Manage5Nines Limited

Annual Report and Financial Statements
For the year ended 31 December 2018

Registered Number: 04179501

CONTENTS

Strategic Report

The Directors present their Strategic Report for Manage5Nines Limited (the 'Company') for the year ended 31 December 2018.

Business Review

The Company is a wholly owned subsidiary of Science Group plc (the 'Group'). A detailed review of the Group's strategy, results for the financial year and prospects are included in the Group's annual report and accounts.

The loss for the year, after taxation, is £25,000 (2017: Profit £9,000).

The Company's principal activity is the provision of IT infrastructure support. During the year the principal activity has been transferred to the parent company, Sagentia Limited.

Going concern

It is intended that the company will cease trading during 2019, at which point, remaining assets will be transferred into Sagentia Limited. Therefore, the directors have not prepared the financial statements on a going concern basis. The effect is explained in note 2 of the financial statements.

Principal Risks and Uncertainties

The management of the business and execution of the Company's strategy are subject to a number of risks, the most significant of which are managed on a Group basis. Risks are reviewed by the Group's board and appropriate processes put in place to monitor and mitigate them. The key business risks for the Company, are set out as below:

Brexit

The uncertainties and potential effects of Brexit provide both risks and opportunities for the Company.

There is uncertainty regarding the short, medium and long-term impact Brexit may have on markets, financial circumstances of customers and/or the future trading relationships between the UK and other countries both in Europe and in other parts of the world. The Company seeks to mitigate this risk by actively managing customer relationships, including credit limits where, if appropriate, may require the payment in advance of all or part of the estimated costs which could have an impact on revenue.

The Group has a continental Europe presence which may be able to be further leveraged to provide services from within the EU. Furthermore, uncertainty around the legislative and regulatory landscape following Brexit provides opportunities for growth of the Company's regulatory services.

Strategic Report (continued)
Principal Risks and Uncertainties (continued)

Economic conditions or other factors affecting the financial circumstances of customers of the Company
The profitability of the Company could be adversely affected by the general economic conditions in the United Kingdom, Continental Europe, United States and/or other key markets by virtue of the impact of a deterioration in the economic climate and/or financial failure of customers or potential customers of the Company. It may also involve customers defaulting on the payment of invoices issued by the Company or delaying payment of invoices which may have a significant impact on the income and the business of the Company.

By Order of the Board

Sarah Cole
Director
25 June 2019
Harston Mill
Harston
Cambridge
CB22 7GG

Directors' Report

The Directors present their Report and the audited Financial Statements of the company for the year ended 31 December 2018.

Future Developments

Strategic Report

The reporting requirements on principal activities, financial risk management and objectives, comments on the financial performance and position of the Company, principal risks and uncertainties are contained in the Strategic Report.

Directors

The Directors who served during the year or up to the date of this report are as shown below:

S Cole
R Archer

Post Balance Sheet events

There were no post balance sheet events.

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

Directors' Report (continued)

Future Developments (continued)

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements (continued)

Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

Auditors

KPMG LLP were re-appointed as auditor during the year. They have provided services in relation to the annual audit but have not provided non-audit services.

By Order of the Board

Sarah Cole
Director
25 June 2019
Harston Mill
Harston
Cambridge
CB22 7GG

Independent Auditor's Report to the members of Manage5Nines Limited

Opinion

We have audited the financial statements of Manage5Nines Limited ("the company") for the year ended 31 December 2018 which comprise the Income Statement and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardized firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Emphasis of matter-non-going concern basis of preparation

We draw attention to the disclosure made in note 2 to the financial statements which explains that financial statements have not been prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Independent Auditors Report to the Members of Manage5Nines Limited (continued)

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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; or

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent Auditors Report to the Members of Manage5Nines Limited (continued)

The purpose of our audit work and to whom we owe our responsibilities

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.

CH le Strange Meakin

25th June 2019

Charles Le Strange Meakin (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Botanic House, 100 Hills Road, Cambridge, CB2 1AR

{x} 2019

Income Statement

For the year ended 31 December 2018

	Note	2018 £000 Dis- continued	2017 £000
Revenue	3	**7**	39
Operating expenses	4	**(36)**	(19)
(Loss) /profit before income tax		**(29)**	20
Tax credit / (charge) on (loss) / profit	6	**4**	(11)
(Loss) / profit for the year		**(25)**	9

All current year results are from discontinued activities. The accompanying notes are an integral part of this Income Statement.

