

Company registration number: 08018207

UNAUDITED ANNUAL REPORT  
AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2023

A&O IT SERVICES  
LIMITED



MENZIES

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# A&O IT SERVICES LIMITED

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## COMPANY INFORMATION

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<b>Directors</b>	R R Moore R F Ridgwell
<b>Registered number</b>	08018207
<b>Registered office</b>	The Capitol Building Oldbury Bracknell Berkshire RG12 8FZ
<b>Accountants</b>	Menzies LLP Chartered Accountants 1st Floor Midas House 62 Goldsworth Road Woking Surrey GU21 6LQ

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# A&O IT SERVICES LIMITED

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# A&O IT SERVICES LIMITED

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## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

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### **Introduction**

The principal activity of the Company remains the provision of managed services to Global Infrastructure Outsourcing Companies and IT equipment manufacturers. The Company acts as the prime contractor for IT business on behalf of the A&O Group and thus benefits from the international scale of the Group's structure. The Company still retains its Cyber Consultancy which also has an international footprint.

### **Business review**

The 2023 financial year saw a final round of post Covid business challenges resulting from increasing inflation and interest rates. This led to a demand from Global Financial Markets to see margins improved and the Company came under pressure from all of its major customers to reduce costs and improve productivity.

The Board were pleased with the actions taken which showed an improvement in EBITDA to £0.7m (FY22: £0.2m) on revenue at £30.4m and despite attrition levels of 9% are forecasting a return to both bottom and top line growth in 2024.

Sales development activity has identified a significant number of new customers and once inflation is deemed to be back under control and interest rates start to reduce it is expected that new project activity currently on hold will be implemented and new customers onboarded.

The Company has maintained its significant investment in IP and expanded its core licensed base. The automation benefits have been essential in reducing costs for licensees and customers alike and are an increasingly important differentiator in the Company's offering to its Global Infrastructure Outsourcing customers.

### **2024 review**

The anticipated new customer wins have been achieved and underlying EBITDA continues to improve. Ongoing reductions in inflation have been achieved which has helped some growth in H1 revenue whilst the pipeline for H2 suggests a return to further growth in both top and bottom line as interest rates also start to fall.

### **Principal risks and uncertainties**

The Board is responsible for setting the Company's risk appetite and ensuring that appropriate risk management systems are in place. The Board reviews the Company's principal risks throughout the year as part of its normal agenda, adopting an integrated approach to risk management by regularly discussing its principal risks.

As the impact of high inflation and interest rates reduces the Board remain concerned by geopolitical issues and the threat to the global economy and therefore the growth indicators within its existing customers and their customers.

Conversion ratios and pipeline strength are regularly measured and at this time mid term forecasts support a positive outlook for 2024 and into 2025.

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# A&O IT SERVICES LIMITED

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

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### Financial key performance indicators

The Board are of the opinion that key financial metrics are:

	2023	2022
Revenue	£ <b>£30.4m</b>	£ <b>£32.9m</b>
Revenue growth/(loss)	<b>(0.7%)</b>	<b>33%</b>
EBITDA	<b>£0.7m</b>	<b>£0.2m</b>

In seeking to achieve the business plan, the Board reviews a range of non-financial indicators, particularly service metrics against SLAs (Service Level Agreements) and productivity targets.

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

DocuSigned by:  
  
.....229A055C81D94B6.....  
**R R Moore**  
Director

Date: 27-Jun-2024

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# A&O IT SERVICES LIMITED

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

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

### **Directors**

The directors who served during the year were:

R R Moore  
R F Ridgwell

### **Directors' responsibilities statement**

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

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

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

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

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

### **Results and dividends**

The profit for the year, after taxation, amounted to £202,498 (2022 - loss £227,846).

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

The Company has chosen in accordance with Section 414(11) of the Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 to set out within the Group's Strategic Report the Company's Report Information Required by Schedule of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008. This information that would have been included in the business review and details of the principal risks and uncertainties.

### **Going concern**

As a result of the support enjoyed from the wider A&O IT Group the directors have a reasonable expectation that the Company and Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual financial statements.

