

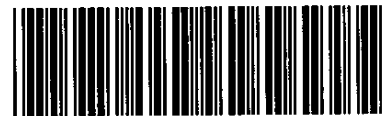
Registered number: 12534032

**ANS Group Holdings Limited**

**Annual Report and Consolidated Financial Statements**

For the year ending 31 December 2022

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## Contents

	<b>Page</b>
Company information	1
Strategic report	2
Directors' report	6
Directors' responsibilities statement	10
Independent auditor's report	11
Consolidated statement of comprehensive income	15
Consolidated balance sheet	16
Company balance sheet	17
Consolidated statement of changes in equity	18
Company statement of changes in equity	19
Consolidated cash flow statement	20
Notes to the financial statements	21

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## Company Information

### **Directors**

Carl Wormald  
Mohammed Akhtar  
Roderick Green  
Victoria McCallill  
Richard Thompson  
Joseph Wolski  
Gary Stokes  
Alex Hodgson  
Colin Bain

### **Auditor**

Deloitte LLP  
Statutory Auditor  
The Hanover Building,  
Corporation Street,  
Manchester  
M4 4AH

### **Bankers**

National Westminster Bank  
Manchester City Centre  
11 Spring Gardens  
Manchester  
M2 1FB

### **Registered Office**

1 Archway  
Manchester  
England  
M15 5QJ

## Strategic Report

The directors of ANS Group Holdings Limited (previously 'Project Mountain Holdco Limited') present their strategic report on the affairs of the Group together with the audited financial statements and independent auditor's report for the year to 31 December 2022. It should be noted that the company changed its name from Project Mountain Holdco Limited on 25 May 2022.

### Business overview

The Group delivers digital transformation, managed services and cloud and hosting platforms for businesses and public sector organisations to outsource critical IT infrastructure, through wholly owned trading subsidiaries ANS Group Limited (ANS) and ANS Academy Limited (formerly UKFast.Net Limited).

During the year the Group completed the integration of the brand names, operations, staff-base and management of the former UKFast and ANS businesses following the 2021 acquisition of ANS. From 1 April 2022 the two trading subsidiaries were legally merged under ANS Group Limited by way of ANS Group Limited acquiring the trade and assets of UKFast.Net Limited.

The Group also acquired certain trade and assets of Preact Limited and its subsidiaries on the 23<sup>rd</sup> December.

In October 2022 Richard Thompson was appointed CEO for the Group, with other key board appointments since then including new joiners as CFO, CPO and COO along with promotions from within the existing management to the board of directors.

2022 was a year of change for the Group, while facing the challenges of attracting, training and retaining high quality talent to serve existing and new customers. The pay rates in the UK labour market, particularly for technical and other specialist staff, continued to rise, driving cost pressure. In 2022 we saw additional costs from much higher electricity power costs at our data centres although by early 2023 power prices had reduced from the peaks seen in 2022. Given these challenges, despite revenue growth, the Adjusted EBITDA of the business was lower in 2022 than the previous period.

In the period ended 31 December 2022, the Group reported an adjusted EBITDA profit of £25.7m (2021: £30.4m) and a loss after tax of £87.4m (2021: £64.5m loss). The loss after tax is driven by amortisation of goodwill of £56.0m (2021: £45.2m) and net interest charges of £44.3m (2021: £39.0m) (of which only £18.0m (2021: £18.4m) has been paid in cash). Net cash inflow from operating activities for the Group in the period was £4.1m (2021: £10.9m), finishing the period with cash and cash equivalents of £10.2m (2021: £8.3m).

Average headcount increased during the year, largely as a result additional hiring for growth, to 686 employees (2021: 460).

### Key Performance indicators

The directors consider the key performance indicators for the ANS Group Holdings Limited to be:

	Year ended 31 December 2022	Year ended 31 December 2021
	£'000s	£'000s
Turnover	118,987	92,083
Gross Margin	46.9%	66.7%
Pro-forma Gross Margin	46.9%	59.5%
Adjusted EBITDA*	25,674	30,429
EBITDA**	22,764	29,002

## Strategic Report (continued)

During 2022, the Group's key performance indicators were affected by the changed product sales mix resulting from the inclusion of the acquired ANS business, which reduces the group's overall reported gross margin percentage. Gross margin and EBITDA were then further reduced from higher power costs from energy market volatility and investment in the staff base, both in headcount and relative cost.

It should be noted that the 2021 figures include 12 months of UKFast results and approximately six months of ANS results whereas the 2022 figures include a full year of both UKFast and ANS results.

\* Adjusted EBITDA is net profit after adding back interest, tax, depreciation, amortisation, exceptional items and profit/loss on disposal of fixed assets

\*\* EBITDA is net profit after adding back interest, tax, depreciation and amortisation

^ Pro-forma Gross Margin includes a full year of ANS results in 2021 rather than the six months consolidated, to allow for comparability between periods.

### Section 172(1) statement

In performing their duties under section 172 of the Companies Act 2016, the directors of the Group, whilst aiming to promote the success of the Group, also remain conscious of the impact their decisions have on employees, customers, suppliers, lenders, investors, communities and the environment.

The business provides digital transformation and critical IT infrastructure services to its customers and its relationships with customers are characterised by multi-year contracts and many of its customer trading relationships are long-term in nature. Trust is critical to these multi-year relationships and account managers are skilled in developing that trust. In addition, we operate an executive sponsor scheme with directors taking responsibility for supporting designated customers. More fundamentally the Group has ambitious growth plans and understands that they can only be achieved by building strong foundations based upon high levels of commercial and operational integrity.

The Group has a number of key suppliers where it has built strong relationships and developed mutually beneficial and lasting partnerships. We liaise regularly with these suppliers to understand their key drivers and adapt our thinking to support their needs as appropriate. In addition, we encourage employees to attend training and education events provided by key suppliers to further cement those relationships.

The Group is committed to providing excellent career development and training opportunities for its employees and engages in regular dialogue with its employees. The apprentice academy has been categorised as 'Outstanding' by Ofsted and the new employee benefit package includes 12 development days. The Equality Diversity Inclusion (EDI) groups within the Group get significant support and are actively promoted through communications plans and events.

The Group engages in regular dialogue with its key stakeholders to understand their perspectives, expectations, needs and concerns, so that it can integrate stakeholders' considerations into its plans.

The key decisions taken by directors during the financial period and the impact on stakeholders considered are:

- Combine the trade and assets of ANS Group Ltd and UKFast.Net Ltd into one legal entity and to merge sales and operations over the course of 2022 to create a single, efficient organisation capable of meeting all our customers' private and public cloud needs
- Maintaining prompt payment practices to suppliers.
- Investing in training for employees, with a commitment to digital training and education to upskill and develop employees.
- Supporting volunteer days (5 per annum per employee) and also developing links with 4 local charities as a focus for engagement and fund raising
- Continuously reviewing our energy consumption whilst looking for efficiencies within data centres, adoption of an electric car scheme for employees and a clear brief to the 2022 office refurbishment team to adopt environmentally friendly ideas

## Strategic Report (continued)

### Risk management

Like all businesses the Group faces a range of risks and uncertainties that could impact the delivery of the long-term strategy, spanning operational, finance, market and regulatory.

This section is intended to highlight the principal risks and uncertainties affecting the Group's business. Some risks may be unknown to the Group and therefore this section may not provide an exhaustive and comprehensive analysis of all risks and uncertainties which could have the potential to adversely impact the Group's business.

The Group has a risk management process for identifying, evaluating and managing significant risks. The Group risk register captures the most significant risks facing the Group. Each risk is assigned to a senior management owner responsible for monitoring and evaluating the risk and the appropriate mitigation strategies.

### Key risks

#### Market risks

The Group competes with a wide variety of cloud and hosting providers, both in the UK and overseas, and failure to keep abreast of market and product trends could impact financial performance and growth. The Group monitors market developments closely and undertakes strategic reviews of the broader market periodically.

The Group also puts significant internal resource into new product development – with a team of colleagues focused in this area – and regularly launches new products based on customer feedback and needs.

Whilst there is uncertainty due to the wider macro-economic volatility, the impact on power costs in particular, and increased interest rates, the directors have undertaken a rigorous assessment on the potential impact on profitability and liquidity of the Group.

