

## **m-hance Group Limited**

Annual Report and Financial Statements

Year Ended

31 December 2022

Company Number 07203843



# m-hance Group Limited

## Company Information

---

<b>Directors</b>	A J Moody S Haigh
<b>Company secretary</b>	Ocorian Administration (UK) Limited
<b>Registered number</b>	07203843
<b>Registered office</b>	Sovereign House Stockport Road Cheadle England SK8 2EA
<b>Independent auditor</b>	BDO LLP 3 Hardman Street Manchester M3 3AT
<b>Bankers</b>	Barclays Bank PLC Ashton House 497 Silbury Boulevard Milton Keynes MK9 2LB

# **m-hance Group Limited**

## **Contents**

---

	<b>Page</b>
<b>Group Strategic Report</b>	<b>1 - 3</b>
<b>Directors' Report</b>	<b>4 - 5</b>
<b>Directors' Responsibilities Statement</b>	<b>6</b>
<b>Independent Auditor's Report</b>	<b>7 - 11</b>
<b>Consolidated Statement of Comprehensive Income</b>	<b>12</b>
<b>Consolidated Statement of Financial Position</b>	<b>13</b>
<b>Company Statement of Financial Position</b>	<b>14</b>
<b>Consolidated Statement of Changes in Equity</b>	<b>15</b>
<b>Company Statement of Changes in Equity</b>	<b>16</b>
<b>Consolidated Statement of Cash Flows</b>	<b>17 - 18</b>
<b>Notes to the Financial Statements</b>	<b>19 - 37</b>

# m-hance Group Limited

## Group Strategic Report For the Year Ended 31 December 2022

The Directors present their Group Strategic Report and the audited financial statements for the year ended 31 December 2022. The report covers the activities of m-hance Group Limited (the "Company") and the results of the Company and its subsidiaries (together referred to as the "Group").

### Principal activities and review of the business (including key performance indicators)

The Directors use a number of measures, both financial and non-financial, to monitor the performance of the Company, and consider Adjusted EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation and Exceptional Items) to be the principal financial performance indicator of the trading performance of the business.

The Group's key financial and other performance indicators during the year were as follows:

	2022	2021
	£	£
Revenue	12,596,413	12,321,423
Gross profit	9,520,693	9,237,261
Adjusted EBITDA*	1,102,630	1,420,226
Average number of employees	112	117

\*Adjusted EBITDA is Earnings Before Interest, Tax, Depreciation and Amortisation, and is stated before any impairment charges, shareholder recharge, and exceptional items. Adjusted EBITDA is reconciled to operating profit as follows:

	2022	2021
	£	£
Operating profit	587,406	391,369
Depreciation of tangible fixed assets	25,687	69,486
Amortisation of intangible assets	364,324	914,151
Exceptional items	125,213	45,220
<b>Adjusted EBITDA</b>	<b>1,102,630</b>	<b>1,420,226</b>

The principal activity of the Group is the provision of Microsoft Customer Relationship Management (CRM) and Enterprise Resource Planning (ERP) business software, systems and services to a wide range of organisations based primarily in the UK but also in Europe and the USA. The Group provides market-leading technology in developing, implementing and supporting flexible solutions designed to increase stakeholder engagement, maximise income streams, and enable efficient, secure and compliant operations.

After being named a finalist in 2022, the Group followed this by being announced as the Microsoft Global Partner of the Year in the Non-Profit sector in 2023 which is one of the most prestigious awards within the sector and underpins the success of the Group's strategic focus. The Group's NfP propositions enable charities to address their ever increasing regulatory and compliance requirements whilst also satisfying the demand for digital SaaS solutions. The Group's investment in the development of its NfP product set continues to be a strategic focus and it will further ensure future professional services and recurring revenues. The Group has also continued to work as a key European advisor to Microsoft's Technology for Social Impact strategy and the NfP sector as a whole.

# **m-hance Group Limited**

## **Group Strategic Report (continued) For the Year Ended 31 December 2022**

---

### **Principal activities and review of the business (continued)**

The Group's strategic position within the NfP sector has been further enhanced with the successful implementation of NfP365 Finance solutions in to the Non-Profit sector. The NfP365 Finance product set is underpinned by Dynamics365 Business Central and compliments the Group's ERP positioning and strategy to act as a trusted advisor to its customer base on their journey to cloud-based platforms.