Statement of Comprehensive Income

For the year ended 31 December 2018

There are no items of other comprehensive income in either year, other than the profit after taxation for that year, and therefore a Statement of Comprehensive Income has not been included in these Financial Statements.

Statement of Changes in Equity

For the year ended 31 December 2018

	Issued Capital £000	Retained earnings £000	Total £000
Balance at 1 January 2017	10	(37)	**(27)**
Profit for the year	-	9	**9**
Total comprehensive income for the year	-	9	**9**
Balance at 31 December 2017	**10**	**(28)**	**(18)**
Balance at 1 January 2018	10	(28)	**(18)**
Loss for the year	-	(25)	**(25)**
Total comprehensive loss for the year	-	**(25)**	**(25)**
Balance at 31 December 2018	**10**	**(53)**	**(43)**

The accompanying notes are an integral part of these Financial Statements.

Balance Sheet

As at 31 December 2018

	Note	2018 £000	2017 £000
Current assets			
Trade and other receivables	7	-	8
Current tax asset		-	7
Total assets		-	15
Current liabilities			
Current tax liability		-	(11)
Trade and other payables	8	**(43)**	(22)
Total liabilities		**(43)**	(33)
Net liabilities		**(43)**	(18)
Equity			
Share capital	9	**10**	10
Retained earnings		**(53)**	(28)
Total shareholder's deficit		**(43)**	(18)

The accompanying notes are an integral part of these Financial Statements.
The Financial Statements were authorised for issue by the Board of Directors and signed on its behalf by:

Sarah Cole
Director
25 June 2019
The company's registered number is 04179501.

Notes to the Financial Statements

1. General information

Manage5Nines Limited (the 'Company') is an IT services provider, specialising in providing fully managed outsourcing solutions for SMEs.

The Financial Statements of the Company for the year ended 31 December 2018 were authorised for issue by the Board of Directors on 25 June 2019. The Company is incorporated and domiciled in England and Wales. These Financial Statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and in accordance with applicable accounting standards.

The Company's Financial Statements are presented in Pound Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The Financial Statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and also requires management to exercise its judgement in the process of applying the company's accounting policies.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

Going Concern

The financial statements have not been prepared on the going concern basis as it is intended that the company will cease trading during 2019, at which point, remaining assets will be transferred to Sagentia Limited. No adjustments have been necessary to reduce the carrying value of assets to their estimated realisable amount, to provide for further liabilities which will arise, or to reclassify long term liabilities as current liabilities.

Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

The following exemptions from the requirements of IFRS have been applied in the preparation of these Financial Statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraph 38 of IAS 1, 'Presentation of Financial Statements' comparative information requirements in respect of the previous period
- The following paragraphs of IAS 1, 'Presentation of Financial Statements':
  - 10(d), (statement of cash flows),
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 40A-D (requirements for a third statement of financial position),
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group

2.2 Changes in accounting policies

The Company has adopted IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments from 1 January 2018. A number of other new standards are effective from 1 January 2018 but they do not have a material effect on the Company's financial statements.

Impact on Transition

The effect of initially applying these two standards with regards to recognition and measurement is an immaterial impact on the results of the Company and hence no restatement has been made. The basis of this conclusion for each of the accounting standard changes is as follows.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 provides for a single principle based model to be applied to all sales contracts based on the transfer of control of goods and services to customers. The key principle that was considered on transition of this accounting standard was whether revenue is recognised at a point in time or over a period of time as the services are performed.

It was concluded that revenue is recognised under IFRS 15 as the time is worked at the fee rate specified within the contract; the majority of projects are performed on a time and materials basis under which

i. all work performed is fully transferable to the client at any point during the project and,
ii. the Company has the right to receive payment for its services performed up to any given point in time.

Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The application of the IFRS 9 'expected credit loss' model does not have a material impact on the level of impairment of receivables.

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities at 1 January 2018.

Financial Assets and Liabilities	Original Classification under IAS 39	New Classification under IFRS 9	Carrying amount under IAS 39 and IFRS 9 £000
Trade and other receivables	Loan and receivables	Financial asset measured at amortised cost	8
Cash and cash equivalents	Loan and receivables	Financial asset measured at amortised cost	-
Trade payables	Other financial liabilities	Other financial liabilities	-

The updated accounting policies have been provided below and the disclosures have been provided in line with the requirements of IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments

The group has applied IFRS 15 and IFRS 9 from 1 January 2018 and has elected to not restate comparative information. The Group has adopted the cumulative effect method at the point of initial application of these standards (i.e. 1 January 2018) and there is no material impact on brought forward retained earnings. As a result, the comparative information provided continues to be accounted for in accordance with the group's previous accounting policy as disclosed in the financial statements for the year ended 31 December 2017.