#### Operational risks

Continuity of service in the data centres is critical and any interruption of supply is a key risk. The Group operates from four separate data centre halls across Manchester all of which have spare capacity. Any issue at one site from risks such as fire, connectivity, malicious damage or natural disaster could be mitigated by the transfer of staff and services to the other data centres.

All of the data centres have been designed with resilience as a key factor. Our ISO-accreditation highlights our commitment to the rigorous security procedures and protocols that are always in place. With UPS systems, standby diesel generators and high-density infrastructures, our power supply is resilient and uninterrupted.

The loss of any particular customer is always a risk, however there is no key customer dependency with no single customer representing more than 2% of revenue.

The risk of losing key suppliers is mitigated by spreading our purchasing options between several different companies. The strength of the relationship with each supplier and the volume of activity generally ensures continuity of supply, even when there is shortage of a product.

#### Finance & liquidity risks

The Group requires adequate cash resources to enable it to fund its ongoing cash requirements and growth plans, however the Group generates significant operating cash-flows inflows with a negative working capital profile and has cash balances of £10.2m as at 31 December 2022. However, the group has high levels of debt and debt service costs and has exposure to interest rate movements.

During 2022, the Group fully drew down on an existing £5m revolving credit facility and incurs interest at SONIA plus a margin. The Group's banking facilities include a financial leverage covenant and should the Group fail to comply with this covenant the bank debt would be immediately repayable. To manage this risk the Group regularly reviews forecasts to ensure continued compliance with the financial covenant and continued availability of the banking facilities, and manages the interest rate risk through a swap agreement to limit exposure to increases in bank benchmark SONIA rates. Subsequent to the year end, the Group has

## Strategic Report (continued)

revisited its funding structure and has put in place additional funding from Inflexion Private Equity Limited, reducing its net bank debt, and agreed new covenant levels with the Group's lending banks.

The Group's credit risk is primarily attributable to its trade receivables. The Group has a very broad customer base, with no significant concentration of credit risk and exposure spread over many customers. Trade receivable balances are monitored on an ongoing basis to ensure that the Group's exposure to bad debts is not significant and appropriate provision for bad debt risk is made.

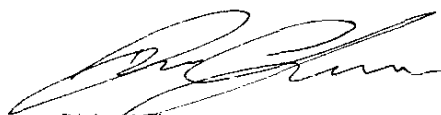
The Group faces exposure to movement in energy prices, however, the Group manages this risk through fixing energy rates for future periods.

### Future developments

The directors expect the general level of activity to increase in the forthcoming year, not least within the public and private cloud, digital and security areas of the business. The Group is committed to investing in large, fast-growing and profitable markets, enabling digital transformation for all.

Further to this, investments are planned in both our people talent and internal systems that will provide customers with even better service and enable us to scale.

Approved by the Board and signed on its behalf by:



Richard Thompson  
Director  
30 June 2023

## Directors' report

The directors present their report and audited financial statements for the year ending 31 December 2022. This represents the first full year of accounts since the acquisition of the ANS Group of businesses. Financial risk management objectives and policies and future developments have been included within the strategic report.

### Results and dividends

The loss for the period after taxation amounted to £87.4m (2021: £64.5m). This is stated after charging £56.0m (2021: £45.2m) amortisation of goodwill and £44.3m (2021: £39.0m) of interest costs. No dividend was paid in the year nor proposed post period end (2021: nil).

### Research and development

The Group has undertaken a number of activities in the year in relation to research and development across various differing projects. The majority of development activity is performed in support of the Group's systems and in the provision of new and innovative products for our customers.

### Directors

The directors who served the company during the period and up to the date of this report were as follows:

Catherine Greening (resigned 14 November 2022)  
Richard Bishop (resigned 14 November 2022)  
Carl Wormald  
Christopher Hodgson (resigned 29 September 2022)  
Paul Shannon (resigned 29 September 2022)  
Steven Townsley (resigned 8 September 2022)  
Andrew Wigglesworth (resigned 9 February 2023)  
Mohammed Akhtar (appointed 9 February 2023)  
Roderick Green (appointed 9 February 2023)  
Victoria McCahill (appointed 6 October 2022)  
Richard Thompson (appointed 6 October 2022)  
Joseph Wolski (appointed 9 February 2023)  
Gary Stokes (appointed 21 March 2023)  
Alex Hodgson (appointed 21 March 2023)  
Colin Bain (appointed 21 March 2023)

### Directors' indemnities

The company and subsidiaries have made qualifying third-party indemnity provisions for the benefit of its directors and directors of its subsidiaries which were made during the period and remain in force at the date of this report.

### Going concern

The Group's business activities, its financial position, together with its policies and processes for managing the business and its objectives are set out in the Strategic Report. Details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

For the year ended 31 December 2022, the Group generated operating cash inflows of £4.1m, incurred net interest payments of £18.0m and spent £4.3m on capital expenditure with a further £3.8m capitalised as development costs. The directors have reviewed the latest trading forecasts along with the committed facilities set out in note 18 including the additional injection made since the balance sheet date, including the covenants contained within those facilities, and have made assessments under a number of stressed scenarios and are confident that the Group will continue to generate trading cash in excess of its financing obligations.



## **Directors' report (continued)**

**As at 31 December 2022**

The Company is funded by loans from subsidiaries and relies on these balances not being repayable other than at the Company's option.

As a consequence, the directors believe that the Group and Company are well placed to manage their business risks successfully. Whilst there is uncertainty due to the wider macro-economic volatility, the impact on power costs in particular, and increased interest rates, the directors have undertaken a rigorous assessment on the potential impact on profitability and liquidity of the Group and Company, as documented in the strategic report. The directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

### **Employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees. The Group is committed to providing equal opportunities for employees, investing in training and development across all employees. The Group also has an active and engaged LGBTQ community.

### **Engagement with suppliers, customers and others**

The business provides critical IT infrastructure services to its customers and its relationships with customers are characterised by multi-year contracts and many of its customer trading relationships are long-term in nature. Trust is critical to these multi-year relationships and account managers are skilled in developing that trust. In addition, we operate an executive sponsor scheme with directors taking responsibility for supporting designated customers. More fundamentally the Group has ambitious growth plans and understands that they can only be achieved by building strong foundations based upon high levels of commercial and operational integrity.

The Group has a number of key suppliers where it has built strong relationships and developed mutually beneficial and lasting partnerships. We liaise regularly with these suppliers to understand their key drivers and adapt our thinking to support their needs as appropriate. In addition, we encourage employees to attend training and education events provided by key suppliers to further cement those relationships.

### **Employee engagement**

The Group places considerable value on the involvement of its employees, keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. Feedback and ideas are welcomed through surveys and other, more informal channels. Further details on employee engagement and how the Group has regard to employees' interests when considering decisions taken by the Group is set out in the Section 172(1) statement in the Strategic report.

### **Business relationships**

The Group places considerable value on having strong relationships with customers and supply partners. The Group engages in regular, open and proactive dialogue with stakeholders and their opinions are considered when making operational and strategic decisions.

### **Streamlined Energy and Carbon Report (SECR)**

### **Organisational Structure**

ANS Group Holdings Limited is classified as a large unquoted company due to its size and shareholding structure.

## Directors' report (continued)

As at 31 December 2022

### Reporting Period

ANS Group Holdings Limited is reporting for the year ending 31 December 2022 and 31 December 2021

### Measurement Methodology

The GHG emissions have been assessed following the GHG Protocol standard and has used the 2019 emission conversion factors published by Department for Environment, Food and Rural Affairs (Defra) and the Department for Business, Energy & Industrial Strategy (BEIS). The assessment follows the dual reporting approach for assessing Scope 2 emissions from electricity usage. The financial control approach has been used.