The Group remains as one of the largest accredited Microsoft Dynamics GP partners in Europe and is a multi-award-winning provider of Microsoft Dynamics based solutions. As a result of the Group's ERP positioning and the demand for NfP finance solutions the Group has emerged as a leading UK Dynamics365 Business Central partner. The Group is now well placed to meet the ever increasing demand for Cloud based finance solutions. With the Group's ability to offer hosted Dynamics365 Business Central, Dynamics GP and Intellect365 systems, the cloud-based ERP product roadmap provides a number of cloud options for both existing and new label customers.

The ERP recurring revenue base remains robust with customer attrition generally attributed to non-core legacy products. Microsoft's ongoing commitment to support Dynamics GP provides the Group with a solid platform for maintaining professional service and support revenues from its customer base.

The Group delivered a strong financial performance in 2022 with the delivery of year-on-year revenue and gross profit growth. There was a further year on year uplift in professional service delivery and combined with the robust core recurring revenues it drove a revenue increase of 2.2% to £12,596k. The Group experienced a small level of attrition within the legacy ERP customer base through the loss of a number of non-core contracts, however the gross margin at 75.58% was a marginal uplift on prior year and ensured a reported gross margin of £9,521k.

The 2022 adjusted EBITDA of £1,103k represented a 22% decrease year on year as the Group continued with its organic growth strategy. The Group has continued to invest in resource and subsequent learning and development to meet the future demand for its NfP product set and Dynamics365 Business Central.

The Group's working capital and cash forecasting are managed and controlled by the experienced finance team. Cash collections during 2022 averaged 100% of the opening debtor's ledger which continues to be a clear indicator of customer satisfaction and the successful delivery of support and service contracts throughout the year.

Within 2022 the Group settled all shareholder loan notes and third party debt facilities and also loaned the shareholder a total of £400k. It should be noted that creditors include £3,257k (2021 - £3,269k) of deferred revenue which relates to future periods of annual support contracts which are recognised over the duration of the contract and are not a cash liability.

### **Principal risks and uncertainties**

The Group's principal business risks are summarised below, together with the key processes which are in place to monitor and manage them.

#### **Market risks**

Our markets are subject to fluctuations in demand by customers, which are linked to the wider economic environment. The Group monitors market developments and reflects these in its business planning processes.

#### **Operational risk**

Operational risk refers to the risk of financial loss from issues relating to internal process, people and systems. The Group manages this area of risk through internal controls and intervention when required, together with management reporting systems and appropriate insurance cover.

# m-hance Group Limited

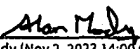
## Group Strategic Report (continued) For the Year Ended 31 December 2022

---

### Liquidity and cash-flow risk

In order to mitigate the risk that it may be unable to fund its ongoing cash requirements, the Group monitors and manages its liquidity position using treasury tools such as rolling cash flow forecasts and scenario planning around its business forecasts. These forecasts consider the current economic factors with inflation a key consideration for the Group at this present moment in time. The Group establishes credit limits with its customers and monitors customer credit balances on a regular basis.

This report was approved by the board on 02/11/23 and signed on its behalf.

  
Alan Moody (Nov 2, 2023 14:00 GMT)

**A Moody**  
Director

# **m-hance Group Limited**

## **Directors' Report For the Year Ended 31 December 2022**

---

The Directors present their report together with the audited financial statements for the year ended 31 December 2022.

### **Results and dividends**

The profit for the year, after taxation, amounted to £363,330 (2021 - £281,349).

The Directors do not recommend the payment of a dividend (2021 - £Nil).

### **Directors**

The Directors who served during the year were:

A J Moody  
S Haigh

### **Political and charitable contributions**

The Group made no political or charitable contributions during the year (2021 - £Nil).

### **Matters covered in the Strategic Report**

Disclosures required under S416(4) of the Companies Act 2006 are commented upon in the Strategic Report as the Directors consider them to be of strategic importance to the Group.

### **Future developments**

The Directors are confident that the business is well placed for future growth in both revenues and profits.

### **Going concern**

As at 31 December 2022 the Group has net liabilities of £793k (2021 - £1,147k) and net current liabilities of £1,186k (2021 - £2,182k). As stated in the Strategic Report this includes £3,257k (2021 - £3,269k) of deferred revenue which relates to future periods of annual support contracts which are recognised over the duration of the contract and are not a cash liability. The Group have repaid all outstanding mortgages and loans in the period and now have no third party debt.

In preparing these financial statements, the Directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Group will continue in business. The Directors have prepared detailed business and cashflow forecasts and are satisfied that the Group is able to continue to operate after considering reasonably worst case downside scenarios. These scenarios are reflective of the current economic factors such as inflation and it is the expectation of the Directors that the Group can meet its liabilities as they fall due for a period of at least 12 months from the date of signing these financial statements and therefore the Group continues to adopt the going concerns basis in preparing its financial statements.

