later than 5 years | 270,449 | 471,508 |
| | <hr/> 519,118 | <hr/> 840,765 |

Lease payments recognised as an expense during the year were £435,770 (2019: £434,405).

28. Related party transactions

During the year, the Company paid £163,447 (2019: £130,000) 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 £60,000 by JMP Consulting, an entity owned by Mr J M Pepper. There was no outstanding balance at the year end.

29. 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 £1,543,584 (2019: £1,283,446). Advances in the year totalled £260,138 (2019: £344,789) and repayments totalled £nil (2019: £14,976). 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 £68,414 (2019: £68,414). 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 (2019: £3,657). Advances in the year totalled £10,000 (2019: £nil). No interest is charged on this loan.