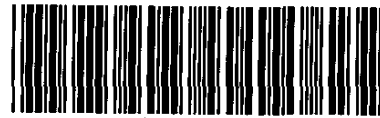


Company Registration No. 12983420 (England and Wales)

TOPSOURCE WORLDWIDE TOPCO LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2023

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TOPSOURCE WORLDWIDE TOPCO LIMITED

COMPANY INFORMATION

Directors	W W Hastings T W M Maizels N P Wain M W Smith I D Larkin T J Kitchen
Company number	12983420
Registered office	71 - 75 Shelton Street Covent Garden London WC2H 9JQ
Auditor	RSM UK Audit LLP Chartered Accountants Rivermead House 7 Lewis Court Grove Park Leicester Leicestershire LE19 1SD

TOPSOURCE WORLDWIDE TOPCO LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

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

Principal activities

TopSource Worldwide ("TSW") is an employer solutions business which supports clients with their global expansion ambitions.

Formed in 2021 following the combination of two well established businesses, TopSource Global Solutions ("TGS") and PEO Worldwide ("PEO"), the "Group", TopSource Worldwide Topco Limited and its subsidiaries, provides, Global Employer of Record (EoR), Global and Local Payroll and Global Entity management services to clients based anywhere in the world.

Fair review of the business

Financial year 2022-23 was the second full year of trading for TSW and the business has expanded rapidly both organically and through acquisitions. Revenue has increased to £22.1m (2022: £11.6m). Beyond building the foundations for what has become a global leader in global expansion services, management's focus was on the smooth integration of the Compendben and Select Payroll businesses, acquired in 2021, along with identifying relevant businesses to add to the Group. During the year the Group acquired four further businesses, Bradford Jacobs, Capital Payroll, eSlip and Blueback Global to further expand TSW's business platform.

TSW has a diverse international customer base, and its offerings serve all market segments as the Group supports businesses in managing the well-publicised trend to hiring remotely and retaining talent in overseas territories, a trend accelerated since the global pandemic.

The Group supports customers who operate across 180+ territories and has over 400 employees with a services provision underpinned by Portico, a cloud hosted application providing front end window to customers employment environment.

The Group made an operating profit before depreciation, amortisation, and exceptional items of £4.1m (2022: £2.9m).

Principle risks and uncertainties

The Group's long-term objectives are to support increased profitability, improve returns to shareholders through organic growth and invest in new business opportunities through acquisitions. In pursuing these objectives, the Group intends to maintain sound financial management and avoid or mitigate excessive risks. The directors continually review and evaluate the risks that the Group is facing. The principal risks and uncertainties facing the Group are broadly grouped as follows:

Liquidity risk

The Group continues to have excellent relations with its bankers and PE investors, and it is the Group's policy to ensure continuity of funding through generating cash from its trading operations supplemented by pre-agreed debt facilities to support future acquisitions.

Credit risk

Trade debtors represent the Group's primary exposure to credit risk in relation to financial assets. A high proportion of fee income is collected in advance of service provision which reduces the credit risk. The group also performs external credit checks as it onboards all new clients and will generally collect client deposits to hold throughout the contract period so as mitigate client administration exposures.

Foreign currency risk

The Group is exposed to foreign currency risk through its operations in overseas territories. At this stage the Group does not use foreign exchange contracts to hedge the uncertainties of expected foreign exchange receivables, payables and cash as it is considered that this risk is mitigated through natural hedging of receipts and payments in the respective currencies. The Group also handles international payment flows as a component of its EoR and Global Payroll solutions and for these cross-border payments the currency risk is eliminated through short term hedging arranged via the Group's FX partners, Ebury and CorPay.

TOPSOURCE WORLDWIDE TOPCO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Cash flow and interest risk

The Group's acquisitions up until September 2022 have been part funded by external debt financing provided by Dunport Capital ("Dunport"), a specialist in supporting PE backed investments with buy build strategies. Following the 31 March 2022 year end, TSW continued to identify businesses to acquire aligning to the Group's ambition to be a leader in its market. To support this continuing buy build strategy, management sought additional funding and successfully secured new debt capital from HSBC in October 2022. The new HSBC facility replaced Dunport as the primary lender and the outstanding drawn facility with Dunport of £8.5m was repaid at that time.