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# A&O IT SERVICES LIMITED

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

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

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.....  
**R R Moore**  
Director

Date: 27-Jun-2024

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**A&O IT SERVICES LIMITED**

**MENZIES**

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**CHARTERED ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS  
ON THE PREPARATION OF THE UNAUDITED STATUTORY FINANCIAL  
STATEMENTS OF A&O IT SERVICES LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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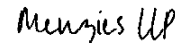
In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of A&O IT Services Limited for the year ended 31 December 2023 which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position, the Statement of Changes in Equity and the related notes from the Company's accounting records and from information and explanations you have given to us.

As a member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at:  
[www.icaew.com/en/members/regulations-standards-and-guidance/](http://www.icaew.com/en/members/regulations-standards-and-guidance/).

This report is made solely to the Board of Directors of A&O IT Services Limited, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken solely to prepare for your approval the financial statements of A&O IT Services Limited and state those matters that we have agreed to state to the Board of Directors of A&O IT Services Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than A&O IT Services Limited and its Board of Directors, as a body, for our work or for this report.

It is your duty to ensure that A&O IT Services Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the Company's assets, liabilities, financial position and profit. You consider that A&O IT Services Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or review of the financial statements of A&O IT Services Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

DocuSigned by:  
  
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**Menzies LLP**

Chartered Accountants

1st Floor  
Midas House  
62 Goldsworth Road  
Woking  
Surrey  
GU21 6LQ

Date: 27-Jun-2024

# A&O IT SERVICES LIMITED

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

	Note	2023 £	2022 £
Turnover	4	30,390,013	32,916,603
Cost of sales		(29,598,484)	(32,315,408)
<b>Gross profit</b>		<b>791,529</b>	<b>601,195</b>
Administrative expenses		(457,685)	(675,375)
<b>Operating profit/(loss)</b>	5	<b>333,844</b>	<b>(74,180)</b>
Interest payable and expenses	7	(279,070)	(142,443)
<b>Profit/(loss) before tax</b>		<b>54,774</b>	<b>(216,623)</b>
Tax on profit/(loss)	8	147,724	(11,223)
<b>Profit/(loss) after tax</b>		<b>202,498</b>	<b>(227,846)</b>
Retained earnings at the beginning of the year		885,090	1,112,936
		885,090	1,112,936
Profit/(loss) for the year		202,498	(227,846)
<b>Retained earnings at the end of the year</b>		<b>1,087,588</b>	<b>885,090</b>

The notes on pages 10 to 22 form part of these financial statements.

# A&O IT SERVICES LIMITED

REGISTERED NUMBER:08018207

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	2023 £	2022 £
<b>Fixed assets</b>			
Intangible assets	10	1,118,958	942,154
Tangible assets	11	157,414	150,297
Fixed asset investments	12	6,226	6,226
		<u>1,282,598</u>	<u>1,098,677</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	13	13,473,146	31,449,914
Bank and cash balances		21,802	107,712
		<u>13,494,948</u>	<u>31,557,626</u>
Creditors: amounts falling due within one year	14	(13,525,435)	(31,613,620)
<b>Net current liabilities</b>		<u>(30,487)</u>	<u>(55,994)</u>
<b>Total assets less current liabilities</b>		<u>1,252,111</u>	<u>1,042,683</u>
<b>Provisions for liabilities</b>			
Deferred tax	15	(164,522)	(157,592)
		<u>(164,522)</u>	<u>(157,592)</u>
<b>Net assets</b>		<u>1,087,589</u>	<u>885,091</u>
<b>Capital and reserves</b>			
Called up share capital	16	1	1
Profit and loss account	17	1,087,588	885,090
		<u>1,087,589</u>	<u>885,091</u>

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**A&O IT SERVICES LIMITED**  
**REGISTERED NUMBER:08018207**

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**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2023**

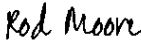
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The directors considers that the Company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006.

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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

DocuSigned by:  
  
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.....  
**R R Moore**  
Director

Date: 27-Jun-2024

The notes on pages 10 to 22 form part of these financial statements.

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## A&O IT SERVICES LIMITED

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### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

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	Called up share capital £	Profit and loss account £	Total equity £
<b>At 1 January 2022</b>	1	1,112,936	1,112,937
<b>Comprehensive income for the year</b>			
Loss for the year	-	(227,846)	(227,846)
<b>At 1 January 2023</b>	1	885,090	885,091
<b>Comprehensive income for the year</b>			
Profit for the year	-	202,498	202,498
<b>At 31 December 2023</b>	1	1,087,588	1,087,589

The notes on pages 10 to 22 form part of these financial statements.

