Atten Group Limited

Annual report and financial statements

for the year to 31 March 2023

Registered number: 13214114

Atten Group Limited

Annual report and financial statements for the year to 31 March 2023

Contents

Contents	Page
Officers and professional advisors	1
Strategic report for the year to 31 March 2023	2
Directors' report for the year to 31 March 2023	7
Independent auditors' report to the members of Atten Group Limited	10
Consolidated statement of comprehensive income for the year to 31 March 2023	13
Consolidated balance sheet as at 31 March 2023	14
Company balance sheet as at 31 March 2023	15
Consolidated and company statements of changes in equity for the year to 31 March 2023	16
Consolidated cash flow statement for the year to 31 March 2023	17
Notes to the financial statements for the year to 31 March 2023	18

Atten Group Limited

Officers and professional advisors

Directors

Sir Bill Thomas
Mr D Zwicky
Mr M Vervisch
Mr A Tisdale
Ms Y Luo
Mr A Gilbert
Mr P Bryce
Mr J Kay

Registered office

Unit 1A-1B
Millennium Way
Pride Park
Derby
DE24 8HZ

Bankers

National Westminster Bank PLC
Derby City
Crompton House
Derwent Street
Derby
DE1 2ZG

Solicitors

Pinsent Masons LLP
3 Colmore Circus
Birmingham
B46BH

Independent auditors

PricewaterhouseCoopers LLP
One Chamberlain Square
Birmingham
B3 3AX

Strategic report for the year to 31 March 2023

The directors present their strategic report for the year to 31 March 2023.

Principal activities

The principal activity of the group is the provision of IT services. The principal activity of the company is that of an investment holding company.

Results and financial position

The company was set up to acquire Chiron Topco Limited, the holding company for the Node 4 trading group with that acquisition completed on 19 March 2021. These financial statements are for the year to 31 March 2023 and the comparative results relate to a trading period of one year and 12 days to 31 March 2022.

The group recorded revenue of £162,025,000 for the year *(2022: £114,193,000 for the trading period from 19 March 2021 to 31 March 2022)*, a gross profit of £78,144,000 (*2022: £63,862,000*) and an operating loss of £23,081,000 (*2022: £19,926,000*) after amortisation of goodwill and brand related intangible assets. The group's loss before taxation for the year was £71,168,000 (*2022: £56,252,000 for the period to 31 March 2022*) resulting in the financial position at 31 March 2023 as set out on page 14.

Business review

The business of the group is focused on the provision of digital transformation and managed IT services primarily to the UK Mid-Market and Channel clients. The portfolio of services has been expanded extensively over the years and now includes cloud, colocation, connectivity, collaboration, continuity and implementation and support of Microsoft Dynamics, Business Central and Dynamics NAV. Node4 differentiates itself through being able to provide a complete end-to-end service starting with the initial consulting and design piece all the way through to the implementation and management of a full range of hybrid cloud enabled IT services which underpin our clients critical business processes.

We still believe that ownership of our infrastructure combined with the breadth of our end-to-end offering are key differentiators critical to our current and future growth. In addition to offices in the East Midlands (Derby and Nottingham), North West (Manchester and Wigan), South East (Reading and Welwyn), London and Edinburgh we own and manage high quality data centres located in Derby where our head office is located, Leeds and Northampton. In addition, we also have a presence in strategically located 3rd party data centres which further enhance our national presence. Having completed expansion projects at two sites in recent years - we now have a total colocation and cloud capacity of c1,500 racks across our own sites offering high levels of security and redundancy. Our facilities are ISO27001 accredited, they satisfy the security requirements for PCI compliance and the UK government Official requirement, they range up to Tier3+ standard and deliver an efficiency rating of PUE 1.2.

Our data centres are also home to our cloud infrastructure which underpins many of our managed services. Working with leading vendors Cisco, NetApp and VMware we have built a CMSP accredited enterprise-grade cloud infrastructure that offers scalable and resilient resources. We also deliver private cloud solutions with dedicated infrastructure, we bring together both elements in hybrid cloud solutions and can also offer hyperscaler environments, all with the aim of ensuring customers can deploy the right workload into the right environment.

Critical to being able to access this infrastructure is connectivity. The data centres are connected using our national Dense Wavelength Division Multiplexing (DWDM) network which includes points of presence in Manchester and London, as well as interconnects to major UK carriers and public cloud environments. This means we can provide the best options in terms of price and capacity, wherever a customer is located. We are an internet service provider and use access methods including ethernet, broadband and M2M (which uses the mobile 4G network) to provide access into our national network. Our network seamlessly connects clients to SIP, voice, cloud and data centre solutions. We were also one of the first providers to implement a Software Defined Network (SDN) for our customers.

The collaboration part of the portfolio gives access to resilient cloud based tools that allow customers to stay securely connected and mobile in the fast paced environment of today.

Our continuity services comprise a full suite of end-to-end products to mitigate continuity and cyber security risks. Cyber Security in particular is seeing rapidly increasing awareness and demand from our customers.

Strategic report
for the year to 31 March 2023 (continued)

Business review (continued)

Around all these services we provide a complete managed service wrap for business critical systems including operating systems (Linux and Microsoft), software application stacks such as web and database services and dev-ops for application orchestration.

To meet increased demand for managed services the group has made significant investments in recent years in market leading management and monitoring platforms Service Now and Science Logic, combined with additional staff recruitment and training.

Our N4Stack brand launched in FY19, which incorporated the database management activities of the Onomi business acquired in May 2017 along with other public cloud focused offerings within the company, has continued to see growth in FY23 with sales of the business unit driven by continued momentum with its successful Microsoft Azure managed services and Dev-Ops offerings and successful cross-sell of the core database services into the broader Node4 client base.

We have a strong business culture that is built around working with our customers and becoming their trusted IT services provider. We believe in flexibility and view our customers as partners, aiming to provide the best customer experience. We pride ourselves on the satisfaction that our customers achieve whilst working with us.

The Node4 business has steadily grown customer sales across the whole service portfolio, both organically and through acquisition. From 2013 (following the first round of private equity led investment) to 2022 the group has acquired 9 businesses, most recently the risual business in July 2022 and Tisski business in December 2022.

TNP, the subsidiary acquired in 2021, sells, implements and supports business solutions based on Dynamics 365 Business Central, Power Apps and Power BI. It is the largest pure play Microsoft Partner in the UK in this market and brings a wide range of complementary skills to the Node 4 portfolio. TNP delivers business systems and support to more than 500 customers, TNPs track record, skillset and experience will significantly enhance the group's end to end managed services portfolio.

Risual Limited 'risual' has deep solution and service knowledge across Microsoft platforms and is a specialist in transforming clients in cloud, business and digital which supports the company and group's evolution to a business delivering more cloud led transformation services.

Tisski Limited is one of the UK's leading Microsoft Gold Partners and Cloud Solutions Providers and has built a track record of success with some of the UK's largest Public Sector organisations providing innovation in both delivery methodology and end market verticals.

Node4 has been able to weather the economic impacts in FY23 due to its robust business model which provides high levels of contracted recurring revenue through the provision of business critical IT services to a diverse range of mid-market clients. In addition, whilst there have been considerable economic pressures on clients in the year, it has also created additional demand for services across cloud, connectivity and collaboration in areas such as remote working.

Future developments and subsequent events

The group is focusing on maintaining its long-standing track record of year on year organic growth, leveraging the capacity available across its well invested data centres, network and cloud infrastructure, complemented by a comprehensive service portfolio to capitalise on the growing demand for outsourced IT infrastructure, associated managed services and cloud led transformation.

The group continues to look to increase its national presence and will continue to look for opportunities to further expand our geographic reach. In addition, we also continue to look for opportunities that further expand the range of value add services we can offer to our clients across the regions we operate in.

The group is well placed entering the new financial year (FY24) following the strategic acquisitions made and having exited FY23 with a strong run-rate of revenues and order book. The group will be looking to further leverage the significant investment made in recent years in its core operating platforms to meet the increasing demand it is seeing for managed services from new and existing clients.

Acquisitions continue to form a key part of our growth strategy and we continue to review opportunities which would enable us to further enhance our service offerings and add scale to our existing operations. In June 2023, the group acquired Coburn Holdings Limited and its 324 Consultancy business, an information security and technology risk management service provider. The consideration comprised £1m of cash at completion, £1.6m reinvested in the Atten group and up to a further maximum £3.9m of deferred and contingent consideration financed from existing funding facilities.