Both the Dunport and HSBC Senior Financing Facilities ("SFA") are monitored through financial covenants which are reported on a quarterly basis throughout the lending term. Management regularly reviews the headroom in these covenants on a forward-looking basis to ensure the businesses performance and associated cash flows continue to operate well within the levels prescribed. The SFA includes pre-agreement for further funding for permitted acquisitions. This additional funding line will allow management to part or fully fund future acquisitions via debt without renegotiating current financing terms. In addition to the initial Facility and funding for future acquisitions, the lending arrangements also include a further £1m RCF to be utilised for any short-term working capital requirements of which £Nil had been drawn down by the year end.

Management have reviewed future cash flow forecasts which confirm there is reasonable headroom within the debt service ratio over a sustained period. The Facility and its multiple lines of finance mature in October 2028.

In addition to debt funding, the Group has access to further investment capital provided from Horizon Capital ("HC"). This funding can be deployed as and when required, however, it is intended to fund future acquisitions and other significant capital investments.

Financial instruments

The Group's principal financial instruments are bank loans and cash generated from operations of the wider group. The main purpose of these financial instruments is to provide the finance for the Group's operations and acquisition opportunities. It is, and has been throughout the year under review, the Group's policy that no speculative trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are liquidity, credit, foreign currency, cash flow and interest rate risk, which are commented on above.

Key performance indicators

The Group considers its main KPI's to be revenue growth, client satisfaction (measured via customer NPS score tracking, customer retention and tenure), operating profit before depreciation, amortisation, and exceptional items and the number of geographical jurisdictions in which the Group delivers services.

Revenue increased to £22.1m from £11.6m in the year. The operating profit before depreciation, amortisation, exceptional items and fx (refer note 7) increased to £6.3m from £3.6m. The Group continued to expand its direct EoR entity capabilities and as at 31 March 2023 operated in 48 markets via the Group's own legal entities and offered EoR solutions in a further 100+ counties. Management regularly monitors these KPI's along with other performance metrics which are included in the monthly Board meeting discussions.

TOPSOURCE WORLDWIDE TOPCO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Future developments

As part of the investment made by HC, management produced a 5-year growth plan spanning periods to 2024-25 which reflects the confidence in the sector in which TSW operates. The Group operates globally in the employer services sector, which has continued to see high market growth rates generally. Growth assumptions considered macro impacts of the COVID pandemic along with the global trend towards remote based working practices. In the period since 31 March 2023 the Group has continued to trade strongly, and management are expecting to perform in line with the 2023-24 budget targets excluding the impact from any further acquisitions.

Management has a continued appetite for further acquisitions which align to the Group's global expansion services core strategy, conditional on the right terms being agreed, all of which would be businesses successfully trading as going concerns in their own right and accelerate the growth of the wider group.

At present, TSW has the ability to serve clients in virtually any market through a combination of owned entities and established partnerships. TSW will continue to develop its global expansion through organic and acquisitive growth. The objective is to ensure clients receive consistently exceptional service in all markets. Concurrent with global expansion, TSW will continue to invest in its dedicated EoR and other proprietary technology platforms and has currently commissioned a comprehensive upgrade in Portico UI/UX. These applications improve operational efficiency whilst providing functional benefits to clients.

During the 2022-23 year the Board appointed a new Group CEO, Ian Larkin, who joined the business from 1 February 2023. Ian replaced William Hastings, who has remained with TSW as a non-executive board member. Ian brings deep experience in leading the growth of international technology-enabled B2B businesses as the Group continues to scale and build on the foundations established.

Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The board of directors consider that they have acted in a way that would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the act) in the decisions taken during the year ended 31 March 2023 and in the approval of the business plan for 2023-24.

The directors have been mindful of both the Companies Act and the UK Corporate Governance Code in this respect.

As the board of directors, our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within high standards of business conduct and good governance.

The directors' intention is to behave responsibly towards our stakeholders and treat them fairly and equally, so they too may benefit from the successful delivery of our plan.

When making strategic decisions the directors have considered the likely consequences of these decisions in the long term.

TOPSOURCE WORLDWIDE TOPCO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Employees

TSW employees are very highly valued, and we believe they provide us with a clear point of differentiation in the market, so attracting and retaining the best talent is a focus of the business. For this reason, in 2023 we recruited our first ever Chief People Officer to develop and drive our people strategy.

We seek to build on the talent we have brought into the business across the world through a range of acquisitions, and harnessing these groups is a large part of our focus, and we rely on strong internal communications and regular meetings with our teams to do this. We measure employee advocacy and improving our eNPS (currently +17, post a period of significant change) is an area of focus and we continue to identify and deliver on ways to drive employee engagement.

Innovation is central to providing excellent customer experiences and services and our flat, 2-way way of working enables and encourages this from all employees, and this is something we are seeking to build on (beginning with our first 'innovation lab' in 2023). Many of our teams are remote and collaborate effectively cross-border. They appreciate this flexibility, and becoming a best-in-class employer in how we manage effective remote is a goal for 2024.