### Energy Performance Results

Scope	Activity	2022 Tonnes CO <sub>2e</sub>	2021 Tonnes of CO <sub>2e</sub>
Scope 1	Refrigerants	1,119	177
	Site gas	-	113
	Site diesel	4	-
	Site gas oil	61	8
	Company car travel	2	-
Scope 1 Sub Total		1,186	298
Scope 2	Electricity generation	5,004	5,848
Scope 2 Sub Total		5,004	5,848
Scope 3	Electricity transmission & distribution	567	-
	Hotel stays	1	-
	Rail	1	-
	Waste	2	-
	Vans	5	-
	Well-to-tank	1,209	-
	Home working	57	-
Scope 3 Sub Total		1,843	0
Total tonnes of CO <sub>2e</sub>		8,032	6,146
Tonnes of CO <sub>2e</sub> per employee		11	13
Tonnes of CO <sub>2e</sub> per £M turnover		74	67

### Energy and performance commentary

As part of ANS's environmental responsibility the Group is both PAS 2060 and ISO 14001 compliant and certified. The Group actively offsets its carbon footprint, in line with PAS 2060 including planting trees in the Amazon and investing in hydro energy.

The increase in refrigerants in the year is due to a large-scale project that was undertaken within the data centres in relation to the air conditioning units. During the year a number of the units were changed and topped up as well as a full-scale review to ensure all units were now installed and charged correctly.

## Directors' report (continued)

As at 31 December 2022

The Group has also implemented a set of environmental objectives to reduce our environmental impact. As part of this the recent office refurbishment has led to a much more environmentally friendly space through the additions of a new heating air-conditioning system and new energy efficient lighting.

The Group is also now allowing employees to work remotely for some or all of their working week leading to a further reduction in emissions being produced as part of commutes.

Work continues on further improving the carbon footprint of the Group's data centres. The Group's HSE group is charged with driving continuous improvement of ANS's carbon footprint and bringing forward innovative ideas to make tangible improvements each quarter.

### Events after the balance sheet date

As part of our review of our future funding needs, on 9<sup>th</sup> June 2023 the Group completed a £12.5m package of new committed funding from our majority shareholders, funds managed by Inflexion Private Equity Limited. This funding was comprised of £7.5m loan notes issued on the same date, with a £5m committed facility for further loan notes which the Group may issue where the need arises to support liquidity. On the same day the Group's banking facilities were amended with new covenant levels.

### Auditor

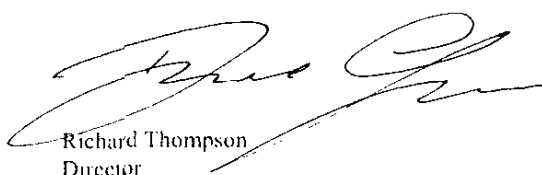
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP remain appointed in office as auditor and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board on 30 June 2023 and signed on its behalf by:



Richard Thompson  
Director

## Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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 and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Independent auditor's report to the members of ANS Group Holdings Limited

### Report on the audit of the financial statements

#### Opinion

In our opinion the financial statements of ANS Group Holdings Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 26.

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).

#### 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 auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 group's and parent 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.

#### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other

## Independent auditor's report to the members of ANS Group Holdings Limited (Continued)

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.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

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.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and Tax Legislation;

## Independent auditor's report to the members of ANS Group Holdings Limited (Continued)

- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team and relevant internal specialists such as IT and valuations regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- The timing of recognition of non-recurring fees involves judgement and has been tested by agreeing a sample recognised in the year through to invoice, payment and the rationale of what service was provided (including considering the applicable accounting requirements and appropriate timing of recognition).
- The accuracy of the accrued income position has been addressed by reviewing actual amounts invoiced post period-end, post year-end payment or other supporting information and comparing these to the amount estimated.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business. In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

### Report on other legal and regulatory requirements

#### Opinions 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 period 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.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

#### Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

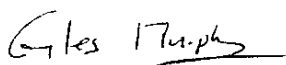
## Independent auditor's report to the members of ANS Group Holdings Limited (Continued)

- the parent company 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.

We have nothing to report in respect of these matters.

### 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Giles Murphy (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Manchester, United Kingdom  
30<sup>th</sup> June 2023



**Consolidated statement of total comprehensive income**  
For the year ended 31 December 2022

				Year ended 2022		Year ended 2021	
	Note	Before exceptional items £000	Exceptional items (see note 5) £000	Total £000	Before exception al items (restated) * £000	Exceptio nal items (see note 5) £000	Total (restate d*) £000
Turnover	3	118,987	-	118,987	92,083	-	92,083
Cost of sales		(63,232)	-	(63,232)	(30,704)	-	(30,704)
Gross profit		55,755	-	55,755	61,379	-	61,379
Administrative expenses		(93,855)	(2,910)	(96,765)	(83,608)	(1,427)	(85,035)
Operating loss	4	(38,100)	(2,910)	(41,010)	(22,229)	(1,427)	(23,656)
EBITDA		25,674	(2,910)	22,764	30,429	(1,427)	29,002
Depreciation		(5,596)	-	(5,596)	(5,978)	-	(5,978)
Amortisation		(58,178)	-	(58,178)	(46,679)	-	(46,679)
Operating loss		(38,100)	(2,910)	(41,010)	(22,229)	(1,427)	(23,656)
Interest receivable	8	-	-	-	136	-	136
Interest payable and similar expenses	9	(44,337)	-	(44,337)	(39,021)	-	(39,021)
Loss before taxation		(82,437)	(2,910)	(85,347)	(61,114)	(1,427)	(62,541)
Taxation	10	(2,069)	-	(2,069)	(1,914)	-	(1,914)
Loss for the financial period		(84,506)	(2,910)	(87,416)	(63,028)	(1,427)	(64,455)
Attributable to non-controlling interests		-	-	(4,432)	-	-	(1,432)
Attributable to shareholders of parent		-	-	(82,984)	-	-	(63,023)
		(84,506)	(2,910)	(87,416)	(63,028)	(1,427)	(64,455)

The accompanying notes form an integral part of the financial statements. All activity in the period is derived wholly from continuing operations.

The Group has no recognised gains or losses other than the loss for the financial period as shown above.

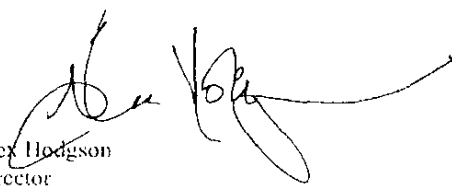
\*Refer to note 24

**Consolidated balance sheet**  
**As at 31 December 2022**

		2022	2021
			(restated*)
	Notes	£000	£000
<b>Fixed asset</b>			
Intangible assets	12	444,183	497,360
Tangible assets	13	12,289	13,623
		<u>456,472</u>	<u>510,983</u>
<b>Current assets</b>			
Debtors	16	37,759	29,334
Cash at bank and in hand		10,249	8,273
		<u>48,008</u>	<u>37,607</u>
<b>Creditors: amounts falling due within one year</b>	17	(39,824)	(40,319)
<b>Net current assets/(liabilities)</b>		<b>8,184</b>	<b>(2,712)</b>
<b>Total assets less current liabilities</b>		<b>464,656</b>	<b>508,271</b>
<b>Creditors: amounts falling due after more than one year</b>	18	(635,763)	(591,039)
<b>Net liabilities</b>		<b>(171,107)</b>	<b>(82,768)</b>
<b>Capital and reserves</b>			
Called up share capital	19	67	67
Share premium account		15,531	15,531
Employee Benefit Trust Reserve	19	(898)	-
Profit and loss account		(180,785)	(97,801)
<b>Equity deficit attributable to owners of the parent</b>		<b>(166,085)</b>	<b>(82,203)</b>
Non-controlling interests		(5,022)	(565)
<b>Total equity deficit</b>		<b>(171,107)</b>	<b>(82,768)</b>

\*Refer to note 24

The financial statements of ANS Group Holdings Limited (registered number 12534032) were approved by the board of directors and authorised for issue on 30<sup>th</sup> June 2023. They were signed on its behalf by:

  
Alex Hodgson  
Director

**Company balance sheet**  
**As at 31 December 2022**

	<i>Notes</i>	2022 £000	2021 £000
<b><i>Fixed assets</i></b>			
Investments	14	<u>15,517</u>	<u>15,517</u>
		15,517	15,517
<b><i>Current assets</i></b>			
Debtors	16	<u>843</u>	<u>333</u>
		843	333
<b><i>Creditors: amounts falling due within one year</i></b>	18	<u>(1,144)</u>	<u>(419)</u>
Net current liabilities		<u>(301)</u>	<u>(86)</u>
Total assets less current liabilities		<u>15,216</u>	<u>15,431</u>
<b><i>Net assets</i></b>		<u>15,216</u>	<u>15,431</u>
<b><i>Capital and reserves</i></b>			
Called up share capital	20	67	67
Share premium account		15,531	15,531
Profit and loss account		<u>(382)</u>	<u>(168)</u>
<b><i>Shareholders' funds</i></b>		<u>15,216</u>	<u>15,431</u>

The loss for the financial period dealt with in the financial statements of the parent Company was £214,705 (2021: £23,015).