Strategic report
for the year to 31 March 2023 (continued)

Key performance indicators (KPIs)

In addition to overall revenue, gross profit and the operating result as set out above, the group relies on various KPIs, which are regularly reviewed by the management team and board. The KPIs include:

- Sales activity, particularly in relation to growth in the key service areas. KPIs monitored are:
  - New business wins won; and
  - New monthly recurring revenue (MRR) won; and
  - New business put-live.
- Cloud platform and data centre utilisation monitoring, which provides the trigger for further infrastructure investment.
- Gross margin by product category. Gross margin trends are monitored closely to confirm revenue and cost behaviour and develop action plans where necessary.
- Billability and Average fee rate ensuring the efficient use and pricing of professional services staff.

Principal risks and uncertainties

The directors consider the biggest risks to stem from the management of the growth of the business including integration of acquired businesses together with inflationary pressures on the wider economic environment. Cyber security is considered and addressed as a major operational risk.

In operational terms the integration risk manifests in areas such as customer and employee retention although the group strives to foster a culture and customer service ethos to mitigate this. Whilst not KPIs as such, the reasons for employee departures and customer terminations are collated and reviewed by management and the board.

The group now has a Security Practice director and dedicated staff to address risk and develop new solutions. ISO27001 forms the basis of governance and best practice in respect of cyber security, augmented by Cyber Essentials+. Within the group, a testing team regularly scan and test the network environment while independent *third parties test the environment regularly. There are training programs in place and compliance teams oversee* business continuity procedures and plans are regularly reviewed, tested and exercised.

In relation to the economic impacts, the principal operational risks relate to the impact on the financial health of the customer base and energy costs. The group has a diverse range of clients in resilient sectors such as IT and Software Services, Financial Services and Healthcare and manages its energy purchases and terms of business which allows for energy cost changes to be reflected in the customer prices. Although consumer and business confidence is mixed we feel confident that demand for our products and services in FY23 will continue into FY24.

Financial risk management

In financial terms, the directors consider and manage the risks in the following ways:

Credit risk: The group policy in respect of credit risk is to require appropriate credits checks on all potential customers prior to sales being made. In addition, direct debit is stipulated as a preferred method for customer payment and a rigorous credit control policy is followed.

Liquidity and cash flow risk: The board regularly reviews the cash position and cash flow forecasts for the group. The group has a free cash balance and has committed bank facilities available to finance capital expenditure and working capital in pursuit of growth.

Interest rate risk: The group is constantly evaluating whether to extend and increase its interest rate cap following the investment by Providence Equity Partners and the installation of the Senior Debt package.

Strategic report
for the year to 31 March 2023 (continued)

The Directors' duties

The directors of the company, as for all UK companies, must act in accordance with the general duties set out in section 172 of the Companies Act 2006. This is summarised as follows:

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term,
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers and others,
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the company.

Strategic decisions

The group operates in a growing market with a strong organic and acquisition growth strategy. This has required continued investment in acquired businesses, our service offerings, systems and processes, data centres and employees to grow revenue and profitability whilst engaging and communicating effectively with all stakeholders including suppliers, customers and employees.

Our employees

Employees are essential to the group's interaction with other stakeholders and their individual commitment ensures successful trading and development of the business. We pride ourselves on being a friendly and supportive workplace underpinned by our Exceptional Service as a Standard ("ESaaS") culture. We invest in employees through both technical and non-technical training, the high class work environment provided, competitive remuneration, wellbeing initiatives and the option to participate in share ownership. We have a strong employee value proposition with a range of benefits and best working practices. Regular companywide communication, divisional monthly and weekly meetings and updates both formally through quarterly updates and informally through communication applications ensure that staff are up-to-date with developments and engaged change. In April 2022 we were recognised as one of the UK's top 100 Great Places to Work® – an accolade based entirely on employee feedback.

Assessing health and safety for employees was paramount during the COVID-19 outbreak and has guided the actions taken with a continuing mix of flexible home and office working.

Employees are informed of the performance and prospects of the company and group and encouraged to become aware of the financial and economic factors which affect the group and its ability to compete in the marketplace.

Disabled applicants and existing disabled employees of the group are treated fairly and on terms comparable with those of other employees. Equally, employees who become disabled during their employment receive training, where necessary, in order to promote their ongoing career development.

Business relationships

Customer relationships and high standards of service are key to maintaining and growing the group's business. Ongoing communication occurs through the sales and operational teams, and through the group website and email communication. The business constantly monitors customer satisfaction scores to help it improve its services and identifying new products and services needed by clients.

Suppliers are key to the business in respect of supporting operations, ensuring business continuity and that the quality of products and services is maintained. There is regular communication with major suppliers and agreements are in place to incentivise efficiencies for suppliers and the group and the group policy is to consistently meet payment terms. The group is constantly monitoring its supplier base in order to maintain optimal continuity and mitigate any potential supply risks.

Atten Group Limited

Strategic report
for the year to 31 March 2023 (continued)

Shareholders

The group is owned by Private Equity and its Management, with the investment from Private Equity playing a key part in the business' growth. The directors regularly report to the shareholders who also monitor and have oversight of the annual plans, initiatives and longer term plans as well as being party to an investor agreement with the group.

Community and environment

The group both promotes and encourages engagement with and employee involvement in community and charitable projects including ongoing support for the Trussell Trust, who operate foodbanks, through various donations and fund raising initiatives. Over the last year we have also been making made regular donations to foodbanks near to our regional offices.

We have made donations to a number of other charities over the period including Little Johns House, the Ukraine Appeal and support 6 local children's sports teams through sponsorship of equipment and kit. We also have an ongoing relationship with the local schools, colleges and universities where we have provided support to their students through careers fairs and work experience placements.

The group is committed to sustainable use of resources and has continued to increase both the use of recyclable materials and recycling of office waste. Node4 has achieved and maintains ISO50001, the International Energy Management Standard, and are as such fully committed to reducing waste of all kinds, including electricity and fuel.

Approved by the board of directors and signed on behalf of the board on 15 August 2023.

J Kay
Director

Directors' report for the year to 31 March 2023

The directors present their annual report and the audited financial statements of the group and the company for the year to 31 March 2023.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were as follows:

Sir Bill Thomas
Mr S Krnic (resigned 5 April 2023)
Mr D Zwicky
Mr M Vervisch
Mr A Tisdale
Ms Y Luo
Mr A Gilbert
Mr P Bryce
Mr J Kay

Dividends

The directors do not recommend the payment of a dividend.

Going concern

The directors have considered the trading performance of the company and group, together with the factors likely to affect its future development as well as its current liquidity position. The directors have reviewed the group's forecasts and likely future cash flows, taking into account in particular the continued potential impact of UK and global economic factors on trading and energy costs, the group's current net borrowings and uncommitted cash deposits. The group facilities are subject to covenant tests and the directors have run several downside scenarios, including those considered severe but plausible and factoring in reasonable mitigating factors, to demonstrate that covenant breaches are considered highly unlikely.

Based on the available information including resilient trading through the lock down periods in the economy, the directors consider that the company and group have the plans and resources needed to manage its business risks successfully and remain financially robust. Whilst the economic pressures continue to have some impact on certain customers, the group benefits from operating with a diverse range of clients across resilient sectors such as Healthcare, Financial Services and IT and Software Services which are continuing to see growth and therefore provide the group with opportunities to grow. The company and group also benefits from offering critical IT infrastructure services and considers that the breadth of value-added services it can offer will remain attractive to a range of new clients in the current environment. However, management remains very focused on cash management to ensure that the business has sufficient headroom to manage the risk that are inherent in the current economic environment which continues to be impacted by significant global factors.

After making enquiries, the directors have a reasonable expectation that the company and group have adequate resources to continue operations for the foreseeable future. Accordingly, the going concern basis of preparation continues to be adopted in the financial statements.

Strategic report

The following items have been included within the strategic report on pages 2 to 6:

- Principal activities
- Results
- Business review
- Future developments and subsequent events
- Key performance indicators
- Principal risks and uncertainties
- Financial risk management
- The directors' duties under s172 of the Companies Act including those relating to employees and other group stakeholders

Directors' report
for the year to 31 March 2023 (continued)

Streamlined energy and carbon reporting ('SECR')

Energy efficiency and environmental sustainability are a part of everything we do, whether we're building new data centres or upgrading existing facilities. We have committed to design, build and operate our data centres with high energy efficiency standards, and we have a long-term goal to use 100% clean and renewable energy across our global platform.

