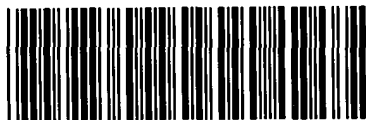


**SYNECTICS SOLUTIONS LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 AUGUST 2023**

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# SYNECTICS SOLUTIONS LIMITED

## COMPANY INFORMATION

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|                          |                                                                                                               |
|--------------------------|---------------------------------------------------------------------------------------------------------------|
| <b>Directors</b>         | KJ Shanahan<br>CA Shanahan<br>RA Moorhouse<br>RM Wood<br>KM Beardmore<br>RL Jones<br>MK Humphreys<br>IR Lewis |
| <b>Company number</b>    | 02685135                                                                                                      |
| <b>Registered office</b> | Synectics House<br>The Hollies<br>The Brampton<br>Newcastle-under-Lyme<br>Staffordshire<br>ST5 0QY            |
| <b>Auditor</b>           | RSM UK Audit LLP<br>Chartered Accountants<br>Festival Way<br>Festival Park<br>Stoke on Trent<br>ST1 5BB       |
| <b>Bankers</b>           | NatWest Bank<br>36 High Street<br>Nantwich<br>Cheshire<br>CW5 5GA                                             |
| <b>Solicitors</b>        | Beswick Solicitors<br>Sigma House<br>Lakeside<br>Festival Way<br>Stoke-on-Trent<br>Staffordshire<br>ST1 5RY   |

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# SYNECTICS SOLUTIONS LIMITED

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# SYNECTICS SOLUTIONS LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 AUGUST 2023

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The directors present the strategic report for the year ended 31 August 2023.

#### **Fair review of the business and key performance indicators**

The results of the company show an operating profit of £2,395,498 (2022: £2,026,351) for the year on sales of £27,523,385 (2022: £24,349,528) after a research and development spend of £615,234 (2022: £496,752) and development amortisation of £231,552 (2022: £373,616). Despite ongoing macroeconomic uncertainty generated by the continuing cost-of-living crisis, confidence in the marketplace has continued, as such, we have capitalised £1,139,702 worth of development costs from our investments in new projects to enhance our offering to clients. We anticipate this commercial certainty to continue improving and expect these capitalisation levels to continue in the coming years.

The statement of financial position remains strong, there is a decrease in the cash balance in the year by £1,288,010. This decrease in cash relates to continued investment in capital expenditure, an increase in debt with a related party, which the directors have determined will not be recoverable in the next 12 months, despite being payable on demand and the timing of working capital. As a result, this balance has been disclosed as due in more than one year at the year end.

We have seen operating costs rise in line with growth of our customer base and continued inflationary pressures. Our growth through new clients and growing existing partnerships has continued on a very positive trajectory. Given this strong sales performance alongside consistently low levels of client attrition, the Directors are confident in the company's continued ability to generate steady growth.

We take great pride in our reputation for delighting our clients and continue to use the Net Promoter Score (NPS) system to provide us with invaluable feedback and input. Our most recent score, generated from feedback gathered in August 2023, was our highest ever score at 66 against a benchmark of 45. This is testament to the continuing hard work and dedication that goes into shaping our clients' experience. Feedback from clients included the following comments: "You are a pleasure to deal with. Very agile in how you do business. You do what you say and are very pragmatic in your approach overall which is appreciated" and also "It's the reliability of the software, the size and effectiveness of the database and the wonderful support from all the staff at Synectics. There really is nothing even close to this solution available at present"

Our strong company culture remains pivotal to our identity. In recognising that increased flexibility and availability of hybrid working can support more sustainable work-life balance, we have continued our "work where and when works" framework embedding flexible working into our workplace in a way that meets the needs of both our employees and the business and increased engagement and events to encourage and support employees in coming into the office regularly to maintain the culture and increase collaboration and cohesion within and across our teams

#### **Principal risks and uncertainties**

The Board has continued to monitor four key areas of risk and uncertainty:

*Competitor activities within our market:* we undertake regular reviews of the competitive landscape and, through the partnership approach we take with our clients, we work to ensure our product roadmap aligns with the changing needs of the market.

*Regulatory changes:* We actively monitor any regulatory changes that may have an impact on the business.

*Business interruption:* we regularly review our Business Impact Analysis programme and build on the lessons we learnt from business interruptions such as the COVID-19 pandemic to ensure we continue to have resilient systems in place across the whole company.

*Going concern and the impact of the cost-of-living crisis:* despite the macroeconomic uncertainty, the Company continues to operate seamlessly and is fully functional as a key part of a critical supply chain for our clients. The Company continues its steady but strong growth trajectory and the Directors are confident that this will continue.

# SYNECTICS SOLUTIONS LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2023

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#### Section 172 statement

This statement demonstrates how the Board of Directors complies with Section 172 of the Companies Act 2006 and in doing so ensures all decisions made are in alignment with the company's values and purpose which is pivotal to the long-term success of the company.

The Executive Board, of which the three company Shareholders are members, delegates day-to-day decision-making authority to the Operational Board comprising three Directors and three Heads of Department. The Senior Leadership Team is accountable for the specific decisions related to their departments and, additionally, there are various Committees who have decision making authority for specific business-wide topics such as HR & Remuneration, Data Governance, Enterprise Risk, ESG and Sustainability and Business Continuity.

We use Jim Collins' One Page Strategic Plan methodology to articulate our core values, purpose, and strategic goals. Whilst the goals are regularly reviewed and updated, the values and purpose section is not because we recognise the importance of preserving the core of our company and it is this strong sense of identity that holds us together in the face of change. We strive only towards goals that align with these core values and would not look to achieve things in a way that was contrary to our purpose; to ensure this alignment, the strategic goals are signed off by the Executive Board.

The purpose of Synectics Solutions, as stated in our One Page Strategic Plan, is:

"To be a people centred company that always delivers the highest level of innovation and service. We aim to delight our clients through doing things better and challenging the status quo; to this end, our people strive to go the extra mile. We have the drive, desire, and willingness to provide extraordinary levels of service for all our stakeholders."

Essentially, we put our stakeholders at the heart of everything we do and every decision we make. We believe that investing in our people, our employees, clients, suppliers, and the community in which we operate, whilst always being mindful of our impact on the environment, is what sets us up for long-term success, an approach that has served the company well for three decades. There are many ways in which we have invested in our relationships with our stakeholders over the course of this business year:

#### Employees

- regularly assessed and adapted working practises to align with government guidance and what our employees feel comfortable with – this includes the decision to continue offering flexible working
- increased mental health support including training mental health first aiders and domestic abuse champions
- increased physical health support by increased wellness sessions covering issues such as menopause awareness and self-examination
- listened to our employees by seeking feedback and input via an employee NPS survey

#### Suppliers

- used local suppliers where possible
- ensured we pay promptly

#### Clients

- engaged in regular dialogue with our clients including an NPS survey which garnered excellent results, see Strategic Report for details, demonstrating our reputation for high standards of business conduct
- ensured our services stay cutting edge by aligning our product roadmap with the ever-evolving global technology landscape

#### Community

- the Hubb Foundation (registered charity) are supported by and operate from Synectics Solutions and continue to provide Holiday Activities and Food in the Stoke-on-Trent area through the Holiday Activities and Healthy Food Programme (HAF)
- Bescura Ltd ('not for profit' organisation) continue to be supported by Synectics Solutions to provide social, charitable, and community-based objectives for the local community
- continued with regular internal fund-raising activities to maintain lasting relationships with local charities, supporting causes including homelessness, mental health and animal charities.