The financial statements of ANS Group Holdings Limited (registered number 12534032) were approved by the board of directors and authorised for issue on 30<sup>th</sup> June 2023. They were signed on its behalf by:

  
Alex Hodgson  
Director



ANS Group Holdings Limited

**Consolidated statement of changes in equity**  
For the year ended 31 December 2022

	<b>Called-up share capital</b>	<b>Share premium</b>	<b>Employee Benefit Trust Reserve</b>	<b>Profit and loss account (restated *)</b>	<b>Non- Controlling Interest</b>	<b>Total (restated *)</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>As 1 January 2021</b>	<u>47</u>	<u>4,668</u>	<u>-</u>	<u>(34,778)</u>	<u>-</u>	<u>(30,063)</u>
Issue of share capital	20	10,863	-	-	-	10,883
Shares issued in business combination	-	-	-	-	867	867
Loss for the financial period and total comprehensive expense	-	-	-	(63,023)	(1,432)	(64,455)
<b>At 31 December 2021</b>	<u>67</u>	<u>15,531</u>	<u>-</u>	<u>(97,801)</u>	<u>(565)</u>	<u>(82,768)</u>
Purchase of shares in Group undertakings	-	-	(898)	-	-	(898)
Loss for the financial period and total comprehensive expense	-	-	-	(82,984)	(4,432)	(87,416)
Other	-	-	-	-	(25)	(25)
<b>At 31 December 2022</b>	<u>67</u>	<u>15,531</u>	<u>(898)</u>	<u>(180,785)</u>	<u>(5,022)</u>	<u>(171,107)</u>

\*Refer to note 24

**Company statement of changes in equity**

**For the year ended 31 December 2022**

	<b>Called-up share capital £000</b>	<b>Share premium £000</b>	<b>Profit and loss account £000</b>	<b>Total £000</b>
<b>At 1 January 2021</b>	47	4,668	(145)	4,570
Issue of share capital	20	10,863	-	10,883
Loss for the financial period and total comprehensive expense	-	-	(23)	(23)
<b>At 31 December 2021</b>	<u>67</u>	<u>15,531</u>	<u>(168)</u>	<u>15,430</u>
Loss for the financial period and total comprehensive expense	-	-	(214)	(214)
<b>At 31 December 2022</b>	<u>67</u>	<u>15,531</u>	<u>(382)</u>	<u>(15,216)</u>

**Consolidated cash flow statement for the year ended 31 December 2022**

	<i>Note</i>	<i>Year ended 2022 £000</i>	<i>Year ended 2021 £000</i>
<b><i>Net cash inflow from operating activities</i></b>	<b><i>21</i></b>	<b><i>4,129</i></b>	<b><i>10,889</i></b>
<b><i>Cash flows from investing activities</i></b>			
Acquisition of subsidiary, net of cash acquired	<i>15</i>	<i>(393)</i>	<i>(176,410)</i>
Acquisition of tangible fixed assets		<i>(4,253)</i>	<i>(4,512)</i>
Acquisition of intangible assets		<i>(3,762)</i>	<i>(2,753)</i>
Proceeds from disposal of tangible fixed assets		<i>-</i>	<i>114</i>
<b><i>Net cash flows used in investing activities</i></b>		<b><i>(8,409)</i></b>	<b><i>(183,561)</i></b>
<b><i>Cash flows from financing activities</i></b>			
Issue of equity		<i>3</i>	<i>11,751</i>
Issue of loan notes		<i>1,250</i>	<i>85,787</i>
Redemption of loan notes		<i>-</i>	<i>(35,182)</i>
Proceeds from new bank loans		<i>5,000</i>	<i>145,866</i>
Repayment of bank loans		<i>-</i>	<i>(36,459)</i>
<b><i>Net cash flows from financing activities</i></b>		<b><i>6,253</i></b>	<b><i>171,763</i></b>
<b><i>Net increase/(decrease) in cash and cash equivalents</i></b>		<b><i>1,973</i></b>	<b><i>(910)</i></b>
<b><i>Cash and cash equivalents at beginning of year</i></b>		<b><i>8,273</i></b>	<b><i>9,183</i></b>
<b><i>Cash and cash equivalents at end of year</i></b>		<b><i>10,249</i></b>	<b><i>8,273</i></b>

## Notes to the financial statements (continued)

For the year ended 31 December 2022

### Notes to the financial statements

For the year ended 31 December 2022

#### 1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current financial year and previous financial year. These financial statements present the Group's consolidated financial results and position for the year ending 31 December 2022.

#### *General information and basis of accounting*

ANS Group Holdings Limited is a company incorporated in the United Kingdom under the Companies Act 2006. The Company is a private company limited by shares and is registered in England and Wales. The address of the registered office is given on page 1. The nature of the Group's operations and its principal activities are set out in the Strategic Report.

The financial statements have been prepared under the historical cost convention (except for derivative financial instruments which are classified at fair value), and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of ANS Group Holdings Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Group operates.

ANS Group Holdings Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments, related party transactions for the company, presentation of a cash flow statement and remuneration of key management personnel.

For the year ended 31 December 2022 the following subsidiaries of the company were entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies.

<i>Subsidiary Name</i>	<i>Companies House Registration Number</i>
ANS Bidco Limited	12534786
ANS Mideo 1 Limited	11564672
ANS Mideo 2 Limited	11647415
ANS Pikeo 1 Limited	13227104
ANS Pikeo 2 Limited	13227062
ANS Mideo 3 Limited	11647460
ANS Leaders Limited	11647553
ANS Academy Limited	03845616
Secure Information Assurance Limited	04732153
Secure Information Assurance Holdings Limited	08392303
Clear Cloud Integration Limited	10841068
Project Daytona Limited	09996711
Project Daytona Bidco Limited	10058919
ANS Group Limited	03176761
Eison Limited	05850965
Zero2Ten EMAE Limited	07982182
Conatus Limited	04144610
Webantic Ventures Limited	08488438
Webantic Limited	08464446

## Notes to the financial statements (continued)

For the year ended 31 December 2022

### 1. Accounting policies (continued)

#### ***Basis of consolidation***

The Group financial statements consolidate the financial statements of ANS Group Holdings Limited and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

#### ***Going concern***

The Group's business activities, its financial position, together with its policies, processes for managing the business and its objectives are set out in the Strategic Report.

The Group is funded by a combination of cash and cash equivalents of £10.2m, investor loan notes totalling £315.1m, including the additional injection made since the balance sheet date and bank loans of £293.1m after allowing for arrangement fees. Investor loan notes and bank loans are not repayable until 2026 and 2027 respectively, subject to ongoing covenant compliance, with the interest accruing on investor loan notes rolling-up into new capital or paid-in-kind, rather than paid as a cash outflow each year.

The Company is funded by loans from subsidiaries and relies on these balances not being repayable other than at the Company's option.

For the year ended 31 December 2022, the Group generated operating cash inflows of £4.1m, incurred net interest payments of £18m and spent £8.4m on capital expenditure. The directors have reviewed the latest trading forecasts along with the committed facilities above, including the covenants contained within those facilities, and have made assessments under a number of stressed scenarios and are confident that the Group will continue to generate trading cash in excess of its financing obligations and consider that the Group has sufficient financial resources, together with contracts with a large number of customers across different industries.

As a consequence, the directors believe that the Group and Company are well placed to manage their business risks successfully.