### **Qualifying third party indemnity provisions**

The Group held qualifying professional indemnity insurance during the year for the benefit of one or more directors in a form and scope detailed within the Companies Act 2006.

# m-hance Group Limited

## Directors' Report (continued) For the Year Ended 31 December 2022

---

### Disclosure of information to auditor


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

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

### Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 02/11/23 and signed on its behalf.

  
Alan Moody (Nov 2, 2023 14:00 GMT)

**A J Moody**  
Director



# **m-hance Group Limited**

## **Directors' Responsibilities Statement For the Year Ended 31 December 2022**

---

The Directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group or that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

# **m-hance Group Limited**

## **Independent Auditor's report to the members of m-hance Group Limited**

---

### **Opinion on the financial statements**

In our opinion:

- the financial statements 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 profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of M-Hance Group Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2022 which comprise Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **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 or 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.

# **m-hance Group Limited**

## **Independent Auditor's report to the members of m-hance Group Limited (continued)**

---

### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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.

### **Other Companies Act 2006 reporting**

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

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

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

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

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

# m-hance Group Limited

## Independent Auditor's report to the members of m-hance Group Limited (continued)

---

### 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.

#### *Extent to which the audit was 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:

#### *Non-compliance with laws and regulations*

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be FRS 102 (UK GAAP), the companies Act 2006 and relevant tax legislations.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be GDPR, Health and Safety and the Bribery Act 2010.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

# m-hance Group Limited

## Independent Auditor's report to the members of m-hance Group Limited (continued)

---

### Auditors responsibilities for audit of the financial statements (continued)

#### *Fraud*

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be recognition of revenue around the year end and management override of controls relating to posting of inappropriate journal entries and management bias in accounting estimates.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias such as useful economic lives of fixed assets; and
- Testing a sample of revenue transactions within a specified cut off window around the year end to determine if the appropriate recognition criteria had been met and revenue has been recognised in the correct period.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.


# m-hance Group Limited

## Independent Auditor's report to the members of m-hance Group Limited (continued)

---

### Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
C1D8209566774AE...

**Muhammad Sharif** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Manchester  
United Kingdom  
02 November 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# m-hance Group Limited

## Consolidated Statement of Comprehensive Income For the Year Ended 31 December 2022

	Note	2022 £	2021 £
Turnover	4	12,596,413	12,321,423
Cost of sales		(3,075,720)	(3,084,162)
<b>Gross profit</b>		<b>9,520,693</b>	<b>9,237,261</b>
Administrative expenses		(8,808,074)	(8,901,384)
Exceptional administrative expenses	5	(125,213)	(45,220)
Other operating income	6	-	100,712
<b>Operating profit</b>	7	<b>587,406</b>	<b>391,369</b>
Interest receivable and similar income	10	4,897	383
Interest payable and similar expenses	11	(5,239)	(46,549)
<b>Profit before taxation</b>		<b>587,064</b>	<b>345,203</b>
Tax on profit	12	(223,734)	(63,854)
<b>Profit for the financial year</b>		<b>363,330</b>	<b>281,349</b>
Currency translation differences		(9,062)	15,254
Impairment adjustment - leasehold property		-	(701,200)
<b>Other comprehensive income for the year</b>		<b>(9,062)</b>	<b>(685,946)</b>
<b>Total comprehensive income for the year</b>		<b>354,268</b>	<b>(404,597)</b>

The notes on pages 19 to 37 form part of these financial statements.


# m-hance Group Limited

Registered number:07203843

## Consolidated Statement of Financial Position As at 31 December 2022

	Note	2022 £	2022 £	2021 £	2021 £
<b>Fixed assets</b>					
Intangible assets	13		479,739		591,804
Tangible assets	14		32,506		556,018
			<u>512,245</u>		<u>1,147,822</u>
<b>Current assets</b>					
Debtors: amounts falling due within one year	16	2,949,619		2,423,924	
Cash at bank and in hand		1,208,145		1,823,720	
		<u>4,157,764</u>		<u>4,247,644</u>	
Creditors: amounts falling due within one year	17	(5,343,513)		(6,430,112)	
<b>Net current liabilities</b>			<u>(1,185,749)</u>		<u>(2,182,468)</u>
<b>Total assets less current liabilities</b>			<u>(673,504)</u>		<u>(1,034,646)</u>
Creditors: amounts falling due after more than one year	18		(61,297)		(54,423)
<b>Provisions for liabilities</b>					
Other provisions	20		(57,767)		(57,767)
<b>Net liabilities</b>			<u>(792,568)</u>		<u>(1,146,836)</u>
<b>Capital and reserves</b>					
Called up share capital	21		121		121
Share premium account	22		13,229,018		13,229,018
Profit and loss account	22		(14,021,707)		(14,375,975)
<b>Deficit attributable to the owners of the parent company</b>			<u>(792,568)</u>		<u>(1,146,836)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 02/11/23

  
Alan Moody (Nov 2, 2023 14:00 GMT)

**A J Moody**  
Director

The notes on pages 19 to 37 form part of these financial statements.