We have calculated and reported our emissions in line with the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from the UK Government's GHG Conversion Factors for Company Reporting. The boundaries of the GHG inventory are defined using the operational control approach. In general, the emissions reported are the same as those which would be reported based on a financial control boundary. The TNP business acquired in August 2021, risual business in July 2022 and Tisski business in December 2022 are out of the scope of this data and do not use any energy intensive sites in their mainly consultancy based operations.

SECR	Year to 31 March 2023	Year to 31 March 2022
Emissions from activities for which the group is responsible including combustion of fuel and operation of facilities (Scope 1)/ tCO2e	Data centres and attached offices = 9,291 litres (Diesel - average biofuel blend) = 23.78 tonnes CO2e	Data centres and attached offices = 3,589 litres (Generator Diesel -average biofuel blend) = 9.4 tonnes CO2e
Emissions from purchase of electricity, heat, steam and cooling purchased for own use (Scope 2)/ tCO2e	Data centres and attached offices: 14,393,814 kWh (excluding REGO energy from Oct 2022 onwards which was 13,276,898 kWh to March 2023) = 2,783 tonnes CO2e	Data centres and attached offices: 27,615,172 kWh (Mains) = 5,340 tonnes CO2e
Total gross emissions (Scope 1 and 2)/ tCO2e	2,807 tonnes CO2e	5,350 tonnes CO2e
Intensity ratio: tCO2e based on £'000 of gross revenue	0.028 tonnes per £1,000 of revenue	0.064 tonnes per £1,000 of revenue
Methodology	Electricity Usage Data taken from energy supplier billing information. Diesel litres use taken from our tank gauges (new).	Data taken from energy supplier billing information
Third Party verification	SECR methodology and the CO2 calculation has been verified by ISO 50001 UKAS accredited auditor.	SECR methodology and the CO2 calculation has been verified by ISO 50001 UKAS accredited auditor.

We have used the group's annual gross revenue in respect of the operations where energy usage is measured and excluding consultancy operations to calculate the intensity ratio.

As a result of our on-going investment we have already made energy efficiencies reflected in a reduced ratio through LED lighting, HVAC Aircon, through continued maintenance testing and the purchase of more efficient equipment.

Scope 2 emissions baseline will continue to reduce through the purchasing of renewable energy guarantees of origin ('REGO') certified energy with additional disclosure given of the REGO kWh quantities.

Scope 3 emissions baseline will be defined for the financial year 2024. £1.5k carbon off-setting contribution has been made in 2023 via Leap Frog.

Node4 are committed to developing policies and initiatives to support the Governments goal to reduce greenhouse gas emissions to achieve net zero by 2050. This carbon reduction commitment is supported by the internal Energy Management Team reporting directly to the Board.

Directors' report
for the year to 31 March 2023 (continued)

Directors' indemnities

The group maintained liability insurance for its directors and officers. This is a qualifying third party indemnity provision for the purposes of the Companies Act 2006, and was in place during the financial period up to the date of signing these financial statements.

Statement of directors' responsibilities in respect of the financial statements

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

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the board of directors and signed on behalf of the board on 15 August 2023.

J Kay
Director

Independent auditors' report to the members of Atten Group Limited

Report on the audit of the financial statements

Opinion

In our opinion, Atten Group Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2023 and of the group's loss and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Consolidated balance sheet and the Company balance sheet as at 31 March 2023; the Consolidated statement of comprehensive income, the Consolidated cash flow statement and the Consolidated and Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Report on the audit of the financial statements (continued)

Reporting on other information (continued)

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, employment laws and regulations and data protection legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of unusual journals to revenue and the manipulation of significant accounting estimates. Audit procedures performed by the engagement team included:

- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- Reading the minutes of the Board meetings to identify any inconsistencies with other information provided by management;
- Testing of journals that have unusual account combinations;
- Challenging management on the supporting evidence and rationale provided for significant accounting estimates; and
- Incorporating elements of unpredictability

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Independent auditors' report to the members of Atten Group Limited (continued)

Report on the audit of the financial statements (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Neil Philpott (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham,
15 August 2023

Atten Group Limited

Consolidated statement of comprehensive income for the year to 31 March 2023

	Note	**Year to 31 March 2023 £'000**	Period to 31 March 2022 £'000
Turnover	5	**162,025**	114,193
Cost of sales		**(83,881)**	(50,331)
Gross profit		**78,144**	63,862
Goodwill and brand asset amortisation	10	**(48,126)**	(40,742)
Other administrative expenses		**(53,099)**	(43,046)
Total administrative expenses		**(101,225)**	(83,788)
Operating loss	6	**(23,081)**	(19,926)
Interest receivable and similar income		**31**	-
Interest payable and similar expenses	7	**(48,118)**	(36,326)
Loss before taxation		**(71,168)**	(56,252)
Tax on loss	9	**840**	(1,610)
Loss for the financial year/period		**(70,328)**	(57,862)

The company was incorporated on 19 February 2021 with comparative trading results relating to the period from acquisition of Chiron Topco Limited on 19 March 2021 to 31 March 2022.

The notes on pages 18 to 36 form part of these financial statements

Atten Group Limited

Consolidated balance sheet as at 31 March 2023

	Note	**31 March 2023 £'000**	31 March 2022 £'000
Fixed assets			
Intangible assets	10	**436,321**	386,842
Tangible assets	11	**14,722**	13,938
		451,043	400,780
Current assets			
Inventories	13	**806**	769
Debtors	14	**31,799**	22,311
Cash at bank and in hand		**18,556**	15,580
		51,161	38,660
Creditors: amounts falling due within one year	15	**(36,241)**	(32,123)
Net current assets		**14,920**	6,537
Total assets less current liabilities		**465,963**	407,317
Creditors: amounts falling due after more than one year	16	**(568,356)**	(454,986)
Provisions for liabilities	18	**(13,647)**	(8,896)
Net liabilities		**(116,040)**	(56,565)
Capital and reserves			
Called up share capital	20	**152**	130
Share premium account	20	**11,305**	1,167
Other equity reserves	21	**693**	-
Profit and loss account		**(128,190)**	(57,862)
Total equity		**(116,040)**	(56,565)

These financial statements on pages 13 to 36 were approved by the Board of Directors and authorised for issue on 15 August 2023.

Signed on behalf of the Board of Directors

J Kay
Director

Atten Group Limited **Company Registration Number: 13214114**

The notes on pages 18 to 36 form part of these financial statements

Atten Group Limited

Company balance sheet
as at 31 March 2023

	Note	31 March 2023 £'000	31 March 2022 £'000
Fixed assets			
Investments	12	**275,319**	219,970
Current assets			
Debtors	14	**908**	-
Cash at bank and in hand		**131**	-
		1,039	-
Creditors: amounts falling due within one year	15	**(671)**	(173)
Net current assets/(liabilities)		**368**	(173)
Total assets less current liabilities		**275,687**	219,797
Creditors: amounts falling due after more than one year	16	**(310,691)**	(239,262)
Net liabilities		**(35,004)**	(19,465)
Capital and reserves			
Called up share capital	20	**152**	130
Share premium account	20	**11,305**	1,167
Other equity reserves	21	**693**	-
Profit and loss account		**(47,154)**	(20,762)
Total equity		**(35,004)**	(19,465)

The loss for the financial year dealt with in the financial statements of the parent company was £26,392,000 (2022: £20,762,000).

These financial statements on pages 13 to 36 were approved by the Board of Directors and authorised for issue on 15 August 2023.