On this basis the company's directors have a reasonable expectation that the Group will continue for the foreseeable future, being not less than 12 months from the date of approval of these financial statements. Whilst there is uncertainty due to the wider macro-economic volatility, the impact on power costs in particular, and increased interest rates, the directors have undertaken a rigorous assessment on the potential impact on profitability and liquidity of the Group, as documented in the strategic report, and concluded that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

#### ***Tangible fixed assets***

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life.

Freehold buildings	–	4% straight line
Long leasehold and buildings	–	4% straight-line



## Notes to the financial statements (continued)

For the year ended 31 December 2022

### 1. Accounting policies (continued)

Leased plant and machinery	–	Over the shorter of the lease term and 3 years
Plant and machinery	–	Between 7% and 33% straight-line
Fixtures and fittings	–	25% straight-line
Computer and office equipment	–	25% straight-line

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### *Intangible assets – goodwill*

Goodwill arising on the acquisition of subsidiary undertakings, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life, which is 10 years. Provision is made for any impairment.

#### *Intangible assets – Development costs*

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised over the period during which the Group is expected to benefit. Amortisation is charged evenly over the expected useful life of three to five years.

Development costs have been capitalised in accordance with FRS 102 Section 18 Intangible Assets other than Goodwill and are therefore not treated, for dividend purposes, as a realised loss.

#### *Revenue recognition*

Turnover represents the amounts derived from the provision of goods and services which fall within the Group's ordinary activities, stated net of value added tax.

Revenue from hosting services are recognised as the services are provided. Hosting service contracts generally consist of a recurring monthly fee which ranges from one month to 5 years. Payments received and billings in advance of providing services are deferred until the services are provided. Unbilled revenues for services provided are accrued at the end of each period. Set up fees are charged to customers prior to the commencement of a hosting service contract and associated revenue is recognised over the life of the expected customer life. Consultancy services are generally provided on a "time and materials" basis and therefore revenue is recognised as these services are rendered. Revenue from the supply of hardware or software, and the provision of services in respect of installation or training, is recognised when delivery and installation of the equipment is completed on a point in time basis. Any unearned portion of revenue is included in current liabilities as deferred income.

#### *Taxation*

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

## Notes to the financial statements (continued)

For the year ended 31 December 2022

### 1. Accounting policies (continued)

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### *Leasing and hire purchase commitments*

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and the assets useful economic life. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Group. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

#### *Pensions*

Contributions to defined contribution schemes are recognised in the Profit and loss account in the period in which they become payable.

#### *Financial instruments*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

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

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement

## Notes to the financial statements (continued)

For the year ended 31 December 2022

### 1. Accounting policies (continued)

constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### *Derivative financial instruments*

The Group uses derivative financial instruments to reduce exposure to interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The derivative contract is split between current and non current debtors based on contract length. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Debt instruments that comply with all of the condition of paragraph 11.9 of FRS 102 are classified as 'basic'. For debt instruments that do not meet the conditions of FRS 102.11.9, the Group considers whether the debt instrument is consistent with the principle in paragraph 11.9A of FRS 102 in order to determine whether it can be classified as basic. Instruments classified as 'basic' financial instruments are measured subsequently at amortised cost using the effective interest method. Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting conditions of being 'basic' financial instruments are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability, then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited directly to equity.

#### *Interest-bearing loans and borrowings*

All interest-bearing loans and borrowings are initially recognised at net proceeds. After initial recognition debt is increased by the finance cost in respect of the reporting period and reduced by repayments made in the period.

Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount.

#### *Investments*

Investments in subsidiaries are measured at cost less impairment.

#### *Related party transactions*

In accordance with Section 33 of FRS 102, the Company has not disclosed details of transactions with fellow wholly owned undertakings within the ANS Group Holdings Limited group of companies.

## Notes to the financial statements (continued)

For the year ended 31 December 2022

### 1. Accounting policies (continued)

#### **Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

#### **Non-financial assets**

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets of the CGU, except for goodwill, on a pro-rata basis. Impairment of goodwill is never reversed.

#### **Exceptional items**

Exceptional items are items that are material either individually or, if of a similar type, in aggregate and which, due to their nature or the infrequency of the events giving rise to them, are presented separately to enhance understanding of the financial performance of the Group. Such items are excluded from the profit and loss account before exceptional items because they are not considered to be representative of the underlying performance of the Group during the period.

### 2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### **Critical judgements in applying the Group's accounting policies**

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

#### **Revenue recognition**

For some customers, the Group provides both on-going hosting services and consultancy services, software or hardware. As set-out in the accounting policies above, amounts for hosting services and associated set-up fees are recognised over the estimated customer life whilst the provision of other goods and services are generally recognised as they are performed. Where customer arrangement include multiple elements, determining whether it is appropriate to separate the provision of initial goods and services from the subsequent hosting contract involves management judgements. In making its judgement, management considered the detailed criteria for revenue recognition from the rendering of services set out on FRS102

## Notes to the financial statements (continued)

For the year ended 31 December 2022

### 2. Critical accounting judgements and key sources of estimation uncertainty (continued)

section 23 Revenue. This includes consideration of whether goods or services delivered in advance or at inception of a related contract can be separately provided irrespective of the related hosting arrangement and / or whether the customer could separately purchase the element from another third party (for example where software could be purchased by the customer directly from the provider rather than through the Group as a reseller).

#### *Business combinations*

During the period, the Group acquired certain trade and assets of Preact Limited and its subsidiaries. Accounting for the acquisition includes significant judgement in the identification of acquired intangible assets and the determination of whether any intangible assets are required to be separately identified from goodwill. Furthermore, there is judgement in determining whether there are any material differences between the book and fair value of assets and liabilities acquired and the useful economic life of the goodwill recognised. Further details regarding the business combination are included in note 15.

#### *Impairment of goodwill*

Determination as to whether, and how much, goodwill is impaired involves management estimates on highly uncertain matters such as the effects of inflation and deflation on operating expenses, discount rates, revenue growth and the outlook for the broader economy.

Management judgement is required to determine whether an indicator of potential impairment exists in relation to the Group's goodwill. Given the reduced EBITDA in 2022 vs. prior year the directors considered there may be indications of impairment so have carried out an assessment of recoverable value against the carrying amount but determined that future discounted cashflows continue to support the carrying value of goodwill. Details of the carrying value of goodwill and key assumptions in assessing recoverable amount are provided in note 12.

#### *Development Costs*

The Group capitalises development costs where the directors are satisfied as to the technical, commercial and financial viability of individual projects. These assets are amortised over 3 years. The majority of development activity is performed in support of the Group's systems and in the provision of new and innovative products for our customers. In making its judgement as to whether develop costs meet the capitalisation criteria, management considers the technical feasibility of completing the planned intangible asset and the likelihood the development will ultimately either enhance internal systems or support customer products and delivery. As part of this assessment, management determine whether the development will generate probable future economic benefits and the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

#### *Key source of estimation uncertainty*

The estimates and assumptions that may pose a risk of causing a material adjustment to the carrying value of assets and liabilities in the next twelve months are discussed below.

#### *Estimation of accruals*

The accruals disclosed in note 17 include an estimate for the cost of third party goods and products used in the provision of services. Determining the appropriate accrual involves significant estimation and is based upon past experience and the customer usage information available to management. Whilst a range of outcomes is reasonably possible, due to the nature of the accrual, it is not possible to determine the full extent of this range. Consequently, the provision represents management's best estimate of payments due.

## Notes to the financial statements (continued)

For the year ended 31 December 2022

### 3. Turnover

All turnover arose in the United Kingdom and was related to the provision of managed hosting and cloud services.

An analysis of the Group's revenue (including turnover) by category is as follows:

	<i>Year ended 2022 £000</i>	<i>Year ended 2021 £000</i>
Provision of services	118,987	92,083

### 4. Operating loss

This is stated after charging:

	<i>Year ended 2022 £000</i>	<i>Year ended 2021 £000</i>
Research costs	2	3
Depreciation of owned fixed assets (note 13)	5,348	5,725
Depreciation of assets held under finance lease (note 13)	248	248
Amortisation of goodwill (note 12)	55,962	45,190
Amortisation of intangible fixed assets other than goodwill (note 12)	2,215	1,489
Operating lease rentals – land and buildings	320	320
Profit on disposal	-	61

The analysis of the auditor's remuneration is as follows:

	<i>Year ended 2022 £000</i>	<i>Year ended 2021 £000</i>
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	147	108
<b>Total audit fees</b>	<b>147</b>	<b>108</b>
Audit related assurance services	-	6
Audit related assurance services	-	6
Total audit fees and assurance services	147	114
Corporate finance services	-	145
<b>Total non-audit fees</b>	<b>-</b>	<b>145</b>

No services were provided by the auditor pursuant to contingent fee arrangements.