#### Environment

- invested in additional electric charging points at our head office to encourage sustainable travel
- all new company cars added to the fleet have been hybrid or fully electric
- see Carbon Report for details

# **SYNECTICS SOLUTIONS LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2023**

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### **Key Decision: Extension of Energy Supplement**

The interests of our employees are a key consideration in any strategic decision the Board of Directors makes. With continuing employee concerns around rising energy costs during the financial year, the Board agreed to extend provision of a £50 per month energy supplement for all employees in their pay that was implemented in April 2022 for a further 6 months. During the financial year this equated to over £130k in support for our employees.

### **Key Decision: Expansion of Electric Charging Points**

As part of our commitment to reach net zero, we are committed to all fleet vehicles that are replaced being fully electric or hybrid vehicles. A strategic decision to increase the number of electric charging points at our head office to support this was made, with these charging points not limited to fleet vehicles, but available for all employees to use to encourage sustainable travel.

### **Key Decision: ESG Committee & Public Disclosure**

We recognise the importance of our environmental responsibilities in all our operations, having already invested in a number of projects to reduce our carbon footprint including installing solar energy, infrastructure for electric vehicles, and implementing free-cooling in our data centres.

A specific ESG committee has been formed this year, to ensure continued focus and co-ordination of initiatives. Upon recommendation of the committee, we now publicly disclose as part of the Carbon Disclosure Project and are in the process of obtaining EcoVadis accreditation to support transparency and collaboration with our value chain as we continue to move towards net zero.

On behalf of the board



RA Moorhouse  
**Director**

25<sup>th</sup> January 2024

# **SYNECTICS SOLUTIONS LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 AUGUST 2023**

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

#### **Principal activities**

The principal activities of the company during the year were the design, supply and support of specialist computerised systems and software, and database bureau services.

#### **Strategic report**

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of business review and risks and uncertainties.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

KJ Shanahan  
CA Shanahan  
RA Moorhouse  
RM Wood  
KM Beardmore  
RL Jones  
MK Humphreys  
IR Lewis

#### **Results and dividends**

The results for the year are set out on page 12.

Ordinary dividends were paid amounting to £620,000 (2022: £620,000). The directors do not recommend payment of a further dividend.

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

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year.

#### **Financial instruments**

The main risks arising from the company's financial instruments are credit risk and liquidity risk. The company is not significantly affected by price or foreign currency risk as the company primarily invoices in sterling.

#### **Liquidity risk**

The company's objective is to ensure sufficient cash reserves are available to fund ongoing activities and future product development plans as and when these are carried out. The company operates a system of advance payments from its customers to manage cash resources to achieve these objectives and has agreed bank facilities in place.

#### **Credit risk**

Whilst the company has no significant concentration of credit risk, appropriate credit control procedures have been implemented to manage the exposure to this risk. The company trades with "blue chip" companies and government organisations which in turn further reduces any exposure.

# **SYNECTICS SOLUTIONS LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2023**

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#### **Research and development**

The company has historically invested heavily in its development of new software that is complementary to the existing product suite and developing new areas to meet customer needs due to changing legislation. During the year the company spent £1,139,702 (2022: £748,283) on research and development of new products which has been capitalised.

The total cost of amortisation charged to the profit and loss account in respect of research and development amounted to £231,552 (2022: £373,616).

The company has also invested in areas of pure research, this is expensed in the year, being £615,234 (2022: £496,752).

#### **Disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### **Staff engagement**

It is clearly understood that the benefit of employee engagement is essential to deliver the business plans. We must maintain our communication flow and several tools are in place to ensure an effective information flow, whether through formalised meetings, internal notification or information displayed on screens within business.

Regular meetings are held with management teams on day-to-day activities along with the aims and objectives of the business and engagement to all staff via the technologies in place in the business are key. A training plan is in place to help develop our staff.

The company is committed to continuing to provide support to our staff who are home working along with ensuring we have a safe working environment in our head office. Our focus has been on the physical health and safety of our colleagues and health and wellbeing of our staff.

# SYNECTICS SOLUTIONS LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2023

#### Streamlined energy and carbon reporting

##### UK greenhouse gas emissions and energy use data from 1 September 2022 to 31 August 2023

Synectics Solutions Limited is a limited company, registered in England Number 02685135. Registered office: Synectics House, The Brampton, Newcastle-Under-Lyme, Staffordshire, ST5 0QY.

The company has gathered data regarding scope one and scope two carbon emissions (as defined by the GHG Protocol) for the financial year spanning 1st September 2022 to 31st August 2023 from UK operations for inclusion in Company Reporting (2020) as defined by the requirements of the Streamlined Energy and Carbon Reporting (SECR) legislation.

The combined scope one and scope two carbon emissions for the period was recorded at 347.65 (2022: 335.75) tCO<sub>2</sub>e, an increase of 3.54% on the previous reporting year.

The intensity rate for the period is calculated at 0.013 (2022: 0.014) tCO<sub>2</sub>e per £k of turnover from the company group operations, a relative reduction of 8.40% on the previous reporting year.

Total Energy consumption was measured to be 1,959,330 (2022: 1,831,498) kWh, with 9% (2022: 11%) generated onsite from renewable energy sources.

We have already invested in a number of projects to reduce our carbon footprint, installing solar energy, infrastructure for electric vehicles, implementing free-cooling in our data centre and only purchasing electricity from renewable sources.

We recognise the importance of our environmental responsibilities in all our operations and continue to seek to reduce our carbon footprint. We have engaged a specialist consultant to develop our strategy to achieve net-zero and this year participated in the Carbon Disclosure Project (CDP)

#### Environmental performance

|                                                                     | 2023         | 2022         |
|---------------------------------------------------------------------|--------------|--------------|
| Energy consumption used to calculate emissions (kWh)                | 1,959,329.84 | 1,831,497.69 |
| Emissions from scope one fuel (tCO <sub>2</sub> e)                  | 170.68       | 152.40       |
| Emissions from scope two purchased electricity (tCO <sub>2</sub> e) | 176.97       | 183.35       |
| Total gross tCO <sub>2</sub> e                                      | 347.65       | 335.75       |
| Intensity rate tCO <sub>2</sub> e/£k Turnover                       | 0.01         | 0.01         |
| Methodology                                                         | GHG Protocol | GHG Protocol |

#### Future developments

The business continues in line with the directors' expectations. The company continues to achieve long term commitments, being 3-5 years, on renewal of contracts and win new business at or above the rate in previous years.

#### Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

# **SYNECTICS SOLUTIONS LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2023**

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On behalf of the board



**RA Moorhouse**  
**Director**

25<sup>th</sup> January 2024

# **SYNECTICS SOLUTIONS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 AUGUST 2023**

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The directors are responsible for preparing the Strategic Report and 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 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYNECTICS SOLUTIONS LIMITED**

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## **Opinion**

We have audited the financial statements of Synectics Solutions Limited (the 'company') for the year ended 31 August 2023 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **Other information**

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

## **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the directors' report for the financial 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYNECTICS SOLUTIONS LIMITED (CONTINUED)**

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

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

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

- adequate accounting records have not been kept; or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **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.

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYNECTICS SOLUTIONS LIMITED (CONTINUED)

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In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the company operates in and how the company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from internal/external tax advisors where obtained.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to General Data Protection Regulation (GDPR) and data governance. We performed audit procedures to inquire of management whether the company is in compliance with these law and regulations and identified any correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls, the existence and cut-off of recurring revenue and associated areas within the statement of financial position as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business for management override. Test of details were performed in respect of the cut-off of recurring revenue and associated areas in the statement of financial position.

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

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Christopher Phillips*

Christopher Phillips (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Festival Way  
Festival Park  
Stoke on Trent  
ST1 5BB

26/01/24

# SYNECTICS SOLUTIONS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2023

|                                        | Notes | 2023<br>£         | 2022<br>£         |
|----------------------------------------|-------|-------------------|-------------------|
| Turnover                               | 3     | 27,523,385        | 24,349,528        |
| Cost of sales                          |       | (14,516,396)      | (13,066,339)      |
| <b>Gross profit</b>                    |       | <b>13,006,989</b> | <b>11,283,189</b> |
| Administrative expenses                |       | (10,849,918)      | (9,690,694)       |
| Other operating income                 |       | 238,427           | 433,856           |
| <b>Operating profit</b>                | 6     | <b>2,395,498</b>  | <b>2,026,351</b>  |
| Interest receivable and similar income | 8     | 3,185             | 10                |
| Interest payable and similar expenses  | 9     | (183,581)         | (178,186)         |
| <b>Profit before taxation</b>          |       | <b>2,215,102</b>  | <b>1,848,175</b>  |
| Tax on profit                          | 10    | (487,735)         | (129,671)         |
| <b>Profit for the financial year</b>   |       | <b>1,727,367</b>  | <b>1,718,504</b>  |
| <b>Other comprehensive income</b>      |       |                   |                   |
| Revaluation of land and buildings      |       | 1,551,697         | -                 |
| Deferred tax on revaluation            |       | (345,011)         | -                 |
| Other comprehensive income             |       | 1,206,686         | -                 |
| <b>Total comprehensive income</b>      |       | <b>2,934,053</b>  | <b>1,718,504</b>  |

**SYNECTICS SOLUTIONS LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31 AUGUST 2023**

|                                                                | Notes | 2023<br>£          | £                  | 2022<br>£         | £ |
|----------------------------------------------------------------|-------|--------------------|--------------------|-------------------|---|
| <b>Fixed assets</b>                                            |       |                    |                    |                   |   |
| Intangible assets                                              | 13    | 3,664,533          |                    | 2,732,586         |   |
| Tangible assets                                                | 14    | 7,034,139          |                    | 5,616,480         |   |
|                                                                |       | <u>10,698,672</u>  |                    | <u>8,349,066</u>  |   |
| <b>Current assets</b>                                          |       |                    |                    |                   |   |
| Debtors falling due after more than one year                   | 15    | 10,050,204         | 7,130,204          |                   |   |
| Debtors falling due within one year                            | 15    | 6,445,662          | 5,295,887          |                   |   |
| Cash at bank and in hand                                       |       | 74,510             | 1,196,474          |                   |   |
|                                                                |       | <u>16,570,376</u>  | <u>13,622,565</u>  |                   |   |
| <b>Creditors: amounts falling due within one year</b>          | 16    | <u>(5,286,882)</u> | <u>(4,532,165)</u> |                   |   |
| <b>Net current assets</b>                                      |       | <u>11,283,494</u>  |                    | <u>9,090,400</u>  |   |
| <b>Total assets less current liabilities</b>                   |       | <u>21,982,166</u>  |                    | <u>17,439,466</u> |   |
| <b>Creditors: amounts falling due after more than one year</b> | 17    | (1,715,877)        | (1,871,771)        |                   |   |
| <b>Provisions for liabilities</b>                              | 20    | (1,580,900)        | (1,035,847)        |                   |   |
| <b>Deferred income</b>                                         |       | <u>(9,890,608)</u> | <u>(8,051,120)</u> |                   |   |
| <b>Net assets</b>                                              |       | <u>8,794,781</u>   |                    | <u>6,480,728</u>  |   |
| <b>Capital and reserves</b>                                    |       |                    |                    |                   |   |
| Called up share capital                                        | 22    | 100                | 100                |                   |   |
| Share premium account                                          |       | 477,873            | 477,873            |                   |   |
| Revaluation reserve                                            |       | 1,846,332          | 639,646            |                   |   |
| Capital redemption reserve                                     |       | 48                 | 48                 |                   |   |
| Profit and loss reserves                                       |       | <u>6,470,428</u>   | <u>5,363,061</u>   |                   |   |
| <b>Total equity</b>                                            |       | <u>8,794,781</u>   |                    | <u>6,480,728</u>  |   |

The financial statements were approved by the board of directors and authorised for issue on 25<sup>th</sup> January 2024 and are signed on its behalf by:



RA Moorhouse  
Director

## SYNECTICS SOLUTIONS LIMITED

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

|                                                              | Notes | Share capital<br>£ | Share premium account<br>£ | Revaluation reserves<br>£ | Capital redemption reserve<br>£ | Profit and loss reserves<br>£ | Total<br>£ |
|--------------------------------------------------------------|-------|--------------------|----------------------------|---------------------------|---------------------------------|-------------------------------|------------|
| Balance at 1 September 2021                                  |       | 100                | 477,873                    | 644,664                   | 48                              | 4,259,539                     | 5,382,224  |
| Year ended 31 August 2021:                                   |       |                    |                            |                           |                                 |                               |            |
| Profit and total comprehensive income for the year           |       | -                  | -                          | -                         | -                               | 1,718,504                     | 1,718,504  |
| Transfer between other reserves and profit and loss reserves |       | -                  | -                          | (5,018)                   | -                               | 5,018                         | -          |
| Dividends                                                    | 11    | -                  | -                          | -                         | -                               | (620,000)                     | (620,000)  |
| Balance at 31 August 2022                                    |       | 100                | 477,873                    | 639,646                   | 48                              | 5,363,061                     | 6,480,728  |
| Year ended 31 August 2022:                                   |       |                    |                            |                           |                                 |                               |            |
| Profit and total comprehensive income for the year           |       | -                  | -                          | 1,206,686                 | -                               | 1,727,367                     | 2,934,053  |
| Dividends                                                    | 11    | -                  | -                          | -                         | -                               | (620,000)                     | (620,000)  |
| Balance at 31 August 2023                                    |       | 100                | 477,873                    | 1,846,332                 | 48                              | 6,470,428                     | 8,794,781  |