The business started to build the foundations of a new performance management process in 2023 to ensure both business performance as well as the progression and training of employees is maximised, and we expect to take big steps on this agenda in 2024. We currently have a well-used and supportive employee learning platform and with our new CPO are growing our employee data and KPIs and insights capability using our own in-house developed HRIS.

Foster the group's business relationships with suppliers, customers and others

TSW has achieved its business growth and strong financial performance through the delivery of value adding services to clients across countries and sectors. We are able to offer services to meet a client's global expansion requirements from domestic and global payroll, employer of record and entity solutions.

The services we provide to our clients are business critical, enabling clients to run their business effectively and ensure their employees are paid, complying with local country regulations. This requires a high quality and timely delivery, a responsive level of service provided through effective systems and processes with well trained and knowledgeable employees.

Once a client decides to use TSW for a service we apply a robust method of account management. We understand their requirements, develop a joint account plan with the client, agree service levels and the ongoing governance approach. Regular client review meetings are held to review the service performance, provide insightful management information and identify opportunities for continuous improvement.

We listen to our clients' feedback to help with our product and service development roadmaps, undertake satisfaction surveys and track and service failures to establish the cause and prevent re-occurrence.

As part of our global service delivery model we have a network of in country suppliers. Our selection of these suppliers is robust to ensure they are able to match our service level requirements, that they are able to offer a fully compliant service and that they match the values we place around service quality and teamwork.

We have a supplier management team and we are establishing a management framework to foster a process of mutual collaboration around continuous improvement, develop opportunities to expand business relationships and ensure sustainable commercial agreements.

TOPSOURCE WORLDWIDE TOPCO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Consider the impact of the group's operations on the community

Our primary service hub is in Pune, India. Here we provide employment to over 200 colleagues and are very proud of the activities they engage in the local community. Our current focus is on supporting a local school for blind children. As well as supporting the school with furniture requirements, colleagues have been able to join in lessons and social activities with the children.

A further campaign for colleagues outside of India was implemented called 'Positive Steps'. This encouraged colleagues to set and achieve a personal target of the number of steps they would complete within a given time period. It was ultimately a global team target fostering exercise, engagement and fund raising for community activities.

Considered the impact of the group's operations on the environment

Elsewhere we employ colleagues across multiple global locations. We have embraced a remote working model to enable our team members to work from home or the location which suits them best. As well as reducing travel and emissions this enables us to extend the opportunity for people to work in the organisation whilst continuing to support their families and personal commitments.

How does the group maintain a reputation for high standards of business conduct

The group maintains a reputation for high standards of business conduct through its values which have recently been reviewed and revised to reflect its practices and aspirations. The new values are integrity, innovation, agility, accountability and respect. The group is in the process of rolling the new values and associated matters out across its workforce.

The group has a whistleblowing policy and there is a statement on the modern slavery act and human trafficking.

Understands the need to act fairly between stakeholders of the group

The directors understand the need to act fairly between stakeholders of the group, investor stakeholders receive monthly KPI updates, they also attend the quarterly board meeting and receive minutes of these meetings.

On behalf of the board

Nick Wain.....

Nick Wain

Director

Date: 13/11/23.....

TOPSOURCE WORLDWIDE TOPCO LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

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

Principal activities

The principal activity of the company during the financial year was that of a holding company. The principal activity of the group is that of human resource provision, data processing, hosting and related activities.

Results and dividends

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

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Directors

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

W W Hastings	
T W M Maizels	
P R Sleath	(Resigned 30 June 2022)
N P Wain	
M W Smith	
J Hand	(Resigned 9 May 2023)
I D Larkin	(Appointed 13 March 2023)
T J Kitchen	(Appointed 26 October 2023)

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Disabled persons

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

Employee involvement

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Research and development

The group continues to invest resources in research and development in order to maintain and enhance its intellectual property, market position and service offering; in so doing, the group is able to improve existing service lines and introduce new services and processes for its customers.

Business relationships

Information on how the directors have had regard to the need to foster business relationships with suppliers, customers and others and the effect of that regard has been disclosed in the section 172 statement in the strategic report.

TOPSOURCE WORLDWIDE TOPCO LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Auditor

In accordance with the company's articles, a resolution proposing that RSM UK Audit LLP be reappointed as auditor of the group will be put at a General Meeting.

Energy and carbon reporting

As the group has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

Statement of disclosure to auditor

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

Matters of strategic importance

Information as required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 including future developments and principal risk and uncertainties has been included in the Strategic Report.