## Notes to the financial statements (continued)

For the year ended 31 December 2022

### 5. Exceptional items

Included within administrative expenses are the following exceptional items:

	<i>Year ended 2022 £000</i>	<i>Year ended 2021 £000</i>
Restructuring costs	2,909	1,427
	<u>2,909</u>	<u>1,427</u>

The restructuring costs include costs incurred as a result of adding ANS to the group and merging the two trading subsidiaries.

### 6. Directors' remuneration

	<i>Year ended 2022 £000</i>	<i>Year ended 2021 £000</i>
Emoluments	1,544	1,439
Group contributions to money purchase pension schemes	34	19
	<u>1,578</u>	<u>1,458</u>

	<i>2022 Number</i>	<i>2021 Number</i>
Number of directors who were members of a money purchase pension scheme	6	4

Remuneration payable to the highest paid director was as follows:

	<i>Year ended 2022 £000</i>	<i>Year ended 2021 £000</i>
Remuneration	374	866

## Notes to the financial statements (continued)

For the year ended 31 December 2022

### 7. Staff costs

	<i>Year ended 2022 £000</i>	<i>Year ended 2021 £000</i>
Wages and salaries	35,131	22,336
Social security costs	3,601	2,499
Pension costs	799	439
	<u>39,531</u>	<u>25,274</u>

The staff costs in the company were £22,000.

The average number of employees (including executive directors) in the Group during the period was made up as follows:

	<i>Year ended 2022 Number</i>	<i>Year ended 2021 Number</i>
Office, management and sales	<u>686</u>	<u>460</u>

There are no employees in the company (2021: 1 employee).

### 8. Interest receivable

	<i>Year ended 2022 £000</i>	<i>Year ended 2021 (restated) £000</i>
Bank interest received	<u>-</u>	<u>136</u>
	<u>-</u>	<u>136</u>

### 9. Interest payable and similar expenses

	<i>Year ended 2022 £</i>	<i>Year ended 2021 £</i>
Bank interest payable	23,513	13,883
Interest payable on loan notes	29,172	25,347
Interest on deferred consideration	2,181	880
Bank charges	104	-
Amortisation of loan arrangement fees	1,736	2,083
Gains on derivative financial instruments	(12,369)	(3,171)
	<u>44,337</u>	<u>39,021</u>



**Notes to the financial statements (continued)****For the year ended 31 December 2022****10. Tax on loss*****Tax on loss***

The tax charge is made up as follows:

	<i>Year ended 2022 £000</i>	<i>Year ended 2021 £000</i>
<b><i>Current tax:</i></b>		
UK corporation tax on profits for the period	968	871
Adjustment in respect of previous periods	1,406	382
<b>Total current tax charge (note 10(b))</b>	<b>2,374</b>	<b>1,253</b>
<b><i>Deferred tax:</i></b>		
Origination and reversal of timing differences	(310)	637
Adjustments in respect of previous periods	103	166
Effect of tax rate changes	(98)	(142)
<b>Total deferred tax</b>	<b>(305)</b>	<b>661</b>
<b>Total tax charge</b>	<b>2,069</b>	<b>1,914</b>

**(a) Factors affecting tax charge for the period**

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted 24 May 2022, and the UK deferred tax asset as at 31 December 2022 has been calculated based on this rate.

**(b) Factors affecting tax charge for the period (continued)**

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK Corporation Tax to the profit before tax is as follows:

	<i>Year ended 2022 £000</i>	<i>Year ended 2021 £000</i>
Loss before tax	(85,347)	(62,541)
Loss multiplied by standard rate of corporation tax in the UK of 19%	(16,216)	(11,883)
<b><i>Effects of:</i></b>		
Expenses not deductible for tax purposes	17,039	9,911
Income not subject to tax	(264)	-
Adjustments from previous periods	1,608	(54)
Tax rate changes	(98)	(107)
Deferred tax not recognised	-	4,047
<b>Total tax charge for the period (note 10(a))</b>	<b>2,069</b>	<b>1,914</b>

## Notes to the financial statements (continued)

For the year ended 31 December 2022

### 10. Tax on loss (continued)

#### (c) Deferred tax asset:

	Group £000	Company £000
At 1 January 2022	115	-
Deferred tax credit for the year	408	-
Adjustments in respect of prior period	(103)	-
At 31 December 2022	<u>420</u>	<u>-</u>

The asset for deferred taxation is made up as follows:

	2022 £000	2021 £000
Fixed asset timing differences	323	(120)
Short-term timing differences	97	192
Losses	-	44
	<u>420</u>	<u>116</u>

The deferred tax asset is regarded as due in more than one year as it is not expected to reverse in the next 12 months. Deferred tax assets and liabilities are offset only where the Group has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Group. The directors have reviewed the Group's financial forecasts and believe the deferred tax asset is recoverable.

### 11. Profit attributable to the Company

As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent Company. The profit attributable to the Company is disclosed in the footnote to the Company's balance sheet.

## Notes to the financial statements (continued)

For the year ended 31 December 2022

### 12. Intangible fixed assets

<i>Group</i>	<i>Goodwill</i>	<i>Development Costs</i>	<i>Total</i>
	<i>£000</i>	<i>£000s</i>	<i>£000s</i>
<b>Cost:</b>			
At 1 January 2022	559,423	6,941	566,364
Arising on acquisition	1,040	-	1,040
Additions	200	3,763	3,963
At 31 December 2022	<u>560,663</u>	<u>10,704</u>	<u>571,367</u>
<b>Amortisation:</b>			
At 1 January 2022	(66,744)	(2,260)	(69,004)
Charge for the period	<u>(55,962)</u>	<u>(2,215)</u>	<u>(58,178)</u>
At 31 December 2022	<u>(122,706)</u>	<u>(4,475)</u>	<u>(127,181)</u>
<b>Net book value:</b>			
At 31 December 2022	<u>437,957</u>	<u>6,229</u>	<u>444,186</u>
At 31 December 2021	<u>492,679</u>	<u>4,681</u>	<u>497,360</u>

The company has no intangible fixed assets.

#### *Impairment tests for goodwill*

Given the reduced EBITDA in 2022 vs. prior year the directors considered there to be an indication of impairment so have carried out an assessment of recoverable value of the cash generating unit (CGU) against the carrying amount. The group is deemed to operate as a single CGU.

The recoverable amount was determined using a value-in-use calculation which required the use of assumptions. The calculations use cash flow projections based on financial budgets approved by the directors covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated growth rate in perpetuity of 3%.

The key assumptions of the value in use calculation are the discount rates, the growth rates and the cash flow forecasts. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and risks specific to the group. The rate used to discount the forecast cash flows is a discount rate of 9.5%.

The group has conducted a sensitivity analysis on the impairment of goodwill and has concluded that there are no reasonable foreseeable scenarios which could give rise to an impairment in the carrying value of goodwill. Any increase in discount rates, reduction in long term growth rates or delays in cash flows could lead to an impairment in the carrying value of goodwill. An increase in the discount rate by 1% would reduce headroom by £63.7m and a reduction in the growth rate by 1% would decrease headroom by £53.6m, neither of which would result in impairment.

## Notes to the financial statements (continued)

For the year ended 31 December 2022

### 13. Tangible fixed assets

Group	Land and Buildings		Plant and machinery	Fixtures and fittings	Computer and office equipment	Total
	Freehold	Long leasehold				
	£000	£000	£000	£000	£000	£000
<b>Cost:</b>						
At 1 January 2022	6,920	656	57,172	1,968	1,442	68,157
Arising on acquisition	-	-	22	47	-	69
Additions	417	-	2,829	397	551	4,195
At 31 December 2022	7,337	656	60,023	2,412	1,993	72,421
<b>Depreciation:</b>						
At 1 January 2022	2,097	55	50,009	1,213	1,160	54,534
Charge for the year (leased)	-	-	248	-	-	248
Charge for the year (owned)	306	-	4,353	484	205	5,348
At 31 December 2022	2,403	55	54,610	1,697	1,365	60,130
<b>Net book value:</b>						
At 31 December 2022	4,934	601	5,413	715	628	12,291
At 31 December 2021	4,823	601	7,163	755	282	13,624

The Group has entered into a leasing arrangement with HP and Dell for servers. At the balance sheet date, the net carrying value of plant and machinery held under finance leases was £103,212 (2021: £287,642).