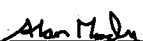
**m-hance Group Limited**  
Registered number: 07203843

**Company Statement of Financial Position**  
**As at 31 December 2022**

	Note	2022 £	2022 £	2021 £	2021 £
<b>Fixed assets</b>					
Investments	15		3,352,884		3,352,884
<b>Current assets</b>					
Debtors: amounts falling due within one year	16	7,896,776		7,896,776	
		7,896,776		7,896,776	
Creditors: amounts falling due within one year	17	(4,842,836)		(4,842,836)	
<b>Net current assets</b>			3,053,940		3,053,940
<b>Net assets</b>			6,406,824		6,406,824
<b>Capital and reserves</b>					
Called up share capital	21		121		121
Share premium account	22		13,229,018		13,229,018
Profit and loss account			(6,822,315)		(6,822,315)
<b>Total equity</b>			6,406,824		6,406,824

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The result after tax of the parent company for the year was £Nil (2021 - £Nil).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 02/11/23

  
Alan Moody (Nov 2, 2023 14:00 GMT)

**A J Moody**  
Director

The notes on pages 19 to 37 form part of these financial statements.

## m-hance Group Limited

### Consolidated Statement of Changes in Equity For the Year Ended 31 December 2022

	Called up share capital	Share premium account	Profit and loss account	Total deficit
	£	£	£	£
At 1 January 2022	121	13,229,018	(14,375,975)	(1,146,836)
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	363,330	363,330
Currency translation differences	-	-	(9,062)	(9,062)
<b>Other comprehensive expense for the year</b>	-	-	(9,062)	(9,062)
<b>Total comprehensive income for the year</b>	-	-	354,268	354,268
<b>At 31 December 2022</b>	<b>121</b>	<b>13,229,018</b>	<b>(14,021,707)</b>	<b>(792,568)</b>

### Consolidated Statement of Changes in Equity For the Year Ended 31 December 2021

	Called up share capital	Share premium account	Profit and loss account	Total deficit
	£	£	£	£
At 1 January 2021	121	13,229,018	(13,971,378)	(742,239)
<b>Comprehensive expense for the year</b>				
Profit for the year	-	-	281,349	281,349
Currency translation differences	-	-	15,254	15,254
Impairment adjustment - leasehold property	-	-	(701,200)	(701,200)
<b>Total comprehensive expense for the year</b>	-	-	(404,597)	(404,597)
<b>At 31 December 2021</b>	<b>121</b>	<b>13,229,018</b>	<b>(14,375,975)</b>	<b>(1,146,836)</b>

The notes on pages 19 to 37 form part of these financial statements.

# m-hance Group Limited

## Company Statement of Changes in Equity For the Year Ended 31 December 2022

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
<b>At 1 January 2021</b>	121	13,229,018	(6,822,315)	6,406,824
<b>Comprehensive income for the year</b>				
Result for the year	-	-	-	-
<b>At 1 January 2022</b>	121	13,229,018	(6,822,315)	6,406,824
<b>Comprehensive income for the year</b>				
Result for the year	-	-	-	-
<b>At 31 December 2022</b>	121	13,229,018	(6,822,315)	6,406,824

The notes on pages 19 to 37 form part of these financial statements.

# m-hance Group Limited

## Consolidated Statement of Cash Flows For the Year Ended 31 December 2022

	Note	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Profit for the financial year		363,330	281,349
<b>Adjustments for:</b>			
Amortisation of intangible assets	13	364,324	914,151
Depreciation of tangible assets	14	25,687	69,486
Loss on disposal of fixed assets		8,336	-
Impairments of fixed assets		-	45,220
R&D tax credit income		-	(95,376)
Interest paid		5,239	46,549
Interest received		(4,897)	(383)
Taxation charge	12	223,734	63,854
(Increase) in debtors		(127,071)	(6,346)
(Decrease) in creditors		(88,620)	(1,078,586)
Increase/(decrease) in provisions		-	(42,908)
Corporation tax paid		(115,278)	16,585
Foreign exchange		-	12,588
<b>Net cash generated from operating activities</b>		<b>654,784</b>	<b>226,183</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(252,259)	(375,805)
Purchase of tangible fixed assets		(10,513)	(25,059)
Sale of tangible fixed assets		500,000	-
Loan to shareholders		(400,000)	-
Interest received		4,897	383
<b>Net cash from investing activities</b>		<b>(157,875)</b>	<b>(400,481)</b>