Signed on behalf of the Board of Directors

J Kay
Director

Atten Group Limited **Company Registration Number: 13214114**

The notes on pages 18 to 36 form part of these financial statements

Atten Group Limited

Consolidated and company statements of changes in equity for the year to 31 March 2023

Group

	Called up share capital £'000	Share premium account £'000	Other equity reserves £'000	Profit and loss account £'000	Total equity £'000
On incorporation on 19 February 2021	-	-	-	-	-
Loss and total comprehensive expense for the financial period	-	-	-	(57,862)	(57,862)
Shares issued in the period by the company	130	1,167	-	-	1,297
At 31 March 2022	**130**	**1,167**	-	**(57,862)**	**(56,565)**
Loss and total comprehensive expense for the financial year	-	-	-	(70,328)	(70,328)
Shares issued in the year by the company (note 20)	22	10,138	-	-	10,160
Employee Benefit Trust transactions in the year (note 21)	-	-	693	-	693
At 31 March 2023	**152**	**11,305**	**693**	**(128,190)**	**(116,040)**

Company

	Called up share capital £'000	Share premium account £'000	Other equity reserves £'000	Profit and loss account £'000	Total equity £'000
On incorporation on 19 February 2021	-	-	-	-	-
Loss and total comprehensive expense for the financial period	-	-	-	(20,762)	(20,762)
Shares issued in the period by the company	130	1,167	-	-	1,297
At 31 March 2022	**130**	**1,167**	**-**	**(20,762)**	**(19,465)**
Loss and total comprehensive expense for the financial year	-	-	-	(26,392)	(26,392)
Shares issued in the year by the company (note 20)	22	10,138	-	-	10,160
Employee Benefit Trust transactions in the year (note 21)	-	-	693	-	693
At 31 March 2023	**152**	**11,305**	**693**	**(47,154)**	**(35,004)**

The notes on pages 18 to 36 form part of these financial statements.

Atten Group Limited

Consolidated cash flow statement
for the year to 31 March 2023

	Note	**Year to 31 March 2023 £'000**	Period to 31 March 2022 £'000
Net cash from operating activities	23	**28,114**	23,732
Corporation tax paid		**(318)**	(1,311)
Net cash generated from operating activities		**27,796**	22,421
Cash flows from investing activities			
Payments to acquire tangible fixed assets		**(4,803)**	(3,872)
Payments to acquire intangible fixed assets		**(2,636)**	(795)
Proceeds of sale of fixed assets		**133**	63
Interest received		**31**	-
Purchase of subsidiary undertakings	26	**(71,422)**	(308,655)
Cash acquired with subsidiaries	26	**4,565**	19,423
Net cash used in investing activities		**(74,132)**	(293,836)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**6,710**	949
Proceeds from issue of preference shares		**26,122**	189,049
Interest paid		**(17,823)**	(11,697)
Receipt of bank loans		**39,000**	223,500
Repayment of bank loans		**(344)**	(90,243)
Loan issue costs paid		**(2,487)**	(12,082)
Other loans repaid		-	(10,263)
Capital element of finance lease and hire purchase payments		**(1,866)**	(2,218)
Net cash generated from financing activities		**49,312**	286,995
Increase in cash and cash equivalents		**2,976**	15,580
Cash and cash equivalents at start of the year/period		**15,580**	-
Cash and cash equivalents at end of the year/period		**18,556**	15,580

The comparative cash flows relate to the period from acquisition of Chiron Topco Limited on 19 March 2021 to 31 March 2022.

Non-cash movements

The major non-cash items resulting in movements in the year/period are:

- Reinvestment by the sellers on acquisition of £23,101,000 into £3,584,000 of ordinary shares and £19,517,000 of preference shares (2022: 29,973,000 into £348,000 of ordinary share capital and £29,625,000 of preference shares).

- Amortisation of loan issue costs of £2,001,000 (2022: £1,801,000), rolled up interest on bank loans of £1,733,000 (2022: £1,656,000) and accrued preference dividends of £25,790,000 (2022: £20,588,000) included in the interest charges and liabilities.

- New finance leases or hire purchase agreements of £1,755,000 (2022: £1,542,000) in respect of tangible fixed assets and £nil (2022: £783,000) in respect of intangible fixed assets.

The notes on pages 18 to 36 form part of these financial statements.

Atten Group Limited

Notes to the financial statements for the year to 31 March 2023

1 General information

The company is a holding company and its subsidiaries provide and sell cloud, colocation, connectivity, collaboration and continuity services. The company is a private company, limited by shares, United Kingdom incorporated, registered and domiciled in England. The address of the registered office is Unit 1A-1B, Millennium Way, Pride Park, Derby, DE24 8HZ

2 Statement of compliance

The group and individual financial statements of Atten Group Limited have been prepared in compliance with United Kingdom Accounting Standards, including FRS 102, The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ('FRS 102') and the Companies Act 2006.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied throughout the period presented, unless otherwise stated. These financial statements are prepared on a going concern basis, under the historical cost convention and as modified by the recognition of certain financial assets measured at fair value on acquisition.

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 £'000.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group and company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

Consolidation

The group financial statements include the results of the company and its subsidiary undertakings, made up to 31 March 2023. The results of the subsidiary undertakings are included from the date that effective control passed to the group. On acquisition, all the subsidiary undertakings' assets and liabilities at that date of acquisition are recorded under purchase accounting at fair value, having regard to condition at the date of acquisition. All changes to those assets and liabilities and the resulting gains and losses that arise after the company gained control are included in the post-acquisition results. Sales, profits and balances between group companies are eliminated on consolidation.

Going concern

The directors have considered the trading performance of the company and group, together with the factors likely to affect its future development as well as its current liquidity position. The directors have reviewed the group's forecasts and likely future cash flows, taking into account in particular the continued potential impact of UK and global economic factors on trading and energy costs, the group's current net borrowings and uncommitted cash deposits. The group facilities are subject to covenant tests and the directors have run several downside scenarios, including those considered severe but plausible and factoring in reasonable mitigating factors, to demonstrate that covenant breaches are considered highly unlikely.

Based on the available information including resilient trading through the lock down periods in the economy, the directors consider that the company and group have the plans and resources needed to manage its business risks successfully and remain financially robust. Whilst the economic pressures continue to have some impact on certain customers the group benefits from operating with a diverse range of clients across resilient sectors such as Healthcare, Financial Services and IT and Software Services which are continuing to see growth and therefore provide the group with opportunities to grow. The company and group also benefits from offering critical IT infrastructure services and considers that the breadth of value-added services it can offer will remain attractive to a range of new clients in the current environment. However, management remains very focused on cash management to ensure that the business has sufficient headroom to manage the risk that are inherent in the current economic environment which continues to be impacted by significant global factors.

After making enquiries, the directors have a reasonable expectation that the company and group have adequate resources to continue operations for the foreseeable future. Accordingly, the going concern basis continues to be adopted in these financial statements.

Notes to the financial statements for the year to 31 March 2023 (continued)

3 Summary of significant accounting policies (continued)

Exemptions

The company has taken advantage of the exemption under FRS 102 not to disclose transactions between wholly owned entities in the group. The company discloses transactions with related parties which are not wholly owned group entities. The company has taken advantage of the exemption under section 408 of the Companies Act 2006 not to present its profit and loss account and of the exemptions in FRS 102 from preparing an entity cash flow statement, entity key management remuneration and entity financial instruments disclosures.

Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the principal activity of the group, after deduction of trade discounts and VAT.

Turnover from the supply of goods and services represents the value of goods delivered to the customer and services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date, turnover represents the value of the service provided to date based on a proportion of the total contract value or, where there are specific significant milestones, only when those are achieved. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year. This is released to the profit and loss account as services are performed.

Provisions are made for any onerous sales contracts where the company has a legal or constructive obligation to deliver services and a reliable estimate of the contract specific costs still expected to be incurred as of the balance sheet date exceed the related contract income to be earned. The excess cost provided for is charged as an expense to the profit and loss account in the period that the company becomes aware of the obligation and the liability is recorded in provisions. When costs are incurred, they are charged against the provision carried in the balance sheet.

Employee benefits

The group operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme. Short term employee benefits including holiday pay are recognized as an expense in the period in which the service is rendered.

Research and development expenditure

All research costs are charged immediately to profit or loss. Costs incurred on software development projects are recognised as intangible assets when they meet the requirements of FRS 102. Development costs that cannot be capitalised are charged to profit or loss in the period in which they occur.

Non-recurring items

The group classifies certain one-off charges or credits that have an impact on the group's financial results as 'non-recurring' items. These are disclosed separately to provide further understanding of the financial performance of the group.