On behalf of the board

Nick Wain

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Nick Wain

Director

Date 13/11/23.....

TOPSOURCE WORLDWIDE TOPCO LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOPSOURCE WORLDWIDE TOPCO LIMITED

Opinion

We have audited the financial statements of Topsource Worldwide Topco Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the Consolidated Statement of Comprehensive Income, Consolidated and Company Statements of Financial Position, Consolidated and Company Statements of Changes in Equity, Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOPSOURCE WORLDWIDE TOPCO LIMITED (CONTINUED)

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOPSOURCE WORLDWIDE TOPCO LIMITED (CONTINUED)

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

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

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

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to employment law compliance. We performed audit procedures to inquire of management whether the group is in compliance with these law and regulations.

The group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, and testing a sample of transactions around the year end to ensure they were recognized in the correct period.

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

Use of our report

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

Mitul Raja

Mitul Raja FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Rivermead House
7 Lewis Court
Grove Park
Leicester
Leicestershire, LE19 1SD

Date: 13/11/23

TOPSOURCE WORLDWIDE TOPCO LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Turnover	3	22,115,152	11,590,224
Cost of sales		(2,460,854)	(2,312,319)
Gross profit		19,654,298	9,277,905
Administrative expenses		(25,436,959)	(11,082,489)
Other operating income		398,417	60,320
Administrative expenses – exceptional items	4	(2,351,083)	(1,208,101)
Operating loss	7	(7,735,327)	(2,952,365)
Operating profit before depreciation, amortisation and exceptional items		4,091,636	2,859,096
Depreciation and amortisation		(9,475,880)	(4,603,360)
Exceptional items		(2,351,083)	(1,208,101)
		(7,735,327)	(2,952,365)
Interest receivable and similar income	9	22,495	55,893
Interest payable and similar expenses	10	(5,073,413)	(2,007,564)
Loss before taxation		(12,786,245)	(4,904,036)
Tax on loss	11	(675,280)	(295,280)
Loss for the financial year		(13,461,525)	(5,199,316)
Other comprehensive income net of taxation			
Currency translation differences		(712,213)	116,562
Total comprehensive income for the year		(14,173,738)	(5,082,754)

Loss for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

TOPSOURCE WORLDWIDE TOPCO LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
Fixed assets					
Goodwill	12	46,208,491		19,434,403	
Other intangible assets	12	1,394,947		1,145,647	
Total intangible assets		47,603,438		20,580,050	
Tangible assets	13	341,572		161,078	
		47,945,010		20,741,128	
Current assets					
Debtors	17	14,055,238		7,604,578	
Cash at bank and in hand		22,232,268		6,670,616	
		36,287,506		14,275,194	
Creditors: amounts falling due within one year	18	(47,894,163)		(19,582,792)	
Net current liabilities		(11,606,657)		(5,307,598)	
Total assets less current liabilities		36,338,353		15,433,530	
Creditors: amounts falling due after more than one year	19	(53,129,952)		(18,014,206)	
Provisions for liabilities	21	(262,170)		(294,135)	
Net liabilities		(17,053,769)		(2,874,811)	
Capital and reserves					
Called up share capital	23	9,915		9,900	
Share premium account	24	4,217,529		4,222,764	
Profit and loss reserves	24	(21,281,213)		(7,107,475)	
Total equity		(17,053,769)		(2,874,811)	

The financial statements were approved by the board of directors and authorised for issue on 13 November 2023 and are signed on its behalf by:

Nick Wain

.....
Nick Wain

Director

TOPSOURCE WORLDWIDE TOPCO LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2023**

	Notes	2023 £	£	2022 £	£
Fixed assets					
Investments	14		1		1
Current assets					
Debtors	17	21,516,583		9,954,549	
Creditors: amounts falling due within one year	18	(2,674,102)		(1,091,310)	
Net current assets			18,842,481		8,863,239
Total assets less current liabilities			18,842,482		8,863,240
Creditors: amounts falling due after more than one year	19		(13,966,812)		(4,216,811)
Net assets			4,875,670		4,646,429
Capital and reserves					
Called up share capital	23		9,915		9,900
Share premium account	24		4,217,529		4,222,764
Profit and loss reserves	24		648,226		413,765
Total equity			4,875,670		4,646,429

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the year was £234,461 (2022: £324,445).