# m-hance Group Limited

## Consolidated Statement of Cash Flows (continued) For the Year Ended 31 December 2022

	Note	2022 £	2021 £
<b>Cash flows from financing activities</b>			
Repayment of mortgage account		(655,846)	(43,750)
Interest paid		(5,239)	(23,952)
Repayment of shareholder loan note		(442,238)	-
<b>Net cash used in financing activities</b>		<u>(1,103,323)</u>	<u>(67,702)</u>
<b>Net (decrease) in cash and cash equivalents</b>		<u>(606,414)</u>	<u>(242,000)</u>
Cash and cash equivalents at beginning of year		1,823,720	2,065,720
Foreign exchange gains and losses		(9,161)	-
<b>Cash and cash equivalents at the end of year</b>		<u><u>1,208,145</u></u>	<u><u>1,823,720</u></u>
<b>Cash and cash equivalents at the end of year comprise:</b>			
Cash at bank and in hand		<u><u>1,208,145</u></u>	<u><u>1,823,720</u></u>

# **m-hance Group Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2022**

---

### **1. General information**

m-hance Group Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office can be found on the Company Information page and the nature of the Group's operations and its principal activities are set out in the Strategic Report.

### **2. Accounting policies**

#### **2.1 Basis of preparation of financial statements**

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

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

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

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

#### **2.3 Parent company disclosure exemptions**

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the Group and the parent company would be identical;
- No cash flow statement or net debt reconciliation has been presented for the parent company;
- Disclosures in respect of the parent company's income, expense, net gains and net losses on financial instruments measured at amortised cost have not been presented as equivalent disclosures have been provided in respect of the Group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the Group as a whole.

# **m-hance Group Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2022**

---

### **2. Accounting policies (continued)**

#### **2.4 Going concern**

As at 31 December 2022 the Group has net liabilities of £793k (2021 - £1,147k) and net current liabilities of £1,186k (2021 - £2,182k). As stated in the Strategic Report this includes £3,257k (2021 - £3,269k) of deferred revenue which relates to future periods of annual support contracts which are recognised over the duration of the contract and are not a cash liability. The Group have repaid all outstanding mortgages and loans in the period and now have no third party debt.

In preparing these financial statements, the Directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Group will continue in business. The Directors have prepared detailed business and cashflow forecasts and are satisfied that the Group is able to continue to operate after considering reasonably worst case downside scenarios. These scenarios are reflective of the current economic factors such as inflation and It is the expectation of the Directors that the Group can meet its liabilities as they fall due for a period of at least 12 months from the date of signing these financial statements and therefore the Group continues to adopt the going concerns basis in preparing its financial statements.

#### **2.5 Turnover**

Turnover from the sale of goods and services is recognised when the Group has transferred the significant risks and rewards of ownership to the buyer and its probable the economic benefits of the transaction will flow to the Group.

Turnover on the sale of software licences is recognised on delivery of the licence to the customer and the customer has the ability to use the software. If significant post-delivery obligations exist, turnover is deferred until no significant obligations remain. Turnover from maintenance and support service contracts is invoiced in advance, accounted for as deferred revenue and recognised as turnover in installments over the term of the contract. Turnover from software development and consultancy services is recognised over the duration of the project on a percentage of completion basis. Turnover from SaaS contracts is invoiced in advance, accounted for as deferred revenue and recognised as turnover in installments over the term of the service provided.

# **m-hance Group Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2022**

---

### **2. Accounting policies (continued)**

#### **2.6 Foreign currency translation**

##### **Functional and presentation currency**

The Company's functional and presentational currency is GBP.

##### **Transactions and balances**

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

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

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

On consolidation, all assets and liabilities of overseas operations are translated at the closing rate. Exchange differences arising on translating the net assets and the results of overseas operations are recognised in other comprehensive income.

#### **2.7 Pensions**

##### **Defined contribution pension plan**

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

#### **2.8 Exceptional items**

Exceptional items are transactions that fall outside the ordinary activities of the Group and are presented separately due to their size or incidence.



# **m-hance Group Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2022**

---

### **2. Accounting policies (continued)**

#### **2.9 Grant income**

Grants are accounted for under the accruals model as permitted by FRS102.