Taxation

The taxation expense or credit comprises current and deferred tax recognised in the profit for the financial period or in other comprehensive income or equity if it arises from amounts recognised in other comprehensive income or directly in equity. Current tax is provided at amounts expected to be paid (or recovered) in respect of the taxable profits for the period using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Notes to the financial statements for the year to 31 March 2023 (continued)

3 Summary of significant accounting policies (continued)

Intangible assets

On acquisition of a subsidiary undertaking, the excess of the fair value of the consideration payable over fair values of the net assets acquired is recognised as goodwill. Such goodwill is capitalised and stated at historical cost less provisions for amortisation and any impairment. Goodwill arising on acquisition is amortised to the profit and loss account over its estimated life of 10 years.

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets acquired as part of an acquisition are recognised separately from goodwill if the fair value can be measured reliably on initial recognition and if their realisation is potentially separable from the main trading business acquired. In accordance with the amendments to FRS 102, intangible assets including customer relationships are not recognized if they cannot be separated from the main trading business acquired.

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment. Intangible assets are amortised on a straight line basis over their estimated useful lives. Brand related assets are amortised over 5 to 10 years and capitalised software costs are amortised to the profit and loss account over 2 to 5 years.

Intangible assets including goodwill are tested for impairment when an event that might affect asset values has occurred. Any such impairment in carrying value is written off to the profit and loss account immediately.

Tangible assets

Tangible fixed assets are stated at cost less depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life, as follows:

Asset class	Depreciation method rate
Leasehold improvements	Straight line basis over the remaining term of the lease
Office equipment	33⅓% straight line basis
Fixtures and fittings	20% straight line basis
Hosting equipment	20 or 33⅓% straight line
Motor vehicles	20% straight line basis

Investments

Investments are stated at cost less provisions for any impairment. Investments are tested for impairment when an event that might affect asset values has occurred.

Inventories

Inventories are valued at the lower of purchase cost and net realisable value, after due regard for obsolete and slow moving items. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Financial assets

The group has chosen to adopt section 11 and 12 of FRS 102 in respect of recognition and measurement of financial instruments.

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method. Cash and cash equivalents comprise cash held at bank which is available on demand.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 written off to the profit and loss account.

Notes to the financial statements for the year to 31 March 2023 (continued)

3 Summary of significant accounting policies (continued)

Financial liabilities

Basic financial liabilities, including trade and other payables, bank borrowings and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires. Borrowings are initially stated at the fair value of the consideration received after deduction of wholly attributable issue costs. Issue costs are amortised to the profit and loss account over the estimated life of the relevant borrowings.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account. The company's preference shares are treated as a liability and the dividends as interest in accordance with this policy.

Leasing and hire purchase commitments

Assets obtained under leases which result in the transfer to the company or group of substantially all the risks and rewards of ownership (finance leases) and hire purchase contracts are included in the balance sheet at the estimated present value of underlying rental payments and are depreciated in accordance with the policy above. Obligations under such agreements are included in creditors, net of finance charges allocated to future years. The finance element of the rental payments is charged to the profit and loss account over the period of the lease or hire purchase contract so as to produce a constant periodic rate of charge on the outstanding balance of the net obligation in each period. Rentals paid under other leases (operating leases) are charged to the profit and loss account on a straight-line basis over the lease term.

Provisions

Provisions are recognised where the group has a legal or constructive obligation as a result of past events, measured at the present value of the expenditure which can be reliably estimated to be required to settle the obligations.

Share capital

Financial instruments issued by the company are treated as equity only to the extent that they do not meet the definition of a financial liability. The company's ordinary shares are classified as equity instruments.

Employee Benefit Trust ('EBT')

The company controls an EBT which was set up to hold unallocated shares in the company until they are allocated to employees and to repurchase shares from leavers. In accordance with FRS 102, its transactions are accounted for within the company and hence also in the group with the investment in shares purchased by the EBT shown at cost as a debit to an equity reserve. On allocation and transfer of the beneficial interest in shares to employees any gain recorded by the EBT is credited directly to an equity reserve.

Profit and loss account

The profit and loss account reserve represents cumulative net losses from the statement of comprehensive income. Movements on the reserve are set out in the statement of changes in equity.

4 Critical accounting judgements and estimation uncertainty

The group and company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, not always equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Useful economic lives of tangible and intangible assets
The annual depreciation or amortisation charge for tangible and intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See notes 10 and 11 for the carrying amounts of fixed assets and note 3 for the useful economic lives for each class of assets.

The group uses an estimate for the useful life of goodwill and other intangible assets and the amortisation charges in line with the nature of the businesses and assets acquired. There is no current indication that the businesses will not continue to trade profitably and hence the life may differ or be longer than the estimates used to amortise intangible assets.

Fair values and intangible assets on acquisition of a business
Fair values have been applied on the acquisition of subsidiaries which involve a degree of judgement and estimation in particular in the identification and evaluation of intangible assets. The values are derived from the business cash flow forecasts and assumptions based on experience and factors relevant to the nature of the business activity.

Impairment of intangible assets including goodwill and investments
Investments made by the company and intangible assets acquired in a business combination including goodwill in the group financial statements are subject to annual impairment reviews. When there is an indication of impairment, subsequent impairment tests for investments and intangible assets are based on risk adjusted future cash flows discounted using appropriate discount rates. These future cash flows are based on forecasts which include estimated factors and are inherently judgemental. Future events could differ and cause the assumptions to change.

Onerous contracts
Provisions made for any onerous sales contracts are recorded using detailed analysis of the steps required and historical and technical experience to evaluate the best estimate of the time and cost required to complete the contracts. Whilst this is considered a reliable basis, actual outcomes could differ from these estimates.

Notes to the financial statements for the year to 31 March 2023 *(continued)*

5 Turnover

An analysis of turnover by customer geographical location is given below:

	2023	2022
	£'000	£'000
United Kingdom	156,702	110,800
Rest of the World	5,323	3,393
	162,025	114,193

An analysis of turnover by class of business is given below:

	2023	2022
	£'000	£'000
Recurring hosting and other IT services	111,161	86,986
Non-recurring professional services and supply of hardware	50,864	27,207
	162,025	114,193

6 Operating loss

Operating loss is stated after charging:

	2023	2022
	£'000	£'000
Operating lease rentals:		
• Plant and machinery	250	248
• Property	1,300	1,285
Auditors' remuneration:		
• Audit of the company's annual statutory financial statements	30	20
• Audit of the company's subsidiary undertakings	259	205
• For other assurance services	15	2
Impairment of trade debtors	42	26
Non-recurring abortive acquisition related costs	159	1,359
Non-recurring transaction related costs	-	373
Other non-recurring costs (including costs arising in respect of strategic review, integration and restructuring)	723	976
Depreciation of tangible fixed assets	6,018	5,420
Loss on disposal of tangible fixed assets	6	88
Amortisation of software intangible assets	1,309	946
Amortisation of brand and customer intangible assets	5,946	4,591
Amortisation of goodwill	42,345	36,261

In addition to those disclosed above, £560,000 (2022: £275,000) of auditors' remuneration in respect of transaction due diligence and tax related services has been capitalised and included in goodwill or loan issue costs.

Notes to the financial statements for the year to 31 March 2023 (continued)

7 Interest payable and similar expenses

	2023 £'000	2022 £'000
Interest on bank borrowings	**20,124**	13,738
Interest on finance leases and similar hire purchase contracts	**203**	199
Preference share dividends	**25,790**	20,588
Amortisation of issue costs	**2,001**	1,801
	48,118	36,326

The accrued preference share dividends, £1,733,000 (2022: £1,656,000) of rolled up interest on bank borrowings and the amortisation of issue costs represent a total £29,524,000 of non-cash items in the year (2022: £24,045,000 in the period).

8 Information regarding directors and employees

	2023 £'000	2022 £'000
Directors' remuneration – aggregate emoluments	**671**	815
Company pension contributions in respect of 2 directors	**3**	3
Remuneration of the highest paid director:		
Aggregate emoluments	**274**	460
Company pension contributions	-	-

The 5 Providence Equity Partners nominated directors are not remunerated by the group.

Average monthly number of persons employed	2023 Number	2022 Number
Directors	**9**	8
Sales	**193**	157
Technical	**621**	395
Finance and administration	**107**	62
	930	622

Staff costs	2023 £'000	2022 £'000
Wages and salaries	**48,962**	31,272
Social security costs	**6,084**	3,787
Other pension costs (note 19)	**1,747**	937
	56,793	35,996

The company had no employees other than the 9 directors and no payroll costs. The emoluments of the directors of this company which are disclosed above are borne by subsidiary companies.