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# A&O IT SERVICES LIMITED

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

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### 1. General information

A&O IT Services Limited is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office and principal place of business can be found on the company information page.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

#### 2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of A&O IT Group PLC as at 31 December 2022 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

#### 2.3 Exemption from preparing consolidated financial statements

The Company is included in the consolidated financial statements of a larger group by a parent undertaking established under the law of any part of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

#### 2.4 Going concern

As a result of the support enjoyed from the wider A&O IT Group the directors have a reasonable expectation that the Company and Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual financial statements.

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# A&O IT SERVICES LIMITED

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

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### 2. Accounting policies (continued)

#### 2.5 Revenue

Revenue arises from the provision of information technology services including IT managed services, IT security services, IT engineering services and IT project services. Revenue is recognised once the service has been provided.

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

##### Rendering of services

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

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

#### 2.6 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 its 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 Statement of Income and Retained Earnings 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 useful lives range as follows:

Branding and Website	-	straight line basis over 3 years
Software development	-	straight line basis over 7 years
Goodwill	-	straight line over 4 years

Software development is amortised over a basis of 7 years given the continuous enhancement and expansion of the software which underpins the Company's strategic plan. Given the software's central role in the Company's operations and strategy, it is anticipated that the benefits and returns from these ongoing improvements will spread over 7 years, as that is the period over which the Company projects their core software platform's development and utilisation.

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# A&O IT SERVICES LIMITED

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

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### 2. Accounting policies (continued)

#### 2.7 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:

Short-term leasehold property	- on a straight line basis over term of the lease
Plant and machinery	- on a straight line basis over 3 years
Motor vehicles	- on a straight line basis over 3 years
Fixtures and fittings	- on a straight line basis over 3 years
Office equipment	- on a straight line basis over 3 years

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

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

#### 2.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the Statement of Income and Retained Earnings in the same period as the related expenditure.

#### 2.9 Investments in Associates

Associates are held at cost less impairment.

#### 2.10 Financial instruments

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

#### 2.11 Invoice discounting

Amounts due in respect to invoice discounting are disclosed separately as short term liabilities. The Company can use the facility to draw down 90% of the value of outstanding sales invoices excluding VAT. The discounting margin is 2%.

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# A&O IT SERVICES LIMITED

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

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### 2. Accounting policies (continued)

#### 2.12 Foreign currency translation

##### Functional and presentation currency

The Company's functional and presentational currency is GBP.

##### Transactions and balances

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

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

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

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

#### 2.13 Pensions

##### Defined contribution pension plan

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

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

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# A&O IT SERVICES LIMITED

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

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### 2. Accounting policies (continued)

#### 2.14 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 operates and generates income.

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

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

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

#### 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 shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

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

#### 2.16 Provisions for liabilities

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are generally charged as an expense to profit or loss.

#### 2.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

# A&O IT SERVICES LIMITED

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

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

In preparing these financial statements, the directors have had to make the following judgments in applying the above accounting policies that have had the most significant effect on the amounts recognised in the financial statements:

#### Judgments:

#### a) Recoverability of intercompany balances

The directors have had to determine the recoverability of inter-company and related company balances. Factors taken into consideration in reaching such decisions include the expected future financial performance of the respective companies.

#### b) Capitalisation of development expenditure

The directors use their judgment to ascertain the element of development expenditure that enhances the intangible fixed assets and the element of expenditure that relates to maintaining the asset and therefore should be expensed to the Statement of Comprehensive Income. When making the assessment the directors review the nature of the expenditure and apportion the invoice between the intangible fixed assets and administrative expenses accordingly.