Grants of a revenue nature are recognised in 'other operating income' within the Statement of Comprehensive Income in the same period as the related expenditure. Grants received were for the Government Coronavirus Job Retention Scheme. The Company has not directly benefited from any other forms of Government assistance.

Payments received from the Government were for furloughed employees under the Coronavirus Job Retention Scheme. These are all included within other operating income. This grant money is receivable as a compensation for expenses already incurred, and where this is not in respect of future related costs, is recognised in income in the period in which it becomes receivable and related expenses incurred.

#### **2.10 Interest income**

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

#### **2.11 Finance costs**

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

#### **2.12 Borrowing costs**

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

#### **2.13 Current and deferred taxation**

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

# m-hance Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

---

### 2. Accounting policies (continued)

#### 2.14 Intangible assets

##### Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

##### Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated range is as follows:

Development costs	- 33%
Goodwill	- 10% to 25%

#### 2.15 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research is recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 1 to 3 years.

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

# m-hance Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

---

### 2. Accounting policies (continued)

#### 2.16 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Long-term leasehold property	-	2% of property excluding land
Motor vehicles	-	25%
Fixtures and fittings	-	10% to 25%
Computer equipment	-	25%

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

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

#### 2.17 Impairment of tangible and intangible assets

Tangible and intangible assets are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Fixed assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased, except for goodwill where impairment losses previously recognised are not reversed.

#### 2.18 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

#### 2.19 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

# **m-hance Group Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2022**

---

### **2. Accounting policies (continued)**

#### **2.20 Debtors**

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

#### **2.21 Cash and cash equivalents**

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

#### **2.22 Financial instruments**

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

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

#### **2.23 Creditors**

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

#### **2.24 Operating leases: the Group as lessee**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### **2.25 Provisions for liabilities**

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

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

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

# m-hance Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

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

In preparing these financial statements, the Directors have made the following judgements:

Determine whether there are indicators of impairment of the Group's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic visibility and expected future financial performance of the asset.

Other key sources of estimation uncertainty:

- **Tangible fixed assets (see note 14)**  
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- **Impairment review of development costs (see note 13)**

An impairment review is performed at the reporting date, which requires estimation of the value of future benefit to be derived from the assets. No impairment has been identified at the reporting date.

### 4. Turnover

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	12,242,653	11,836,356
Rest of Europe	57,192	377,001
Rest of the world	296,568	108,066
	<u>12,596,413</u>	<u>12,321,423</u>

Included in total turnover is sale of software goods amounting to £546,165 (2021 - £574,369), all remaining turnover is derived from the rendering of services and support.

# m-hance Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 5. Exceptional items

	2022 £	2021 £
Impairment of property	-	45,220
Professional fees	125,213	-
	<u>125,213</u>	<u>45,220</u>

The impairment loss recognised on Long Leasehold land and buildings in the prior period resulted in the full utilisation of the revaluation reserve with the remaining impairment recognised within exceptional items. It arose as a result of the head office building being written down to its recoverable amount.

The exceptional items relate to professional fees in respect of professional strategic planning and advice and fall outside the ordinary activities of the Group.

### 6. Other operating income

	2022 £	2021 £
Government grants receivable	-	15,861
Sundry income	-	84,851
	<u>-</u>	<u>100,712</u>

The Government grant income was received from the Government for furloughed employees under the Coronavirus Job Retention Scheme.

Sundry income relates to Research and Development expenditure credits claimed in the year.

### 7. Operating profit

The operating profit is stated after charging:

	2022 £	2021 £
Depreciation of tangible fixed assets	25,687	69,486
Impairment of tangible fixed assets	-	45,220
Amortisation of intangible fixed assets	364,324	914,151
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	55,000	48,000
Operating lease rentals	<u>54,017</u>	<u>36,964</u>

# m-hance Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 8. Employees

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

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Wages and salaries	6,508,558	6,131,662	-	-
Social security costs	738,603	654,055	-	-
Cost of defined contribution scheme	234,935	233,024	-	-
	<u>7,482,096</u>	<u>7,018,741</u>	<u>-</u>	<u>-</u>

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

	2022 No.	2021 No.
Sales	12	14
Administration and Management	16	17
Operations	84	86
	<u>112</u>	<u>117</u>

The Company has no employees other than the Directors, who did not receive any remuneration (2021 - £Nil).

### 9. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	335,125	324,901
Group contributions to defined contribution pension schemes	11,840	11,253
	<u>346,965</u>	<u>336,154</u>

During the year retirement benefits were accruing to 2 Directors (2021 - 2) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £169,320 (2021 - £136,446).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £5,350 (2021 - £5,823).