The Company has no tangible fixed assets.

### 14. Investments

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Subsidiary undertakings	-	-	15,517	15,517
	-	-	15,517	15,517

The parent Company and the Group have investments in the following subsidiary undertakings.

Subsidiary	Registered office	Principal activity	Holding (ordinary shares)
ANS Bidco Limited+	1 Archway, Birley Fields, Manchester, M15 5QJ	Holding company	86%
ANS Midco 1 Limited	1 Archway, Birley Fields, Manchester, M15 5QJ	Holding company	86%
ANS Pico 1 Limited	1 Archway, Birley Fields, Manchester, M15 5QJ	Holding company	86%
ANS Pico 2 Limited	1 Archway, Birley Fields, Manchester, M15 5QJ	Holding company	86%

## Notes to the financial statements (continued)

For the year ended 31 December 2022

### 14. Investments (continued)

ANS Midco 1 Limited	1 Archway, Birley Fields, Manchester, M15 5QJ	Holding company	86%
ANS Midco 2 Limited	1 Archway, Birley Fields, Manchester, M15 5QJ	Holding company	86%
ANS Leaders Limited	1 Archway, Birley Fields, Manchester, M15 5QJ	Holding company	86%
ANS Academy Limited	1 Archway, Birley Fields, Manchester, M15 5QJ	Hosting services	86%
Secure Information Assurance Limited	1 Archway, Birley Fields, Manchester, M15 5QJ	Hosting services	86%
Secure Information Assurance Holdings Limited	1 Archway, Birley Fields, Manchester, M15 5QJ	Holding company	86%
Clear Cloud Integration Limited	1 Archway, Birley Fields, Manchester, M15 5QJ	Dormant company	86%
UKFast Inc	913 N Market Street, Suite 200, Wilmington, Delaware, 19801	Dormant company	86%
Project Daytona Ltd	1 Archway, Birley Fields, Manchester, M15 5QJ	Dormant company	86%
Project Daytona Bidco Ltd	1 Archway, Birley Fields, Manchester, M15 5QJ	Holding company	86%
ANS Group Ltd	1 Archway, Birley Fields, Manchester, M15 5QJ	Holding company	86%
Eison Ltd	1 Archway, Birley Fields, Manchester, M15 5QJ	Hosting services	86%
Zero2ten EMAI Ltd	1 Archway, Birley Fields, Manchester, M15 5QJ	Dormant company	86%
Conatus Ltd	1 Archway, Birley Fields, Manchester, M15 5QJ	Dormant company	86%
Webantic Ventures Ltd	1 Archway, Birley Fields, Manchester, M15 5QJ	Dormant company	86%
Webantic Ltd	1 Archway, Birley Fields, Manchester, M15 5QJ	Dormant company	86%
Preact CSP	602, 31 Five, B/H Divyabhaskar House, Corporate Road, Ahmedabad, Gujarat, 380015, India Ground Floor, Baird House Seebeck Place, Knowlhill, Milton Keynes, MK5 8FR	Hosting company	86%

## Notes to the financial statements (continued)

For the year ended 31 December 2022

### 15. Business combinations

On 23 December 2022, the Group acquired the trade and assets of Preact Limited, including its subsidiary, for a consideration of £395,000. The acquisition has been accounted for under the acquisition method. The following table sets out the values of the identifiable assets and liabilities acquired. The book value of the identifiable assets and liabilities are equal to their fair value to the Group.

	Book and Fair Value £000
Tangible Assets	70
<b>Current assets</b>	
Trade debtors	704
Prepayments	4
Cash	2
<b>Total assets</b>	<u>780</u>
<b>Creditors</b>	
Other creditors	(1,425)
<b>Total liabilities</b>	<u>(1,425)</u>
<b>Net Liabilities</b>	<u>(645)</u>
Goodwill	<u>1,040</u>
	<u>395</u>
<b>Satisfied by</b>	
Cash consideration	259
Acquisition costs	136
	<u>395</u>

In the year ended 31 December 2022, no turnover or profit after taxation included in the Group's consolidated profit and loss account in respect of Preact Limited since the acquisition date.

### Net cash outflow arising from the acquisition

Consideration	(395)
	<u>(395)</u>

## Notes to the financial statements (continued)

For the year ended 31 December 2022

### 16. Debtors falling due within one year

	2022 Group	2022 Company	2021 Group	2021 Company
	£000	£000	£000	£000
Trade debtors	16,373	-	13,273	-
Amounts owed by Group undertakings	-	402	-	333
Derivative Financial Instrument	8,880	-	1,153	-
Deferred tax asset (see note 10)	420	-	115	-
Other debtors	1,676	441	1,457	-
Prepayments	3,750	-	9,251	-
Corporation tax	-	-	2,067	-
	<u>31,099</u>	<u>843</u>	<u>27,316</u>	<u>333</u>
Derivative Financial Instrument (non current)	6,660	-	2,018	-
	<u>37,759</u>	<u>843</u>	<u>29,334</u>	<u>333</u>

Interest on amounts owed by group undertakings accrues at 10% per annum.

The derivatives asset relates to a swap instrument entered into in September 2021 to manage the interest rate on the Group's £250m SONIA-linked borrowings. This swap effectively fixes the Group's SONIA cost at 0.5% until September 2024. Fair value has been determined using the counterparty bank's mark-to-market valuation.

### 17. Creditors: amounts falling due within one year

	2022 Group	2022 Company	2021 Group	2021 Company
	£000	£000	£000	£000
Trade creditors	6,459	-	6,764	-
Other taxation and social security costs	4,593	-	3,159	9
Accruals	11,538	-	6,431	28
Deferred income	15,040	-	21,015	-
Corporation Tax	420	-	-	-
Amounts due to Group undertakings	-	1,144	-	382
Other creditors	<u>1,774</u>	<u>-</u>	<u>2,950</u>	<u>-</u>
	<u>39,824</u>	<u>1,144</u>	<u>40,319</u>	<u>419</u>

Interest on amounts due to Group undertakings accrues at 10% per annum.

## Notes to the financial statements (continued)

For the year ended 31 December 2022

### 18. Creditors: amounts falling due after more than one year

Loans repayable, included within creditors, are analysed as follows:

	2022 Group £000	2022 Company £000	2021 Group £000	2021 Company £000
Bank loans	299,419	-	290,300	-
Issue costs on bank loans	(6,362)	-	(7,962)	-
Loan notes payable including accrued interest	312,204	-	281,782	-
Issue costs on loan notes	(4,631)	-	(5,961)	-
Deferred consideration	35,134	-	32,880	-
	<u>655,165</u>	<u>-</u>	<u>591,039</u>	<u>-</u>

Deferred consideration is due in May 2025 and accrues interest at 8%.

Interest is payable on a £200m, 7year bank loan with an inception date of 8 September 2020 and a termination date of 8 September 2027. Interest on £110m of this is payable at a variable interest rate of up to SONIA + 6.75% per annum on the principal amount. On the remaining £90m interest is payable at a variable rate of up to SONIA + 7% per annum on the principal amount.

Interest is also payable on a £50m, 6.5 year bank loan with an inception date of 8 September 2020 and a termination date of 8 March 2027. Interest is payable at a variable interest rate of up to SONIA + 3.25% per annum on the principal amount.

The SONIA risk is managed by a swap taken out in September 2021 which effectively fixes the Group's SONIA-linked cost on £250m of borrowing at 0.5% until September 2024.

Interest is also payable on a £40m bank loan with an inception date of 22 December 2021 and a termination date of 21 December 2027. Interest is payable at 9.5% per annum if paid in cash and 10% per annum if paid using PIK notes.