2.3 Standards issued but not yet effective

The standards and interpretations in issue but effective for accounting periods commencing on 1 January 2018 that may impact on the Company going forward are listed below. The Company has not adopted these early.

Number	Title	Effective
IFRS 16	Leases	1-Jan-19
IFRIC 23	Uncertainty over Income Tax Treatments	1-Jan-19
IFRS 9 Amendments	Financial Instruments	1-Jan-19
IAS 28	Investments in Associates & Joint Ventures	1-Jan-19
IFRS 17	Insurance contracts	1-Jan-21

Notes to the Financial Statements (continued)

2.3 Standards issued but not yet effective (continued)

The Company intends to adopt these standards in the first accounting period after the effective date. The Directors do not anticipate that the adoption of the remaining Standards and Interpretations will have a material effect on the Company's Financial Statements in the period of initial application.

2.4 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all the amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

2.5 Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

2.6 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.7 Revenue recognition

IT support fees are recognised in the related period in line with the contract.

2.8 Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income, or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Income tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws of the relevant countries that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from goodwill, the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Notes to the Financial Statements (continued)

2.8 Income tax (continued)

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by Science Group and it is probable that the temporary difference will not reverse in the foreseeable future.

3. Revenue

Year ended 31 December	2018 £000	2017 £000
IT Support	7	39
Revenue	**7**	39

Turnover by geographical area:

Year ended 31 December	2018 £000	2017 £000
United Kingdom	7	39
Revenue	**7**	39

4. Operating Expenses

Expenses by nature:

Year ended 31 December	2018 £000	2017 £000
Occupancy	-	(2)
Support charges from group undertakings	30	17
Auditor's remuneration: fees payable to the auditor for the audit of financial statements	6	4
	36	19

The auditor's remuneration relates solely to amounts paid to KPMG LLP.

Notes to the Financial Statements (continued)

5. Employee and Directors

Employees

The average monthly number of persons employed by the Company during the year was: nil (2017: nil)

Directors

The Directors of this company are remunerated by other companies in the Group and accordingly, this remuneration has been recorded in the company from which it is received. If an allocation of the remuneration were to be made, it would be £nil.

6. Income tax

The tax charge comprises:

Year ended 31 December	**Note**	**2018 £000**	2017 £000
Current taxation		-	(4)
Current taxation - Adjustment in respect of prior years		4	(7)
		4	(11)

The tax on the Company's profit / (loss) before tax differs from the theoretical amount that would arise using the weighted average statutory tax rate applicable to profits of the consolidated companies as follows:

	2018 £000	2017 £000
(Loss) / Profit before tax	**(29)**	20
Tax calculated at domestic tax rates applicable	6	(4)
Adjustment in respect of prior periods - current tax	4	(7)
Current year losses for which no deferred tax asset was recognised	(6)	-
Tax credit / (charge)	4	(11)

The weighted average statutory applicable tax rate was 19.0% (2017: 19.25%).

Factors affecting future tax charges

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. The deferred tax at 31 December 2018 has been calculated based on these rates.

Notes to the Financial Statements (continued)

7. Trade and other receivables

	2018 £000	2017 £000
Trade receivable	-	8
	-	8

8. Trade and other payables

	2018 £000	2017 £000
Payments received on account	-	-
Amounts owed to group undertakings	37	15
VAT payable	-	1
Accruals	6	6
	43	22

9. Called-up share capital

	2018 £000	2017 £000
Allotted, called-up and fully paid		
Ordinary shares of £1 each	10	10
	Number	Number
Allotted, called-up and fully paid		
Ordinary shares of £1 each	10,000	10,000

10. Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries. During the year the company did not enter into transactions, in the ordinary course of business, with other related parties.

11. Controlling parties

The immediate parent undertaking and the smallest & largest group to consolidate these financial statements is Science Group plc. Copies of the Science Group plc consolidated financial statements can be obtained from the Companies House website:
(https://beta.companieshouse.gov.uk/company/06536543)