# m-hance Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 10. Interest receivable

	2022 £	2021 £
Other interest receivable	4,897	383

### 11. Interest payable and similar expenses

	2022 £	2021 £
Other loan interest payable	4,929	23,952
Loans from group undertakings	310	22,597
	5,239	46,549

### 12. Taxation

	2022 £	2021 £
<b>Corporation tax</b>		
Current tax on profits for the year	192,493	159,935
Adjustments in respect of previous periods	(1,682)	(911)
<b>Total current tax</b>	190,811	159,024
<b>Deferred tax</b>		
Origination and reversal of timing differences	30,736	(95,169)
Effect of tax rate change on opening balance	2,187	(1)
<b>Total deferred tax</b>	32,923	(95,170)
<b>Tax on profit</b>	223,734	63,854



# m-hance Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 12. Taxation (continued)

#### Factors affecting tax charge for the year

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

	2022 £	2021 £
Profit before tax	587,064	345,203
Profit multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	111,542	65,589
<b>Effects of:</b>		
Expenses not deductible for tax purposes	50,323	(30,015)
Fixed asset differences	22,582	134,644
Adjustments to tax charge in respect of prior periods	505	(911)
Movement in deferred tax not recognised	-	(110,654)
Remeasurement of deferred tax for changes in tax rates	7,377	(22,841)
R&D expenditure credits	-	(7,854)
Medical insurance TRS net	2,675	2,182
Impact of different tax rates	28,288	(12,918)
Other differences leading to increase in the tax charge	(30,463)	51,605
Tax losses brought forward	30,905	(4,973)
<b>Total tax charge for the year</b>	<b>223,734</b>	<b>63,854</b>

#### Factors that may affect future tax charges

The Finance Act 2021 was substantively enacted in May 2021 and has increased the corporation tax rate to from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

# m-hance Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 13. Intangible assets

#### Group

	Development costs £	Goodwill £	Total £
<b>Cost</b>			
At 1 January 2022	1,822,146	15,907,736	17,729,882
Additions	252,259	-	252,259
Disposals	(365,119)	-	(365,119)
At 31 December 2022	1,709,286	15,907,736	17,617,022
<b>Amortisation</b>			
At 1 January 2022	1,230,342	15,907,736	17,138,078
Charge for the year	364,324	-	364,324
On disposals	(365,119)	-	(365,119)
At 31 December 2022	1,229,547	15,907,736	17,137,283
<b>Net book value</b>			
At 31 December 2022	479,739	-	479,739
At 31 December 2021	591,804	-	591,804

The disposal of development costs above relates to intangible assets held with nil net book value that are no longer in use and so have been written off.

# m-hance Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 14. Tangible fixed assets

#### Group

	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost or valuation</b>					
At 1 January 2022	1,842,000	13,495	325,778	1,168,399	3,349,672
Additions	-	-	-	10,513	10,513
Disposals	(1,842,000)	-	(311,463)	(698,194)	(2,851,657)
At 31 December 2022	-	13,495	14,315	480,718	508,528
<b>Depreciation</b>					
At 1 January 2022	1,342,000	13,495	311,885	1,126,274	2,793,654
Charge for the year	-	-	5,154	20,533	25,687
Disposals	(1,342,000)	-	(303,143)	(698,176)	(2,343,319)
At 31 December 2022	-	13,495	13,896	448,631	476,022
<b>Net book value</b>					
At 31 December 2022	-	-	419	32,087	32,506
At 31 December 2021	500,000	-	13,893	42,125	556,018

The disposal of fixtures and fittings and computer equipment concerned fully depreciated assets which were disposed of for nil consideration.

# m-hance Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 15. Fixed asset investments

#### Company

	Investments in subsidiary companies £
<b>Cost and net book value</b>	
At 1 January 2022	3,352,884
At 31 December 2022	<u>3,352,884</u>

#### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Holding
m-hance Limited *	Sovereign House, Stockport Road, Cheadle, England, SK8 2EA	The provision of Customer Relationship Management (CRM) and Enterprise Resource Planning (ERP) business software, systems and services to a wide range of organisations.	100%
m-hance Holding (Ireland) Limited *	32 Molesworth Street, Dublin 2, DO2 Y512, Ireland	The Company is a holding company and as such does not trade.	100%
m-hance Cloud Software Solution Limited **	32 Molesworth Street, Dublin 2, DO2 Y512, Ireland	The provision of Customer Relationship Management (CRM) and Enterprise Resource Planning (ERP) business software, systems and services to a wide range of organisations.	100%