# SYNECTICS SOLUTIONS LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2023

|                                                             | Notes | 2023<br>£          | £ | 2022<br>£          | £ |
|-------------------------------------------------------------|-------|--------------------|---|--------------------|---|
| <b>Cash flows from operating activities</b>                 |       |                    |   |                    |   |
| Cash generated from operations                              | 23    | 5,712,771          |   | 3,401,873          |   |
| Interest paid                                               |       | (187,808)          |   | (174,338)          |   |
| Income taxes paid                                           |       | (36,887)           |   | (520,460)          |   |
| <b>Net cash inflow from operating activities</b>            |       | <b>5,488,076</b>   |   | <b>2,707,075</b>   |   |
| <b>Investing activities</b>                                 |       |                    |   |                    |   |
| Purchase of intangible assets                               |       | (1,522,204)        |   | (1,821,765)        |   |
| Purchase of tangible fixed assets                           |       | (380,896)          |   | (671,482)          |   |
| Other investments and loans made                            |       | (2,920,000)        |   | (2,920,000)        |   |
| Interest received                                           |       | 3,185              |   | 10                 |   |
| <b>Net cash used in investing activities</b>                |       | <b>(4,819,915)</b> |   | <b>(5,413,237)</b> |   |
| <b>Financing activities</b>                                 |       |                    |   |                    |   |
| Proceeds from borrowings                                    |       | 719,000            |   | -                  |   |
| Repayment of bank and other loans                           |       | (980,224)          |   | (265,099)          |   |
| Payment of finance leases obligations                       |       | (1,074,947)        |   | (596,981)          |   |
| Dividends paid                                              |       | (620,000)          |   | (620,000)          |   |
| <b>Net cash used in financing activities</b>                |       | <b>(1,956,171)</b> |   | <b>(1,482,080)</b> |   |
| <b>Net (decrease)/increase in cash and cash equivalents</b> |       | <b>(1,288,010)</b> |   | <b>(4,188,242)</b> |   |
| Cash and cash equivalents at beginning of year              |       | 1,196,474          |   | 5,384,716          |   |
| <b>Cash and cash equivalents at end of year</b>             |       | <b>(91,536)</b>    |   | <b>1,196,474</b>   |   |

# SYNECTICS SOLUTIONS LIMITED

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

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### 1 Accounting policies

#### Company information

Synectics Solutions Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Synectics House, The Hollies, The Brampton, Newcastle-under-Lyme, Staffordshire, ST5 0QY.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

#### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and under the historical cost convention, modified to include the revaluation of freehold properties.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

#### Going concern

The directors have prepared forecasts for the period for 12 months from the date of signing these financial statements and consider the Company to remain a going concern with no impact on the carrying value of the Company's assets. Resources held, specifically cash balances and financing available are more than adequate to service the forecasts for this trading period including any financing commitments.

The directors have therefore concluded that the use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt over the ability of the Company to continue as a going concern.

#### Turnover

Turnover is recognised on the fair value of the consideration received or receivable for services to external customers in the ordinary nature of the business. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Turnover is shown net of Value Added Tax.

Supply of service contract revenue is recognised on a straight line basis over the term of the contract. The supply of hospitality service is recognised on the date of supply.

Rental income on assets leased under operating leases is recognised on a straight line basis over the lease term.

Hospitality sales are recognised once the service has been delivered in full.

# SYNECTICS SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2023

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#### 1 Accounting policies (Continued)

##### **Intangible fixed assets other than goodwill**

The Company capitalises development expenditure as an intangible asset when it is able to demonstrate all of the following:

- (a) The technical feasibility of completing the development so the intangible asset will be available for use or sale.
- (b) Its intention to complete the development and to use or sell the intangible asset.
- (c) Its ability to use or sell the intangible asset.
- (d) How the intangible asset will generate probable future economic benefits.
- (e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- (f) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalised development expenditure is initially recognised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Capitalised development expenditure is amortised on a straight line basis over its useful life, which is 6 years and commences in the year following capitalisation. The directors consider these useful lives to be appropriate because this is the period over which the development costs are expected to give rise to economic benefits. Capitalised development expenditure is not amortised in the year of addition.

All research expenditure and development expenditure that does not meet the above conditions is expensed as incurred.

##### *Computer software*

Intangible assets purchased other than in a business combination are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

|                             |              |
|-----------------------------|--------------|
| Purchased computer software | 2 to 5 years |
|-----------------------------|--------------|

Amortisation is revised prospectively for any significant change in useful life or residual value.

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

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

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

|                                        |                             |
|----------------------------------------|-----------------------------|
| Freehold buildings                     | over 50 years               |
| Plant, machinery and integral features | 10-15% straight line basis  |
| IT and office equipment                | between two and seven years |
| Motor vehicles                         | over 5 years                |

Freehold land is not depreciated.

Land and buildings are accounted for separately even when acquired together.

# SYNECTICS SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2023

---

#### 1 Accounting policies (Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

##### **Revaluation of properties**

Properties whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the land and buildings is usually considered to be their market value.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or losses, or a revaluation loss exceeds the accumulated revaluation gains recognised in equity, such gains and profit are recognised in profit or loss.

The Company aims to obtain an externally produced valuation every 5 years to ensure the valuation is regularly assessed by a third party.

##### **Investments in associates**

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

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

Cash and cash equivalents are basic financial instruments and include cash in hand.

##### **Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

##### **Other financial assets**

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# SYNECTICS SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2023

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#### 1 Accounting policies (Continued)

##### ***Impairment of financial assets***

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### ***Classification of financial liabilities***

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

##### ***Financial liabilities and equity***

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

##### ***Equity instruments***

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

##### ***Trade and other creditors***

Trade and other creditors (including accruals) payable within one year are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

##### ***Borrowings***

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

##### ***Other financial liabilities***

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

# SYNECTICS SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2023

---

#### 1 Accounting policies (Continued)

##### **Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

For non-depreciable assets measured using the revaluation model, deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

##### **Employee benefits**

The holiday year end and the financial year are not coterminous. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

##### **Retirement benefits**

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

# SYNECTICS SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2023

---

#### 1 Accounting policies (Continued)

##### **Leases**

###### *The Company as Lessee – Finance Leases*

An asset and corresponding liability are recognised for leasing agreements that transfer to the Company substantially all of the risks and rewards incidental to ownership ("finance leases"). The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments payable during the lease term, both determined at inception of the lease. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are expensed as incurred.