The loan notes have a term of 7 years and 6 months with an inception date of 20 December 2018 and a redemption date of 20 June 2026. Interest is charged at an interest rate of 10% per annum.

Borrowings are repayable as follows:

	2022 Group Bank Loans £000	2022 Loan Notes £000	2022 Company £000	2021 Group Bank Loans £000	2021 Loan Notes £000	2021 Company £000
Within one year	-	-	-	-	-	-
In two to five years	-	312,204	-	-	281,782	-
Over five years	299,419	-	-	290,300	-	-
	<u>299,419</u>	<u>312,204</u>	<u>-</u>	<u>290,300</u>	<u>281,782</u>	<u>-</u>



**Notes to the financial statements (continued)****For the year ended 31 December 2022****18. Creditors: amounts falling due after more than one year (continued)***Finance leases are repayable as follows:*

	2022 Group £000	2022 Company £000	2021 Group £000	2021 Company £000
<b>Minimum lease payments</b>				
Within one year	103	-	248	-
In the second to fifth years inclusive	-	-	86	-
After five years	-	-	-	-
Less: future finance charges	-	-	(19)	-
Present value of lease obligations	<u>103</u>	<u>-</u>	<u>315</u>	<u>-</u>

**19. Called up share capital and reserves**

	Group & company 2022 No.	Group & company 2022 £'000	Group & company 2021 No.	Group & company 2021 £'000
<i>Group and Company</i>				
A ordinary shares of £0.01 each	5,587,358	55	5,587,358	55
B ordinary shares of £0.01 each	67,437	1	67,437	1
C1 ordinary shares of £0.01 each	500,000	5	500,000	5
C2 ordinary shares of £0.01 each	578,750	6	578,750	6
	<u>6,733,545</u>	<u>67</u>	<u>6,733,545</u>	<u>67</u>

The Group and Company's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The Company has four classes of ordinary shares, all of which carry no right to fixed income.

Shares are allotted, called up and fully paid.

**Employee Benefit Trust reserve**

Shares in the Company held by the Group Employee Benefit Trust are shown as a reduction in shareholders' funds. Other assets and liabilities held by the trust are consolidated with the assets of the Group. At 31 December 2022, the Group held 207,500 shares (2021: nil) in the Company and 700,858 shares (2021: nil) in a subsidiary for the benefit of employees. All shares were acquired during the year, for total consideration of £898,120.

## Notes to the financial statements (continued)

For the year ended 31 December 2022

### 20. Reconciliation of operating loss to net cash flow from operating activities

	Year ended 2022 £000	Year ended 2021 £000
Operating loss	(41,010)	(23,656)
Adjustment for:		
Depreciation of tangible fixed assets	5,596	5,978
Amortisation of goodwill and intangible assets	58,178	46,679
Profit on disposal	-	(61)
Operating cash flow before movement in working capital	22,764	28,940
Increase in debtors	1,991	(85)
(Decrease)/increase in creditors	(2,529)	1,745
Operating cash flow	22,226	30,600
Interest paid	(18,023)	(18,389)
Taxation paid	(74)	(1,323)
<b>Net cash inflow from operating activities</b>	<b>4,129</b>	<b>10,888</b>

### Net debt reconciliation

	31 December 2021 £000	Cash flows £000	Other non-cash changes £000	31 December 2022 £000
Cash at bank and in hand	8,273	1,976	-	10,249
Debt due after more than one year				
Bank loans	(282,338)	14,393	(25,113)	(293,058)
Loan notes	(275,821)	(1,250)	(30,501)	(307,572)
Net debt	(549,886)	15,119	(55,614)	(590,381)

## Notes to the financial statements (continued)

For the year ended 31 December 2022

### 21. Financial instruments

The carrying values of the Group's financial assets and liabilities are summarised by category below:

	<i>Year ended 2022 £000</i>	<i>Year ended 2021 £000</i>
<b>Financial assets</b>		
Measured at undiscounted amount receivable		
Trade and other debtors (see note 16)	23,072	26,163
Measured at fair value		
Derivative financial asset (see note 16)	15,539	3,171
	<u>38,611</u>	<u>29,334</u>
<b>Financial liabilities</b>		
Measured at amortised cost		
Bank loan (see note 18)	299,419	290,300
Issue costs on bank loan (see note 18)	(6,362)	(7,962)
Loan notes (see note 18)	312,204	281,782
Issue costs on loan notes (see note 18)	(4,631)	(5,961)
Deferred Consideration (see note 17)	35,134	32,880
Measured at undiscounted amount payable		
Trade and other creditors (see note 17)	39,824	39,717
	<u>675,588</u>	<u>630,756</u>

The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

	<i>Year ended 2022 £000</i>	<i>Year ended 2021 £000</i>
<b>Interest income and expense</b>		
Total interest expense for financial liabilities at amortised cost	56,706	42,192
Total fair value gain for financial assets at fair value	12,369	3,171

#### Interest rate swap contracts

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the reporting date:

Outstanding receive floating pay fixed contracts	Average contract fixed interest rate		Notional principal value		Notional principal value	
	2022 %	2021 %	£000	£000	2022 £000	2021 £000
Less than 1 year	Nil	Nil	Nil	Nil	Nil	Nil
1 to 2 years	0.5	0.5	250,000	250,000	250,000	250,000
2 to 5 years	Nil	Nil	Nil	Nil	Nil	Nil
5 years +	Nil	Nil	Nil	Nil	Nil	Nil
			<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is three months' SONIA. The Group will settle the difference between the fixed and floating interest rate on a net basis.

## Notes to the financial statements (continued)

For the year ended 31 December 2022

### 22. Other financial commitments

Total future minimum lease payments under non-cancellable operating leases for the Group are as follows:

	Year ended 2022 Land and buildings £000	Year ended 2021 Land and Buildings £000
Within one year	320	320
Between two and five years	1,280	1,280
More than five years	1,909	2,229
	<u>3,509</u>	<u>3,829</u>

There are no future minimum lease payments under non-cancellable operating leases in the company

### 23. Related party transactions

During the period the Group entered into transactions in the ordinary course of business with other related parties, connected by common control as follows:

- Total remuneration for key management personnel for the period totalled £1,578,000 (2021: £1,457,000).
- Inflexion Private Equity is a shareholder of the Company. During the year ended 31 December 2022, the Group incurred interest of £30,501,325 (2021: £26,388,380) in relation to the loan notes (see note 18) and monitoring fees of £647,099 (2021: £ 500,000) were paid to Inflexion. At 31 December 2022, the amount outstanding on the loan notes including principal and accrued interest was £312,203,724 (2021: £ 277,649,665).

### 24. Correction of prior year error

During 2022, the group discovered that the fair value of an interest rate hedging facility had not been recognised in the 2021 financial statements. As a result the debtors and interest income were understated in the prior year accounts. This error has been corrected by restating the comparative figures in this set of financial statements. The below tables quantifies the impact

#### Impact on the 2021 consolidated balance sheet

	As previously reported £000	Adjustments £000	As restated £000
Derivative financial assets	-	3,171	3,171
Deferred tax	-	(602)	(602)
Net liabilities	(84,771)	2,569	(82,202)
Profit and loss account	(100,370)	2,569	(97,801)
Shareholders' deficit	(84,771)	2,569	(82,202)

## Notes to the financial statements (continued)

For the year ended 31 December 2022

### 24. Correction of prior year error (continued)

#### Impact on the 2021 consolidated statement of total comprehensive income

	As previously reported £000	Adjustments £000	As restated £000
Interest payable and similar expenses	(42,192)	3,171	(39,021)
Loss before taxation	(65,712)	3,171	(62,541)
Tax	(1,312)	(602)	(1,914)
Loss for the financial period	(67,024)	2,569	(64,455)

### 25. Ultimate parent company and controlling party

At the balance sheet date, the largest and smallest group in which the results of the Company are consolidated is that headed by ANS Group Holdings Limited. Funds managed by Inflexion Private Equity Limited are the majority shareholders and ultimate controlling party of ANS Group Holdings Limited. The registered address of Inflexion Private Equity Limited is 27 Queen Anne Street, London, United Kingdom, W1G 9JG.