\* Direct subsidiary undertaking

\*\* Indirect subsidiary undertaking

# m-hance Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 16. Debtors: amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade debtors	1,288,923	994,523	-	-
Amounts owed by group undertakings	-	-	7,800,470	7,800,470
Shareholder loan	400,000	-	-	-
Prepayments and accrued income	340,371	428,056	-	-
Tax recoverable	12,428	11,729	-	-
Deferred taxation	62,247	95,170	-	-
Director's loan	96,306	96,306	96,306	96,306
Deferred maintenance costs	749,344	798,140	-	-
	<u>2,949,619</u>	<u>2,423,924</u>	<u>7,896,776</u>	<u>7,896,776</u>

The Group impairment loss recognised in the Consolidated Statement of Comprehensive Income for the year in respect of bad and doubtful trade debtors was £Nil (2021 - £Nil). The Company did not recognise an impairment loss in the year (2021 - £Nil).

Amounts owed by group undertakings are unsecured, non interest bearing and repayable on demand.

Amounts owed by shareholders incur interest at 1% above Bank of England base rate per annum and repayable on demand.

Director's loans are non interest bearing and repayable on demand.

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

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Mortgage account	-	655,846	-	-
Shareholder loan note	-	474,328	-	-
Trade creditors	752,154	693,006	-	-
Amounts owed to group undertakings	-	-	4,842,836	4,842,836
Corporation tax	188,136	114,356	-	-
Other taxation and social security	729,312	692,710	-	-
Other creditors	95,014	54,488	-	-
Accruals	382,907	531,166	-	-
Deferred income	3,195,990	3,214,212	-	-
	<u>5,343,513</u>	<u>6,430,112</u>	<u>4,842,836</u>	<u>4,842,836</u>

Amounts owed to group undertakings are unsecured, non interest bearing and payable on demand.

# m-hance Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

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

	Group 2022 £	Group 2021 £
Accruals and deferred income	61,297	54,423

### 19. Deferred taxation

#### Group

	2022 £
At beginning of year	95,170
Charged to profit or loss	(32,923)
<b>At end of year</b>	<b>62,247</b>

The deferred tax asset is made up as follows:

	Group 2022 £	Group 2021 £
Fixed asset timing differences	46,843	24,976
Short term timing differences	15,404	70,194
	<b>62,247</b>	<b>95,170</b>

### 20. Provisions

#### Group

	Provisions £
At 1 January 2022	57,767
Charged to profit or loss	-
<b>At 31 December 2022</b>	<b>57,767</b>

The provisions relate to restructuring in relation to dilapidations on leased properties in the UK and Ireland and a general provision in respect of the closure of the US and India entities.

# m-hance Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 21. Share capital

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
10,000 (2021 - 10,000) Ordinary shares of £0.01 each	100	100
2,100 (2021 - 2100) A Ordinary shares of £0.01 each	21	21
	<u>121</u>	<u>121</u>

The shares rank pari passu except the A shares do not have dividend rights and have restrictions on a distribution on an exit event or return of capital as set out in the Articles of Association.

### 22. Reserves

The Company's capital and reserves are as follows:

#### Share capital

Called up share capital represents the nominal value of the shares issued.

#### Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

#### Profit and loss account

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

### 23. Pension commitments

The Group operates a defined benefit contribution scheme. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £234,935 (2021 - £233,024).

At 31 December 2022 contributions amounting to £48,748 (2021 - £44,687) were owed by the Group at that date.

### 24. Commitments under operating leases

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

	Group 2022 £	Group 2021 £
Not later than 1 year	<u>10,521</u>	<u>9,968</u>

# m-hance Group Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 25. Analysis of net debt

	At 1 January 2022 £	Cash flows £	Other non- cash changes £	At 31 December 2022 £
Cash at bank and in hand	1,823,720	(615,575)	-	1,208,145
Debt due within 1 year	(1,130,174)	1,098,084	32,090	-
	<u>693,546</u>	<u>482,509</u>	<u>32,090</u>	<u>1,208,145</u>

### 26. Related party transactions

The Company has taken advantage of the available exemption conferred by section 33.1A of FRS 102 not to disclose transactions with wholly owned group members.

Key management personnel include all Directors of the Group who together have authority and responsibility for planning, directing and controlling the activities of the Group. The total compensation paid to key management personnel for services provided to the Group is disclosed in note 9.

At the year-end the Group had a loan balance of £400,000 owed from (2021 - £474,328 owed to) BECAP Fund LP, the ultimate controlling party.

During the year, interest of £310 (2021 - £22,597) was incurred on the loan balance.

### 27. Controlling party

The ultimate controlling party is BECAP Fund LP by virtue of a majority shareholding in the ultimate parent company.