###### *The Company as Lessee – Operating Leases*

All other leases are operating leases and the annual rentals are charged to profit or loss on a straight line basis over the lease term.

Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised on a straight-line basis over the lease term.

###### *The Company as Lessor – Operating Leases*

Rental income from assets leased under operating leases is recognised on a straight-line basis over the term of the lease. Rent free periods or other incentives given to the lessee are accounted for as a reduction to the rental income and recognised on a straight-line basis over the lease term.

##### **Government grants**

Government grants are recognised in other operating income at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grant income in the prior year relates to furlough income receivable.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

##### **Other income (other than government grants)**

Other operating income includes recharges in relation to expenses incurred on behalf of a related party.

Also included in other operating income is income relating to solar power generated electricity within the business.

##### **Foreign exchange**

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss.

# SYNECTICS SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

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### 1 Accounting policies (Continued)

#### **Deferred income**

Deferred income is shown separately on the face of the statement of financial position due to its significant nature. These include an element of deferred income relating to periods greater than one year.

Deferred income is a disclosure departure from "Accruals and Deferred Income". The directors have applied a true and fair override of the Companies Act 2006 as deferred income is the major composition of the balance.

#### **Dividends**

Dividends are recognised as liabilities once they are no longer at the discretion of the Company.

#### **Reserves**

Reserves of the Company represent the following:

##### *Share Premium*

Consideration received for shares issued above their nominal value net of transaction costs.

##### *Other reserves*

The cumulative revaluation gains and losses in respect of land and buildings net of associated deferred tax.

##### *Capital redemption reserve*

The nominal value of shares repurchased and cancelled.

##### *Profit and loss account*

Cumulative profit and loss net of distributions to owners.

### 2 Judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **Critical judgements**

The Company makes estimates, assumptions and judgements concerning the future. The resulting accounting estimates, assumptions and judgements will, by definition, seldom equal the related actual results. Management have utilised the following significant estimates, assumptions and judgements that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The Company capitalises development costs based on the directors assessment of the projects undertaken in the period against the criteria set under FRS102 section 18, as part of this the directors make judgements on the feasibility of such projects and projected revenues. These judgements are based on their knowledge and experience of the industry and historic performance. The directors assess these capitalised development costs annually for impairment using similar judgements.

#### **Significant judgement**

The Company has assessed the carrying value of other debtors classified as falling due in more than one year, by reference to transactional activities for similar assets and the debtors' fair value. This debtor is held with related parties (see note 26) which operate in the football sector and the recoverability has been assessed in the event of a sale. If there was any indication that the recoverability of such items had been materially impacted the Company would recognise any such changes in the financial statements as necessary.

# SYNECTICS SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

### 3 Turnover and other revenue

|                                                 | 2023<br>£         | 2022<br>£         |
|-------------------------------------------------|-------------------|-------------------|
| <b>Turnover analysed by class of business</b>   |                   |                   |
| Sale of professional services                   | 27,296,431        | 24,159,874        |
| Rental income                                   | 163,454           | 138,822           |
| Hospitality sales                               | 63,500            | 50,832            |
|                                                 | <u>27,523,385</u> | <u>24,349,528</u> |
|                                                 |                   |                   |
|                                                 | 2023<br>£         | 2022<br>£         |
| <b>Turnover analysed by geographical market</b> |                   |                   |
| United Kingdom                                  | 22,030,103        | 19,983,718        |
| Rest of Europe                                  | 465,946           | 523,686           |
| Rest of World                                   | 5,027,336         | 3,842,124         |
|                                                 | <u>27,523,385</u> | <u>24,349,528</u> |

### 4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

|                                     | 2023<br>Number | 2022<br>Number |
|-------------------------------------|----------------|----------------|
| Administration and support          | 97             | 98             |
| Technical, research and development | 219            | 207            |
| Catering                            | 18             | 19             |
| Sales and business development      | 52             | 49             |
|                                     | <u>386</u>     | <u>373</u>     |

Their aggregate remuneration comprised:

|                                             | 2023<br>£         | 2022<br>£         |
|---------------------------------------------|-------------------|-------------------|
| Wages and salaries                          | 15,119,773        | 13,632,374        |
| Social security costs                       | 1,619,558         | 1,489,323         |
| Pension costs                               | 703,603           | 613,684           |
|                                             | <u>17,442,934</u> | <u>15,735,381</u> |
|                                             |                   |                   |
| Less costs capitalised as development costs | (621,942)         | (400,892)         |
|                                             | <u>16,820,992</u> | <u>15,334,489</u> |

# SYNECTICS SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

### 5 Directors' remuneration

|                                                               | 2023<br>£        | 2022<br>£        |
|---------------------------------------------------------------|------------------|------------------|
| Remuneration for qualifying services                          | 1,059,122        | 1,001,814        |
| Company pension contributions to defined contribution schemes | 44,014           | 43,560           |
|                                                               | <u>1,103,136</u> | <u>1,045,374</u> |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 8 (2022 - 8).

Remuneration disclosed above include the following amounts paid to the highest paid director:

|                                                               | 2023<br>£      | 2022<br>£      |
|---------------------------------------------------------------|----------------|----------------|
| Remuneration for qualifying services                          | 274,243        | 197,124        |
| Company pension contributions to defined contribution schemes | 8,360          | 7,750          |
|                                                               | <u>282,603</u> | <u>204,874</u> |

### 6 Operating profit

|                                                                     | 2023<br>£        | 2022<br>£        |
|---------------------------------------------------------------------|------------------|------------------|
| Operating profit for the year is stated after charging/(crediting): |                  |                  |
| Exchange losses/(gains)                                             | 15,205           | (70,712)         |
| Research and development costs                                      | 615,234          | 496,752          |
| Government grants                                                   | -                | (1,629)          |
| Depreciation of owned tangible fixed assets                         | 389,555          | 249,348          |
| Depreciation of tangible fixed assets held under finance leases     | 475,035          | 426,994          |
| Amortisation of intangible fixed assets held under finance leases   | 267,189          | 273,216          |
| Loss on disposal of tangible fixed assets                           | -                | 73,746           |
| Amortisation of owned intangible assets                             | 590,092          | 594,531          |
| Operating lease charges                                             | 396,577          | 371,938          |
|                                                                     | <u>2,359,888</u> | <u>2,059,204</u> |

The company also had other operating income receivable of £238,427 (2022: £426,844) in the year.