Staff costs include £1,682,000 (2022: £496,000) which has been incurred on specific development projects and capitalised within software in intangible assets.

8 Information regarding directors and employees (continued)

Key management compensation

Key management comprises the directors and senior management of the company and of the subsidiaries with additional appointments made to this management group during the period. The compensation paid to key management for their employee services including pension contributions in the year was £1,445,000 (2022: £3,610,000 for the period). Following a number of acquisitions key management now represents only those senior management in overall group roles (2022: included directors of subsidiaries).

Members of key management also held shares in the former parent company, Chiron Topco Limited, receiving sale proceeds from these in the prior period with part reinvested in the new parent company, Atten Group Limited.

9 Tax on loss

	2023	2022
	£'000	£'000
Current tax		
United Kingdom corporation tax	35	682
Adjustments in respect of prior periods	(25)	90
Total current tax	10	772
Deferred tax		
Origination and reversal of timing differences	(998)	(528)
Change in tax rate	154	1,487
Adjustments in respect of prior periods	(6)	(121)
Total deferred tax	(850)	838
Tax (credit)/charge on loss	(840)	1,610

Factors affecting the tax (credit)/charge for the year/period

The tax (credit)/charge on the loss before taxation for the year/period differs from the standard rate of corporation tax in the UK of 19% (2022: 19%).

The differences are reconciled below:

	2023	2022
	£'000	£'000
Loss before taxation	(71,168)	(56,252)
Corporation tax at standard rate of 19% (2022: 19%)	(13,522)	(10,688)
Factors affecting the (credit)/charge for the year/period:		
Disallowable goodwill amortisation	8,045	6,890
Other disallowable expenses including non-deductible preference dividends	4,914	4,209
Additional capital allowances	(321)	(257)
Tax rate differences	75	1,487
Adjustments in respect of prior periods	(31)	(31)
Tax (credit)/charge on loss	(840)	1,610

In May 2021 a change in the corporation tax rate to 25% from April 2023 was substantively enacted and is accordingly applied, where applicable to the expected future reversals of timing differences, to deferred tax balances at 31 March 2023 and 2022.

Notes to the financial statements for the year to 31 March 2023 (continued)

10 Intangible assets

Group

	Software £'000	Customer relationships £'000	Brands £'000	Goodwill £'000	Total £'000
Cost					
At 1 April 2022	2,898	394	40,892	384,456	428,640
Additions	2,636	-	-	85,800	88,436
On acquisition	583	-	10,118	-	10,701
Disposals	(58)	-	-	-	(58)
At 31 March 2023	**6,059**	**394**	**51,010**	**470,256**	**527,719**
Accumulated amortisation					
At 1 April 2022	946	109	4,482	36,261	41,798
Charge for the year	1,309	165	5,781	42,345	49,600
At 31 March 2023	**2,255**	**274**	**10,263**	**78,606**	**91,398**
Net book amount					
At 31 March 2023	**3,804**	**120**	**40,747**	**391,650**	**436,321**
At 31 March 2022	1,952	285	36,410	348,195	386,842

Leased assets

Included within the net book value of software intangible fixed assets is £381,000 (2022: £598,000) in respect of assets held under finance lease or similar hire purchase agreements. Amortisation for the period on these assets amounted to £217,000 (2022: £189,000) and is included within administrative expenses.

Goodwill

Goodwill of £290,278,000 relates to Chiron Topco Limited (the Node 4 businesses), £94,178,000 to TNP Topco Limited acquired in the prior period, £42,095,000 to Risual Holdings Limited and £43,705,000 to Tisski Limited acquired in the year (note 25). Amortisation is included within administrative expenses.

Company

The Company did not hold any intangible assets at any time during the current year or prior period.

Notes to the financial statements for the year to 31 March 2023 (continued)

11 Tangible assets

Group

	Leasehold improve-ments	Fixtures and fittings	Office equipment	Motor vehicles	Hosting equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2022	7,507	108	1,239	89	10,398	19,341
Additions	366	7	713	-	5,472	6,558
On acquisition	-	-	155	170	-	325
Disposals	(1)	-	(1)	-	(79)	(81)
At 31 March 2023	**7,872**	**115**	**2,106**	**259**	**15,791**	**26,143**
Accumulated depreciation						
At 1 April 2022	1,397	32	470	12	3,492	5,403
Charge for the year	1,128	26	994	36	3,834	6,018
At 31 March 2023	**2,525**	**58**	**1,464**	**48**	**7,326**	**11,421**
Net book amount						
At 31 March 2023	**5,347**	**57**	**642**	**211**	**8,465**	**14,722**
At 31 March 2022	6,110	76	769	77	6,906	13,938

Leased assets
Included within the net book value is £142,000 (2022: £171,000) in leasehold improvements, £449,000 (2022: £639,000) in office equipment and £2,253,000 (2022: £2,670,000) in hosting equipment in respect of assets held under finance lease or similar hire purchase agreements. Depreciation for the year on these assets amounted to £965,000 (2022: £1,701,000 for the period).

Company

The Company did not hold any tangible assets at any time during the current year or prior period.

Notes to the financial statements for the year to 31 March 2023 (continued)

12 Investments

Company	Investments in subsidiary undertakings £'000
Cost and net book value	
At 1 April 2022	219,970
Additions	55,349
At 31 March 2023	**275,319**

Additions relate to the subscription for share capital in the company's subsidiary, Atten Midco Limited, which has in turn been invested in Atten Finance Limited and Atten Bidco Limited, in order to provide funds for Atten Bidco Limited's acquisitions.

The company owns all of the issued ordinary share capital of Atten Midco Limited directly, and indirectly Atten Finance Limited, Atten Bidco Limited, Chiron Midco Limited, Chiron Bidco Limited, Node 4 Holdings Limited, Node 4 Limited, Risual Holdings Limited, Risual Limited, Tisski Limited, Ensco 1032 Limited, Secura Hosting Ltd, Onomi Limited and Starcom Technologies Limited (all registered at Unit 1A-1B, Millennium Way, Pride Park, Derby, DE24 8HZ), TNP Topco Limited, TNP Midco Limited, TNP Bidco Limited, TNP Holdco Limited and Vedbaek Limited (all registered at Beacon House, Winchester Road, Burghclere, RG20 9JZ), The Nav People (Portugal) Unipessoal LDA, Vedbaek (Ireland) Limited, Chiron Topco Limited, Node4 FZE, Node4 Hosting Limited and Node 4 Managed Services Inc.
Chiron Topco Limited is registered at 22 Grenville Street, St Helier, Jersey, JE4 8PX, Node 4 Managed Services Inc at Suite 101, 203 NE Front, Milford, Kent, 19963, USA, Node4 Hosting Limited at Unit 6, Pulsant Data Centre, Flassches Yard, Edinburgh, Scotland, EH12 9LB, The Nav People (Portugal) Unipessoal LDA at Rua Luis Barroso, Sagres Building Office 6-4760-153, Vila Nova De Famalicao, Portugal, Vedbaek (Ireland) Limited at 38 Upper Mount Street, Dublin 2, Ireland and Node4 FZE at Level 3 The Offices, One Central, World Trade Centre, PO Box 9573, Dubai, United Arab Emirates.

Atten Midco Limited, Atten Finance Limited, Atten Bidco Limited, TNP Topco Limited, TNP Midco Limited, TNP Bidco Limited, TNP Holdco Limited, Chiron Topco Limited, Chiron Midco Limited, Chiron Bidco Limited, Risual Holdings Limited, Node 4 Holdings Limited and Ensco 1032 Limited are all intermediate holding companies.

Node 4 Limited, Vedbaek Limited, The Nav People (Portugal) Unipessoal LDA, Vedbaek (Ireland) Limited, Risual Limited and Tisski Limited are providers of IT services and Node4 FZE provides technical support services. Starcom Technologies Limited, Secura Hosting Ltd, Onomi Limited Node 4 Managed Services Inc and Node4 Hosting Limited are dormant.

The company agrees to guarantee the liabilities of Atten Midco Limited (13216244), Atten Bidco Limited (13224647), TNP Topco Limited (11331010), TNP Midco Limited (11331305), TNP Bidco Limited (11113196), TNP Holdco Limited (07808865), Chiron Midco Limited (10397142), Chiron Bidco Limited (10397327), Risual Holdings Limited (07108795), Tisski Limited (07751400), Node 4 Holdings Limited (08519735) and Starcom Technologies Limited (02286795) thereby allowing these subsidiaries to take exemption from having an audit for the year ended 31 March 2023 under section 479A of the Companies Act 2006.