### 4. Turnover

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

	2023 £	2022 £
IT managed services	29,147,133	31,623,610
Consultancy services	1,242,880	1,292,993
	<u>30,390,013</u>	<u>32,916,603</u>

Analysis of turnover by country of destination:

	2023 £	2022 £
United Kingdom	15,220,286	15,552,306
Rest of Europe	12,552,589	15,300,318
Rest of the World	2,617,138	2,063,979
	<u>30,390,013</u>	<u>32,916,603</u>

# A&O IT SERVICES LIMITED

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

### 5. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2023	2022
	£	£
Depreciation of tangible fixed assets	79,347	67,014
Amortisation of intangible fixed assets, including goodwill	261,011	214,668
Exchange differences	12,810	301,469
Other operating lease rentals	24,513	53,075
	<u>377,681</u>	<u>636,226</u>

### 6. Employees

Staff costs were as follows:

	2023	2022
	£	£
Wages and salaries	344,329	417,207
Social security costs	37,881	47,979
Cost of defined contribution scheme	22,200	19,592
	<u>404,410</u>	<u>484,778</u>

The directors have been remunerated for their services in other group companies, Parkshore Limited and A&O Shared Solutions Limited. The directors provide services to all of the group companies and therefore it is uneconomical to separately split out the time spent on each company.

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

	2023	2022
	No.	No.
Employees	7	7
Directors	2	2
	<u>9</u>	<u>9</u>

### 7. Interest payable and similar expenses

	2023	2022
	£	£
Bank interest payable	279,070	142,443
	<u>279,070</u>	<u>142,443</u>

# A&O IT SERVICES LIMITED

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

### 8. Taxation

	2023 £	2022 £
<b>Corporation tax</b>		
Adjustments in respect of previous periods	(154,654)	-
	<u>(154,654)</u>	<u>-</u>
<b>Total current tax</b>	<u>(154,654)</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	6,930	11,223
<b>Total deferred tax</b>	<u>6,930</u>	<u>11,223</u>
<b>Taxation on (loss)/profit on ordinary activities</b>	<u>(147,724)</u>	<u>11,223</u>

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2022 - higher than) the standard rate of corporation tax in the UK of 23.52% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Profit/(loss) on ordinary activities before tax	54,774	(216,623)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.52% (2022 - 19%)	12,883	(41,158)
<b>Effects of:</b>		
Non-tax deductible amortisation of intangibles and impairment	-	42,097
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	6,530	1,733
Capital allowances for year in excess of depreciation	32	1,413
Adjustments to tax charge in respect of prior periods	(154,654)	-
Income not taxable for tax purposes	(2,117)	-
Adjustment in research and development tax credit leading to a (decrease) in the tax charge	(105,241)	-
Total net tax adjustments and transfers	(5,529)	-
Deferred tax movement	6,930	-
Deferred tax adjustment	93,442	7,138
<b>Total tax charge for the year</b>	<u>(147,724)</u>	<u>11,223</u>

#### Factors that may affect future tax charges

# A&O IT SERVICES LIMITED

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

### 8. Taxation (continued)

There were no factors that may affect future tax charges.

### 9. R&D expense

During the year the Company expensed £118,523 (2022: £154,571) of research expenditure.

### 10. Intangible assets

	Branding and Website £	Computer software £	Goodwill £	Total £
<b>Cost</b>				
At 1 January 2023	207,422	1,768,379	230,688	2,206,489
Additions	-	437,815	-	437,815
At 31 December 2023	<u>207,422</u>	<u>2,206,194</u>	<u>230,688</u>	<u>2,644,304</u>
<b>Amortisation</b>				
At 1 January 2023	189,050	844,617	230,668	1,264,335
Charge for the year on owned assets	14,595	246,416	-	261,011
At 31 December 2023	<u>203,645</u>	<u>1,091,033</u>	<u>230,668</u>	<u>1,525,346</u>
<b>Net book value</b>				
At 31 December 2023	<u>3,777</u>	<u>1,115,161</u>	<u>20</u>	<u>1,118,958</u>
At 31 December 2022	<u>18,372</u>	<u>923,762</u>	<u>20</u>	<u>942,154</u>

The computer software has evolved organically over the years, continually adapting to meet the needs of the Company's customers. This adaptive evolution has enabled the Company to enhance both user experience and customer experience significantly. One of the key improvements has been the development of a mobile application, making the Company's software more accessible and user-friendly. Additionally, the Company has expanded the software's functionality by adding more modules, thereby providing a more comprehensive suite of services to the software users.