# SYNECTICS SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

### 7 Auditor's remuneration

|                                                           | 2023<br>£ | 2022<br>£ |
|-----------------------------------------------------------|-----------|-----------|
| Fees payable to the company's auditor and its associates: |           |           |
| <b>For audit services</b>                                 |           |           |
| Audit of the financial statements of the company          | 34,695    | 32,085    |
| <b>For other services</b>                                 |           |           |
| Taxation compliance services                              | 6,000     | 5,150     |
| Other taxation services                                   | 5,445     | 5,295     |
| All other non-audit services                              | 10,445    | 5,870     |
|                                                           | 21,890    | 16,315    |

### 8 Interest receivable and similar income

|                         | 2023<br>£ | 2022<br>£ |
|-------------------------|-----------|-----------|
| <b>Interest income</b>  |           |           |
| Other interest received | 3,185     | 10        |
|                         | 3,185     | 10        |

### 9 Interest payable and similar expenses

|                                                                     | 2023<br>£ | 2022<br>£ |
|---------------------------------------------------------------------|-----------|-----------|
| Interest on bank overdrafts and loans                               | 60,781    | 51,341    |
| Interest on finance leases, other loans and hire purchase contracts | 122,800   | 126,845   |
|                                                                     | 183,581   | 178,186   |

# SYNECTICS SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

### 10 Taxation

|                                                      | 2023<br>£      | 2022<br>£        |
|------------------------------------------------------|----------------|------------------|
| <b>Current tax</b>                                   |                |                  |
| UK corporation tax on profits for the current period | 264,006        | (315,608)        |
| Adjustments in respect of prior periods              | 23,687         | 2,780            |
| <b>Total current tax</b>                             | <b>287,693</b> | <b>(312,828)</b> |
| <b>Deferred tax</b>                                  |                |                  |
| Origination and reversal of timing differences       | 183,962        | 438,256          |
| Changes in tax rates                                 | -              | 143,422          |
| Adjustment in respect of prior periods               | 16,080         | (139,179)        |
| <b>Total deferred tax</b>                            | <b>200,042</b> | <b>442,499</b>   |
| <b>Total tax charge</b>                              | <b>487,735</b> | <b>129,671</b>   |

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

|                                                                                                                | 2023<br>£      | 2022<br>£      |
|----------------------------------------------------------------------------------------------------------------|----------------|----------------|
| Profit before taxation                                                                                         | 2,215,102      | 1,848,175      |
| Expected tax charge based on the effective standard rate of corporation tax in the UK of 21.52% (2022: 19.00%) | 476,690        | 351,153        |
| Tax effect of expenses that are not deductible in determining taxable profit                                   | 11,510         | 10,733         |
| Tax effect of income not taxable in determining taxable profit                                                 | -              | -              |
| Adjustments in respect of prior years                                                                          | 23,687         | 2,780          |
| Other timing differences                                                                                       | (4,556)        | (121,256)      |
| Under/(over) provided in prior years                                                                           | -              | -              |
| Deferred tax adjustments in respect of prior years                                                             | 16,080         | (139,179)      |
| R&D enhanced relief                                                                                            | (147,811)      | (277,491)      |
| Effect of change in deferred tax rate                                                                          | 25,643         | 248,603        |
| Transfer pricing adjustments                                                                                   | 86,492         | 54,190         |
| Unutilised charitable donations                                                                                | -              | 138            |
| <b>Taxation charge for the year</b>                                                                            | <b>487,735</b> | <b>129,671</b> |

The UK main tax rate increased from 19% to 25% from the 1 April 2023, leading to an effective rate of 21.52%. Deferred tax has been calculated at 25%.

# SYNECTICS SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

### 11 Dividends

|                 | 2023<br>£      | 2022<br>£      |
|-----------------|----------------|----------------|
| Total dividends | <u>620,000</u> | <u>620,000</u> |

Dividends have been paid on each share type at the following rates:

|                                   | 2023<br>Per share<br>£ | 2022<br>Per share<br>£ |
|-----------------------------------|------------------------|------------------------|
| 'A' Ordinary shares<br>Final paid | <u>52.08</u>           | <u>52.08</u>           |
| 'C' Ordinary shares<br>Final paid | <u>53.19</u>           | <u>53.19</u>           |
| 'D' Ordinary shares<br>Final paid | <u>240.00</u>          | <u>240.00</u>          |

### 12 Associates

During the prior period the Company became the sole shareholder of Bescura Limited, a not-for-profit entity for £1. The company considers itself to not have control of this entity by virtue of holding only 33% of the voting powers in the company. As a result it considers the company to be an associate of the company. As a not-for-profit entity the company has received no income from this associate in the period.

# SYNECTICS SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

### 13 Intangible fixed assets

|                                   | Purchased<br>computer<br>software<br>£ | Development<br>costs<br>£ | Total<br>£ |
|-----------------------------------|----------------------------------------|---------------------------|------------|
| <b>Cost</b>                       |                                        |                           |            |
| At 1 September 2022               | 3,095,225                              | 4,031,260                 | 7,126,485  |
| Additions                         | 693,201                                | 1,139,702                 | 1,832,903  |
|                                   |                                        |                           |            |
| At 31 August 2023                 | 3,788,426                              | 5,170,962                 | 8,959,388  |
|                                   |                                        |                           |            |
| <b>Amortisation</b>               |                                        |                           |            |
| At 1 September 2022               | 1,501,240                              | 2,892,659                 | 4,393,899  |
| Amortisation charged for the year | 669,404                                | 231,552                   | 900,956    |
|                                   |                                        |                           |            |
| At 31 August 2023                 | 2,170,644                              | 3,124,211                 | 5,294,855  |
|                                   |                                        |                           |            |
| <b>Carrying amount</b>            |                                        |                           |            |
| At 31 August 2023                 | 1,617,782                              | 2,046,751                 | 3,664,533  |
|                                   |                                        |                           |            |
| At 31 August 2022                 | 1,593,985                              | 1,138,601                 | 2,732,586  |

The amortisation charge for the year is recognised within administrative expenses.

Included in the carrying value of development costs are the capitalised costs in respect of eight (2022: eight) software projects. Seven (2022: six) of these projects were to enhance an existing product and One (2022: two) for new products whose capitalisation is supported by future anticipated revenues. The carrying amount of the capitalised development projects is £2,025,627 (2022: £620,435) which has a remaining amortisation period of 1-6 years (2022: 1-4 years) is considered by the directors to be individually material to the Company.

The net book value of purchased computer software includes £529,086 (2022: £565,637) in respect of assets held under loans and finance leases.