13 Inventories

Group	31 March 2023 £'000	31 March 2022 £'000
Consumables and goods for resale	**806**	769

There is no significant difference between the replacement cost of goods for resale and their carrying value. The company has no inventories.

Notes to the financial statements for the year to 31 March 2023 (continued)

14 Debtors

Group **Amounts falling due within one year**	**31 March 2023 £'000**	31 March 2022 £'000
Trade debtors	**20,028**	14,946
Corporation tax	**1,002**	589
Other debtors	**783**	12
Prepayments and accrued income	**9,986**	6,764
	31,799	22,311

Trade debtors are stated after provisions for impairment of £354,000 (2022: £312,000).

Company **Amounts falling due within one year**	**31 March 2023 £'000**	31 March 2022 £'000
Amounts owed to group undertakings	**573**	-
Other debtors	**335**	-
	908	-

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and repayable on demand.

15 Creditors: amounts falling due within one year

Group	**31 March 2023 £'000**	31 March 2022 £'000
Bank loans and overdrafts	**127**	-
Trade creditors	**8,484**	7,346
Finance leases and similar hire purchase contracts	**1,294**	1,666
Taxation and social security	**5,418**	3,524
Other creditors	**540**	655
Accruals and deferred income	**20,378**	18,932
	36,241	32,123

Obligations under finance lease and similar hire purchase contracts are secured on the specific hosting equipment assets to which the finance relates.

Company	**31 March 2023 £'000**	31 March 2022 £'000
Amounts owed to group undertakings	**242**	134
Other creditors	**146**	-
Accruals and deferred income	**283**	39
	671	173

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and repayable on demand.

Other creditors includes £146,000 owed to Atten Holding Sarl, a parent company, in respect of interest free amounts loaned to the EBT.

Notes to the financial statements for the year to 31 March 2023 (continued)

16 Creditors: amounts falling due after more than one year

Group

	31 March 2023	31 March 2022
Amounts falling due between one and five years:	**£'000**	£'000
Bank loans and overdrafts	**79**	-
Finance leases and similar hire purchase contracts	**2,272**	2,011
Accruals and deferred income	**192**	-
	2,543	2,011
Amounts falling due after more than five years:		
Bank loans and overdrafts	**255,122**	213,713
Preference share liabilities (see note 20)	**310,691**	239,262
Total creditors falling due after more than one year	**568,356**	454,986

Company

	31 March 2023	31 March 2022
Amounts falling due after more than five years:	**£'000**	£'000
Preference share liabilities (see note 20)	**310,691**	239,262

Obligations under finance lease and similar hire purchase contracts are secured on the specific assets to which the finance relates. There are no significant contingent rental, renewal or purchase option clauses.

Bank loans are non-instalment debt and are secured by fixed and floating charges over all the assets of the company and the group. £235,000,000 (2022: £198,500,000) of the bank loans bear interest at 5.75% over base rates and £7,500,000 (2022: £5,000,000) at 2.75% over base rates which is payable each year with the principal amount repayable in full on 19 March 2028. £20,000,000 (2022: £20,000,000) of the bank loans bear interest at a fixed rate of 8% which is rolled up into the principal amounts and all repayable on 19 September 2028. These loan liabilities are stated net of unamortised loan issue costs as at 31 March 2023 of £10,767,000 (2022: £11,443,000) which are being amortised over the period to the repayment date of the loans.

A bank loan of £206,000 is being repaid over the period to October 2024 and is secured on the assets of a subsidiary company.

There was a 2.0% cap on the bank base rate in place on £75,000,000 of bank debt until September 2022.

Notes to the financial statements for the year to 31 March 2023 (continued)

17 Financial instruments

Group	31 March 2023 £'000	31 March 2022 £'000
Financial assets measured at amortised cost	**43,662**	31,946
Financial liabilities measured at amortised cost	**(587,478)**	(471,882)

Financial instruments comprising cash balances, trade debtors, accrued income and other debtors within assets and trade creditors, other creditors, accruals, hire purchase obligations, preference shares and bank loans within liabilities are all measured at amortised cost which is considered to be the same as the fair value.

Interest rates applicable to the loans are disclosed in note 16.

18 Provisions for liabilities

Group	Onerous contract £'000	Property dilapidations £'000	Deferred tax £'000	Total £'000
At 1 April 2022	-	250	8,646	8,896
On acquisition of subsidiaries	3,312	-	2,471	5,783
Credit for the year	(182)	-	(850)	(1,032)
As at 31 March 2023	**3,130**	**250**	**10,267**	**13,647**

The onerous contract provision relates to the extent to which costs on a sales contract are projected to exceed income and is expected to be utilised over the next 2 years.

Dilapidation provisions cover the costs of returning properties to conditions agreed with the landlords/lessors. These provisions are expected to be utilised by 2028.

Deferred tax (assets)/liabilities provided for in full in these financial statements are as follows:

	31 March 2023 £'000	31 March 2022 £'000
Accelerated capital allowances	**502**	(125)
Other timing differences	**(422)**	(34)
In respect of intangible assets	**10,187**	8,805
	10,267	8,646

Approximately £1,000,000 of the deferred tax liability is expected to reverse in the next year, principally arising from the amortisation of intangible assets and the related deferred tax liability.

There are approximately £17m of gross tax losses in a subsidiary, primarily as a result of a tax deduction arising from the pre-acquisition exercise of share options. These can only be used by that subsidiary with corresponding amounts payable to the sellers for any tax saving and no deferred tax asset or deferred consideration is recognised as it is as yet uncertain when they may be utilised.

The company has no deferred tax assets or liabilities.

19 Pension schemes

Defined contribution pension scheme

The group operates defined contribution pension schemes. The pension cost charge for the year represents contributions payable by the group to the schemes and amounted to £1,747,000 (2022: £937,000).

Contributions totalling £303,000 (2022: £201,000) were due to the schemes at the end of the year.

Notes to the financial statements for the year to 31 March 2023 (continued)

20 Called up share capital

Group and company	**31 March 2023 Allotted, called up and fully paid**	31 March 2022 Allotted, called up and fully paid
Ordinary shares	**£'000**	£'000
990,572 (2022: 864,924) A ordinary shares of £0.10	**99**	87
218,448 (2022: 137,553) B ordinary shares of £0.10	**22**	14
308,750 (2022: 293,750) C ordinary shares of £0.10	**31**	29
	152	130

Preference shares (presented in liabilities)

264,312,994 (2022: 218,673,927) preference shares of £0.10	**26,431**	21,867

One ordinary share of £1 was issued on incorporation and subsequently subdivided into 10 £0.10 A ordinary shares.

On 27 July 2022, 61,934 B ordinary shares of £0.10 were issued at £38.25 each and 15,130,848 preference shares of £0.10 were issued at £1 each for cash in exchange for loan notes of £17,500,000 in order to settle part of the consideration for the acquisition of Risual Holdings Limited. This resulted in a share premium on ordinary shares of £2,363,000.

On 28 July 2022 1,299 B ordinary shares of £0.10 were issued at £25.10 each and 315,046 preference shares of £0.10 for cash consideration of £348,000. This resulted in a share premium on ordinary shares of £33,000.

On 22 December 2022, 125,648 A ordinary shares of £0.10 were issued at £50.44 each, 17,662 B ordinary shares of £0.10 were issued at £60.98 each, 10,500 C ordinary shares of £0.10 were issued at £22.95 each and 30,193,173 preference shares of £0.10 were issued at £1 each for cash consideration of £32,248,000 and £5,600,000 in exchange for loan notes in order to fund the acquisition of Tisski Limited. This resulted in a share premium on ordinary shares of £7,639,000.

On 24 January 2023 4,500 C ordinary shares of £0.10 were issued at £22.95. This resulted in a share premium on ordinary shares of £103,000.

5,138 (2022: 32,905) of the issued C ordinary shares are held by an employee benefit trust and had not been allocated to employees at 31 March 2023. The investment in these and loan from a related company have not been separately presented due to the immaterial amount.