## A&O IT SERVICES LIMITED

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

#### 11. Tangible fixed assets

	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
<b>Cost or valuation</b>						
At 1 January 2023	30,846	111,226	14,083	37,985	249,749	443,889
Additions	-	21,067	-	2,249	63,148	86,464
At 31 December 2023	30,846	132,293	14,083	40,234	312,897	530,353
<b>Depreciation</b>						
At 1 January 2023	26,615	42,138	14,083	31,869	178,887	293,592
Charge for the year on owned assets	1,587	32,797	-	3,129	41,834	79,347
At 31 December 2023	28,202	74,935	14,083	34,998	220,721	372,939
<b>Net book value</b>						
At 31 December 2023	2,644	57,358	-	5,236	92,176	157,414
At 31 December 2022	4,231	69,088	-	6,116	70,862	150,297

# A&O IT SERVICES LIMITED

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

### 11. Tangible fixed assets (continued)

The net book value of land and buildings may be further analysed as follows:

	2023 £	2022 £
Short leasehold	2,644	4,231
	<u>2,644</u>	<u>4,231</u>

### 12. Fixed asset investments

	Investments in associates £
<b>Cost or valuation</b>	
At 1 January 2023	6,226
At 31 December 2023	<u>6,226</u>

#### Participating interests

The company's investment at the balance sheet date is a 25% holding of A&O IT Services SARL. The registered office address is A&O IT Services, 14 Bis Rue DARU, 75008 Paris 8, France.

### 13. Debtors

	2023 £	2022 £
Trade debtors	5,763,007	6,887,055
Amounts owed by group undertakings	5,065,094	20,954,716
Other debtors	72,915	-
Prepayments and accrued income	2,572,130	3,608,143
	<u>13,473,146</u>	<u>31,449,914</u>

# A&O IT SERVICES LIMITED

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

### 14. Creditors: Amounts falling due within one year

	2023 £	2022 £
Bank overdrafts	514,265	-
Invoice discounting facility	4,377,961	5,550,728
Trade creditors	806,963	1,363,134
Amounts owed to group undertakings	3,443,866	22,227,146
Other taxation and social security	417,328	93,079
Other creditors	35,493	29,942
Accruals and deferred income	3,929,559	2,349,591
	<u>13,525,435</u>	<u>31,613,620</u>

The security for the bank facilities is in the form of a cross guarantee and debenture between Parkshore Limited, A&O IT Services Limited, A&O Corsaire Limited, Fieldview Systems Limited, A&O Shared Solutions Limited, and A&O IT Group Plc.

A fixed charge and floating charge is present over all assets.

### 15. Deferred taxation

	2023 £
At beginning of year	(157,592)
Charged to profit or loss	(6,930)
<b>At end of year</b>	<u>(164,522)</u>

The provision for deferred taxation is made up as follows:

	2023 £	2022 £
Accelerated capital allowances	(164,522)	(157,592)
	<u>(164,522)</u>	<u>(157,592)</u>

# A&O IT SERVICES LIMITED

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

### 16. Share capital

	2023 £	2022 £
<b>Allotted, called up and fully paid</b>		
1 (2022 - 1) Ordinary share of £1.00	1	1

Each ordinary share carries voting rights and there are no restrictions on the distributions of dividends.

### 17. Reserves

#### Profit and loss account

Profit and loss account includes all current and prior period retained profits and losses.

### 18. Related party transactions

The Company is 100% owned within a group which prepares publicly available consolidated accounts and therefore is exempt from disclosing transactions with other wholly owned group companies under the Financial Reporting Standard 102. The consolidated accounts of the parent company and its group, A&O IT Group PLC, may be obtained from Companies House.

During the year costs of £4,278,997 (2022: £4,742,068) were incurred from associate companies with balances included within debtors due within one year of £89,761 (2022: £624,056) and a balance within creditors due within one year of £51,204 (2022: £NIL) at 31 December 2023.

The Company leases premises owned by a pension scheme, whose trustees and beneficiaries include a director and paid rent of £NIL (2022: £25,500) during the year.

### 19. Controlling party

At the year end, the ultimate parent undertaking was A&O IT Group PLC. Both companies are incorporated in England & Wales. The only consolidated accounts prepared by the group are by A&O IT Group PLC, copies of which may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The ultimate controlling party throughout the year was R R Moore, by virtue of his shareholding in A&O IT Group PLC.