# SYNECTICS SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

### 14 Tangible fixed assets

|                                  | Freehold land<br>and buildings | Plant, machinery<br>and integral<br>features | IT and office<br>equipment | Motor<br>vehicles | Total      |
|----------------------------------|--------------------------------|----------------------------------------------|----------------------------|-------------------|------------|
|                                  | £                              | £                                            | £                          | £                 | £          |
| <b>Cost or valuation</b>         |                                |                                              |                            |                   |            |
| At 1 September 2022              | 3,234,958                      | 758,846                                      | 5,725,185                  | 150,434           | 9,869,423  |
| Additions                        | -                              | -                                            | 686,877                    | -                 | 686,877    |
| Revaluations                     | 1,380,042                      | -                                            | -                          | -                 | 1,380,042  |
| At 31 August 2023                | 4,615,000                      | 758,846                                      | 6,412,062                  | 150,434           | 11,936,342 |
| <b>Depreciation</b>              |                                |                                              |                            |                   |            |
| At 1 September 2022              | 137,380                        | 166,870                                      | 3,901,982                  | 46,711            | 4,252,943  |
| Depreciation charged in the year | 34,275                         | 98,678                                       | 658,282                    | 29,680            | 820,915    |
| Revaluations                     | (171,655)                      | -                                            | -                          | -                 | (171,655)  |
| At 31 August 2023                | -                              | 265,548                                      | 4,560,264                  | 76,391            | 4,902,203  |
| <b>Carrying amount</b>           |                                |                                              |                            |                   |            |
| At 31 August 2023                | 4,615,000                      | 493,298                                      | 1,851,798                  | 74,043            | 7,034,139  |
| At 31 August 2022                | 3,097,578                      | 591,976                                      | 1,823,203                  | 103,723           | 5,616,480  |

Land with a net book value of £2,096,608 (2022: £1,469,651) is not depreciated.

Freehold land and buildings includes a property that the company rents out, the company primarily holds this property as back up office space in case there are any issues with the office space at head office and therefore management consider it meets recognition criteria to be classified as property, plant & equipment.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

|                         | 2023<br>£        | 2022<br>£        |
|-------------------------|------------------|------------------|
| Motor vehicles          | 8,634            | 20,146           |
| IT and office equipment | 1,388,462        | 1,466,936        |
|                         | <u>1,397,096</u> | <u>1,487,082</u> |

On 22 June 2023, the Company's freehold land and buildings were re-valued by Mounsey, Chartered Surveyors. The market value method of valuation in accordance with the guidance notes by The Royal Institute of Chartered Surveyors for Asset Valuations was used, which gave rise to a combined valuation of £4,615,000.

# SYNECTICS SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

### 14 Tangible fixed assets (Continued)

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

|                          | 2023<br>£        | 2022<br>£        |
|--------------------------|------------------|------------------|
| Cost                     | 3,192,679        | 3,192,679        |
| Accumulated depreciation | (791,621)        | (710,769)        |
| Carrying value           | <u>2,401,058</u> | <u>2,481,910</u> |

### 15 Debtors

|                                                      | 2023<br>£         | 2022<br>£         |
|------------------------------------------------------|-------------------|-------------------|
| <b>Amounts falling due within one year:</b>          |                   |                   |
| Trade debtors                                        | 2,531,724         | 1,304,609         |
| Corporation tax recoverable                          | 291,945           | 542,751           |
| Other debtors                                        | 33,077            | 125,522           |
| Prepayments and accrued income                       | 3,588,916         | 3,323,005         |
|                                                      | <u>6,445,662</u>  | <u>5,295,887</u>  |
| <b>Amounts falling due after more than one year:</b> |                   |                   |
| Other debtors                                        | <u>10,050,204</u> | <u>7,130,204</u>  |
| <b>Total debtors</b>                                 | <u>16,495,866</u> | <u>12,426,091</u> |

Included within other debtors due over one year is a balance owed by a related party. The balance is repayable on demand however the directors do not expect repayment of this debt within the next 12 months. As the balance is repayable on demand the loan has not been discounted.

# SYNECTICS SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

### 16 Creditors: amounts falling due within one year

|                                                              | Notes | 2023<br>£        | 2022<br>£        |
|--------------------------------------------------------------|-------|------------------|------------------|
| Bank loans                                                   | 18    | 292,278          | 907,561          |
| Obligations under finance leases and hire purchase contracts | 19    | 979,791          | 926,164          |
| Other loans                                                  | 18    | 598              | 6,766            |
| Trade creditors                                              |       | 2,314,841        | 1,767,257        |
| Overdraft                                                    |       | 166,046          | -                |
| Other taxation and social security                           |       | 750,233          | 417,675          |
| Other creditors                                              |       | 466,716          | 221,446          |
| Accruals and deferred income                                 |       | 316,379          | 285,296          |
|                                                              |       | <u>5,286,882</u> | <u>4,532,165</u> |

### 17 Creditors: amounts falling due after more than one year

|                                                              | Notes | 2023<br>£        | 2022<br>£        |
|--------------------------------------------------------------|-------|------------------|------------------|
| Bank loans                                                   | 18    | 696,598          | 340,000          |
| Obligations under finance leases and hire purchase contracts | 19    | 1,019,279        | 1,531,173        |
| Other loans                                                  | 18    | -                | 598              |
|                                                              |       | <u>1,715,877</u> | <u>1,871,771</u> |

### 18 Borrowings

|                         | 2023<br>£      | 2022<br>£        |
|-------------------------|----------------|------------------|
| Bank loans              | 988,876        | 1,247,561        |
| Other loans             | 598            | 7,364            |
|                         | <u>989,474</u> | <u>1,254,925</u> |
| Payable within one year | 292,876        | 914,327          |
| Payable after one year  | <u>696,598</u> | <u>340,598</u>   |

The bank loan is repayable by monthly instalments until January 2028, with a final balancing payment sufficient to repay the loan in full. The loan bears interest at a rate of 2.25% above the base rate. The base rate was 5.25% at 31 August 2023 (2022: 1.75%).

The bank loans and overdraft facility are secured by legal charges held over the company's freehold land and buildings, by a fixed and floating charge over all current and future assets of the company.

Included above is an amount owing in relation to the Coronavirus Business Interruption Loan scheme. This loan is 80% guaranteed by the UK government. The remaining 20% is secured against legal charges held over the company's freehold land and buildings. The loan bears interest at a rate of 3.62% above the base rate. The base rate was 5.25% at 31 August 2023 (2022: 1.75%).

# SYNECTICS SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2023

#### 19 Finance lease obligations

|                                                         | 2023<br>£        | 2022<br>£        |
|---------------------------------------------------------|------------------|------------------|
| Future minimum lease payments due under finance leases: |                  |                  |
| Less than one year                                      | 979,791          | 926,164          |
| Between one and five years                              | 1,019,279        | 1,531,173        |
|                                                         | <u>1,999,070</u> | <u>2,457,337</u> |

Finance lease payments represent rentals payable by the company for certain assets. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

#### 20 Provisions for liabilities

|                          | 2023<br>£        | 2022<br>£        |
|--------------------------|------------------|------------------|
| Deferred tax liabilities | <u>1,580,900</u> | <u>1,035,847</u> |

The major deferred tax liabilities and assets recognised by the company are:

|                                | 2023<br>£        | 2022<br>£        |
|--------------------------------|------------------|------------------|
| Accelerated capital allowances | 1,533,046        | 985,165          |
| Other timing differences       | (2,224)          | 604              |
| Capital gains                  | 50,078           | 50,078           |
|                                | <u>1,580,900</u> | <u>1,035,847</u> |

The deferred tax liability set out above is expected to reverse within the next ten years.