All ordinary shares have rights to a share of capital after all preference share rights, subject to thresholds and a distribution basis as specified in the Articles.

The preference shares were non-voting and entitled to a 10% cumulative preferential dividend which rolls up annually. Dividends of £25,790,000 have been accrued in the year (2022: £20,588,000 in respect of the period to 31 March 2022). Dividends and the capital subscribed are redeemable at the company's option or on a sale or exit.

21 Other equity reserves

Group and company	Investment in own shares	Equity contribution	Total
	£'000	£'000	£'000
At 1 April 2022	-	-	-
Purchase of shares held by EBT at cost	(118)	-	(118)
Gain on allocation to employees in the year	-	811	811
As at 31 March 2023	**(118)**	**811**	**693**

Notes to the financial statements for the year to 31 March 2023 (continued)

22 Financial commitments

At 31 March 2023 the group had commitments under non-cancellable operating leases as set out below:

Payments falling due:	**Land and buildings 31 March 2023 £'000**	**Other 31 March 2023 £'000**	Land and buildings 31 March 2022 £'000	Other 31 March 2022 £'000
Within one year	**933**	**290**	1,085	234
In two to five years	**1,813**	**162**	2,106	211
More than 5 years	**470**	-	230	-
	3,216	**452**	3,421	445

The group had capital commitments of £617,000 at 31 March 2023 (2022: £nil).

The company has no commitments under non-cancellable operating leases or for capital purchases.

23 Reconciliation of loss for the year/period to cash flow from operating activities

	2023 £'000	2022 £'000
Loss for the financial year/period	**(70,328)**	(57,862)
Net interest payable and similar expenses	**48,087**	36,326
Taxation on loss	**(840)**	1,610
Operating loss	**(23,081)**	(19,926)
Depreciation of tangible fixed assets	**6,018**	5,420
Loss on disposal of tangible fixed assets	**6**	88
Amortisation of intangible assets	**49,600**	41,798
Increase in inventories	**(37)**	(406)
Increase in debtors	**(1,674)**	(2,301)
Decrease in creditors	**(2,718)**	(941)
Net cash from operating activities	**28,114**	23,732

24 Reconciliation of net debt

	At 1 April 2022 £'000	On acquisition £'000	Cash in/ (out) flow £'000	Non cash changes £'000	**At 31 March 2023 £'000**
Cash at bank and in hand	15,580	-	2,976	-	**18,556**
Finance leases and similar hire purchase contracts	(3,677)	-	1,866	(1,755)	**(3,566)**
Bank loans	(213,713)	(550)	(37,331)	(3,734)	**(255,328)**
Preference share liabilities	(239,262)	-	(26,122)	(45,307)	**(310,691)**
Net debt	(441,072)	(550)	(58,611)	(50,796)	**(551,029)**

The major non cash changes are explained on page 17.

Notes to the financial statements for the year to 31 March 2023 (continued)

25 Related party transactions

During the year, the group was involved in the following related party transactions.

G&W Properties Ltd
Mr A Gilbert, a director of the company, is a director and shareholder in G&W Properties Ltd, the owner of property occupied by the group. During the year, the group incurred rental charges from G&W Properties Ltd of £700,000 (2022: £745,000). At 31 March 2023, £nil (2022: £nil) was due to G&W Properties Ltd and an amount *of £160,000 (2022: 126,000) of rent charged was held in prepayments.*

Alpha Golf Aviation LLP
Mr A Gilbert, a director of the company, is a director of and shareholder in Alpha Golf Aviation LLP. During the year, the group incurred business travel expenses from Alpha Golf Aviation LLP of £nil (2022: £1,950). At the balance sheet date, £nil (2022: £nil) was due to Alpha Golf Aviation LLP.

Providence Equity Partners LLC
Funds managed by Providence Equity Partners LLC hold the majority of ordinary shares in the group and in the ordinary course of the group's IT services business, the customer base and turnover includes amounts for services to other companies or groups where Providence Equity Partners LLC manages majority holdings made by its funds. The aggregate amount of these sales included in turnover is £3,352,000 (2022: £70,000).

26 Acquisitions

Risual Holdings Limited

On 27 July 2022, the group acquired 100% of the share capital of Risual Holdings Limited for a total consideration of £47,472,000. Risual Holdings Limited was the holding company for the Risual Limited trading subsidiary. As part of the acquisition, the group drew down £28,100,000 from new banking facilities to pay part of the consideration.

The goodwill arising of £42,095,000 is attributable to the existing customer and supplier relationships, together with the skilled workforce and ability to win further business. The goodwill is being amortised over its expected useful life of 10 years.

The transaction has been accounted for under the purchase method of accounting with a fair value adjustment made for the acquired value of the risual brand. The group policy, in accordance with the FRS102 option, is not to value intangible assets including customer relationships in the consolidation that are not separable from the trading activity.

	Book values	Fair value adjustments	Fair value
	£'000	**£'000**	**£'000**
Intangible fixed assets	-	3,929	3,929
Tangible fixed assets	216	-	216
Cash at bank and in hand	2,854	-	2,854
Debtors	3,461	-	3,461
Creditors	(3,729)	-	(3,729)
Corporation tax	(359)	-	(359)
Deferred taxation	(44)	(951)	(995)
Net assets acquired			5,377
Goodwill arising on acquisition			42,095
			47,472
Consideration satisfied by:			
Cash			29,382
Reinvestment by the sellers in Atten Group Limited			17,500
Acquisition expenses			590
			47,472

Risual contributed £11,057,000 of revenue and £2,065,000 of profit before taxation to the consolidated results for the period excluding the impact of acquisition financing interest charges and the amortisation of the acquired goodwill and brand intangible assets in the consolidation.

Notes to the financial statements for the year to 31 March 2023 (continued)

26 Acquisitions (continued)

Tisski Limited

On 22 December 2022, the group acquired 100% of the share capital of Tisski Limited for a total consideration of £47,050,000. As part of the acquisition, the group drew down £8,400,000 from the existing committed acquisition facilities.

The goodwill arising of £43,705,000 is attributable to the existing customer and supplier relationships, together with the skilled workforce and ability to win further business including the business synergies and opportunities from being within the Node4 group. The goodwill is being amortised over its expected useful life of 10 years.

The transaction has been accounted for under the purchase method of accounting with fair value adjustments made for the acquired value of the Tisski brand and to provide for onerous sales contracts.

	Book values	Fair value adjustments	Fair value
	£'000	£'000	£'000
Intangible fixed assets	583	6,189	6,772
Tangible fixed assets	109	-	109
Cash at bank and in hand	1,711	-	1,711
Debtors	3,234	-	3,234
Creditors	(3,532)	(75)	(3,607)
Corporation tax	464	-	464
Loan liabilities	(550)	-	(550)
Provisions	(1,695)	(1,617)	(3,312)
Deferred taxation	-	(1,476)	(1,476)
Net assets acquired			3,345
Goodwill arising on acquisition			43,705
			47,050
Consideration satisfied by:			
Cash			40,213
Reinvestment by the sellers in Atten Group Limited			5,600
Acquisition expenses			1,237
			47,050

Tisski Limited contributed £4,645,000 of revenue and £282,000 of profit before taxation to the consolidated results for the period excluding the impact of acquisition financing interest charges and the amortisation of the acquired goodwill and brand intangible assets in the consolidation.

Investing cash flows in respect of acquisitions comprise the £29,972,000 and £41,450,000 shown above comprising vendor payments and acquisition expenses.

Notes to the financial statements for the year to 31 March 2023 (continued)

27 Subsequent events

In June 2023, the group acquired Coburn Holdings Limited and its 324 Consultancy business, an information security and technology risk management service provider. The consideration comprised £1m of cash at completion, £1.6m reinvested in the Atten group and up to a further maximum £3.9m of deferred and contingent consideration financed from existing funding facilities.

28 Controlling party

The group is owned by Providence Equity Partners (who hold a controlling 65% of the ordinary shares) and by the management team and employees who hold the remaining equity.

The immediate parent company is Atten Holding SARL, registered in Luxembourg, and the ultimate parent company is Providence Managing Member LLC, registered in the USA, both of which do not prepare consolidated financial statements. No individual person has a controlling beneficial interest in the company. Providence Equity Partners LLC manages the interests of the investing Providence funds, which held the majority of the beneficial equity interests in the group as of 31 March 2023, and was represented on the group board.