#### 21 Retirement benefit schemes

|                                                                     | 2023<br>£      | 2022<br>£      |
|---------------------------------------------------------------------|----------------|----------------|
| Defined contribution schemes                                        |                |                |
| Charge to profit or loss in respect of defined contribution schemes | <u>703,603</u> | <u>604,972</u> |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Contributions totalling £114,394 (2022: £106,274) were payable to the fund at the year end and are included in other creditors.

# SYNECTICS SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2023

#### 22 Share capital

|                                | 2023          | 2022          | 2023       | 2022       |
|--------------------------------|---------------|---------------|------------|------------|
|                                | Number        | Number        | £          | £          |
| <b>Ordinary share capital</b>  |               |               |            |            |
| <b>Issued and fully paid</b>   |               |               |            |            |
| 'A' Ordinary shares of 1p each | 4,800         | 4,800         | 48         | 48         |
| 'C' Ordinary shares of 1p each | 4,700         | 4,700         | 47         | 47         |
| 'D' Ordinary shares of 1p each | 500           | 500           | 5          | 5          |
|                                | <u>10,000</u> | <u>10,000</u> | <u>100</u> | <u>100</u> |

All shares rank pari passu except for the ability to pay different dividend rates.

#### 23 Cash generated from operations

|                                                      | 2023             | 2022             |
|------------------------------------------------------|------------------|------------------|
|                                                      | £                | £                |
| Profit for the year after tax                        | 1,727,367        | 1,718,504        |
| <b>Adjustments for:</b>                              |                  |                  |
| Taxation charged                                     | 487,735          | 129,671          |
| Finance costs                                        | 183,581          | 178,186          |
| Interest receivable                                  | (3,185)          | (10)             |
| Loss/(gain) on disposal of tangible fixed assets     | -                | 73,746           |
| Amortisation and impairment of intangible assets     | 900,956          | 867,747          |
| Depreciation and impairment of tangible fixed assets | 820,915          | 676,342          |
| <b>Movements in working capital:</b>                 |                  |                  |
| (Increase)/decrease in debtors                       | (1,400,581)      | (854,043)        |
| Increase/(decrease) in creditors                     | 1,156,495        | (55,867)         |
| Increase in deferred income                          | 1,839,488        | 667,597          |
| <b>Cash generated from operations</b>                | <u>5,712,771</u> | <u>3,401,873</u> |

#### 24 Analysis of changes in net funds/(debt)

|                                  | 1 September<br>2022 | Cash flows    | Other non-<br>cash changes | 31 August<br>2023  |
|----------------------------------|---------------------|---------------|----------------------------|--------------------|
|                                  | £                   | £             | £                          | £                  |
| Cash at bank and in hand         | 1,196,474           | (1,288,010)   | -                          | (91,536)           |
| Borrowings excluding overdrafts  | (1,254,925)         | 261,224       | 4,227                      | (989,474)          |
| Obligations under finance leases | (2,457,337)         | 1,074,947     | (616,680)                  | (1,999,070)        |
|                                  | <u>(2,515,788)</u>  | <u>48,161</u> | <u>(612,453)</u>           | <u>(3,080,080)</u> |

# SYNECTICS SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2023

#### 25 Operating lease commitments

##### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

|                            | 2023<br>£      | 2022<br>£      |
|----------------------------|----------------|----------------|
| Within one year            | 369,650        | 307,417        |
| Between one and five years | 436,717        | 378,155        |
|                            | <u>806,367</u> | <u>685,572</u> |

##### Lessor

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

|                 | 2023<br>£     | 2022<br>£     |
|-----------------|---------------|---------------|
| Within one year | 82,717        | 69,254        |
|                 | <u>82,717</u> | <u>69,254</u> |

# SYNECTICS SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2023

#### 26 Related party transactions

##### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

|                        | 2023<br>£        | 2022<br>£        |
|------------------------|------------------|------------------|
| Aggregate compensation | <u>3,196,727</u> | <u>3,029,180</u> |

Included in the above figures is employer's national insurance of £321,401 (2022: £323,396).

##### Transactions with related parties

During the year the company entered into the following transactions with related parties:

A donation of £9,509 was made to a charitable foundation of which CA Shanahan is trustee during the year (2022: £6,046). During the year costs were incurred on behalf of the related party totalling £244,494 (2022: £232,872). Income was recognised from recharges to the related party of £234,504 (2022: £426,844). Amounts owed by the related party at period end included accrued income of £64,319 (2022: £222,464).

Rental income of £20,918 (2022: £14,400) was received in the period from a related party of one of the directors. At the period end £2,744 (2022: £1,440) was outstanding from this party.

Purchases of £419,538 (2022: £334,364) were made from a company under common control. Amounts owed to the related party at the period end was £360 (2022: £360). The company also paid for £302,179 (2022: £460,256) of the related party's expenses. Interest of £nil (2022: £nil) has been charged in the period on the loan balance. A balance of £3,300,000 (2022: £3,300,000) is owed by this company under common control at the year end. No interest is charged on this loan.

The company loaned £2,920,000 (2022: £1,715,000) to a further company under common control. At the period end £6,750,204 (2022: £3,830,204) was outstanding from this party. No interest is charged on this loan.

The company paid for £155,595 (2022: £61,063) of another related party's expenses in the year. £nil was owed to the related party at year end (2022: £nil).

#### 27 Directors' transactions

Dividends totalling £620,000 (2022: £620,000) were paid in the year in respect of shares held by the company's directors.

Amounts owed to directors at the year end totalled £309,970 (2022: £99,522) and amounts due from directors at the year end totalled £1,398 (2022: £1,265).

There are no set repayment terms or interest charged on directors' loans.

# SYNECTICS SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2023

#### 27 Directors' transactions (Continued)

During the year, the company has loans outstanding as follows:

|              | Maximum outstanding |              | Loans at year end |                 |
|--------------|---------------------|--------------|-------------------|-----------------|
|              | 2023                | 2022         | 2023              | 2022            |
|              | £                   | £            | £                 | £               |
| KJ Shanahan  | -                   | -            | (106,493)         | (2,332)         |
| CA Shanahan  | -                   | -            | (106,493)         | (2,332)         |
| RA Moorhouse | -                   | -            | (96,984)          | (94,858)        |
| KM Beardmore | 5,594               | 1,265        | 1,398             | 1,265           |
|              | <u>5,594</u>        | <u>1,265</u> | <u>(308,572)</u>  | <u>(98,257)</u> |

#### 28 Ultimate controlling party

The company is controlled by Mr KJ Shanahan and Mrs CA Shanahan.

On 31 October 2023 a new parent company Synectics Solutions (Holdings) Ltd was incorporated, with the same shareholders as Synectics Solutions Ltd.