The financial statements were approved by the board of directors and authorised for issue on 13 November 2023 and are signed on its behalf by:

Nick Wain
.....
N P Wain
Director

TOPSOURCE WORLDWIDE TOPCO LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 April 2021		9,700	4,243,655	(2,024,721)	2,228,634
Year ended 31 March 2022:					
Loss for the year		-	-	(5,199,316)	(5,199,316)
Other comprehensive income net of taxation:					
Currency translation differences		-	-	116,562	116,562
Total comprehensive income for the year		-	-	(5,082,754)	(5,082,754)
Issue of share capital	23	200	(20,891)	-	(20,691)
Balance at 31 March 2022		9,900	4,222,764	(7,107,475)	(2,874,811)
Year ended 31 March 2023:					
Loss for the year		-	-	(13,461,525)	(13,461,525)
Other comprehensive income net of taxation:					
Currency translation differences		-	-	(712,213)	(712,213)
Total comprehensive income for the year		-	-	(14,173,738)	(14,173,738)
Issue of share capital	23	15	(5,235)	-	(5,220)
Balance at 31 March 2023		9,915	4,217,529	(21,281,213)	(17,053,769)

TOPSOURCE WORLDWIDE TOPCO LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 April 2021		9,700	4,243,655	89,320	4,342,675
Year ended 31 March 2022:					
Profit and total comprehensive income for the year		-	-	324,445	324,445
Issue of share capital	23	200	(20,891)	-	(20,691)
Balance at 31 March 2022		9,900	4,222,764	413,765	4,646,429
Year ended 31 March 2023:					
Profit and total comprehensive income for the year		-	-	234,461	234,461
Issue of share capital	23	15	(5,235)	-	(5,220)
Balance at 31 March 2023		9,915	4,217,529	648,226	4,875,670

TOPSOURCE WORLDWIDE TOPCO LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	25		239,118		(1,083,036)
Interest paid			(3,911,996)		(802,179)
Income taxes paid			(287,199)		(256,891)
Net cash outflow from operating activities			(3,960,077)		(2,142,106)
Investing activities					
Purchase of business (net of cash acquired)		(16,179,553)		(1,535,123)	
Purchase of intangible assets		(154,129)		(12,493)	
Purchase of tangible fixed assets		(277,651)		(112,041)	
Interest received		22,495		55,893	
Net cash used in investing activities			(16,588,838)		(1,603,764)
Financing activities					
Proceeds from issue of shares net of costs		(5,220)		(20,691)	
Issue of preference shares net of costs		9,750,001		-	
New bank loan		34,746,198		3,425,000	
Repayment of borrowings		(8,450,415)		-	
Payment of finance leases obligations		(45,432)		-	
Net cash generated from financing activities			35,995,132		3,404,309
Net increase/(decrease) in cash and cash equivalents			15,446,217		(341,561)
Cash and cash equivalents at beginning of year			6,670,616		(7,001,503)
Effect of foreign exchange rates			110,930		10,674
Cash and cash equivalents at end of year			22,227,763		6,670,616
Relating to:					
Cash at bank and in hand			22,232,268		6,670,616
Bank overdrafts included in creditors payable within one year			(4,505)		-

TOPSOURCE WORLDWIDE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

TopSource Worldwide Topco Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 71-75 Shelton Street, Covent Garden, London, United Kingdom, WC2H 9JQ.

The group consists of TopSource Worldwide Topco Limited and all of its subsidiaries.

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

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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 £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in these financial statements.

Basis of consolidation

The consolidated financial statements incorporate those of TopSource Worldwide Topco Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2023. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

TOPSOURCE WORLDWIDE TOPCO LIMITED

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

1 Accounting policies (Continued)

Basis of consolidation (continued)

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

Going concern

Having carried out a detailed review of the group's position and its forecasts prepared to December 2024, the directors are satisfied that the group has sufficient cash resources based on its current facilities to meet its liabilities as they fall due for at least one year from the date of approval of the accounts. The directors are also satisfied there are adequate levels of headroom in the financial covenants through to December 2024 that are linked to current facilities. Thus, the directors have prepared the accounts on a going concern basis.

Turnover

Revenue is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

Revenue from contracts for the provision of professional services is recognised at a point in time in line with the nature and terms of the engagement. Revenue from finance and accounting services is recognised upon provision of the completed deliverables and revenue from payroll and employer of record services are recognised in the accounting period in which the services are rendered.

The following indicators are evaluated amongst others when determining whether the group is acting as a principal or agent in the transaction and recording revenue on a gross, or net, basis:

- the group has the primary responsibility for providing the services to the customer;
- the group has latitude in establishing prices, either directly or indirectly; and
- the group bears the customer's credit risk for the amount receivable from the customer.

Exceptional items

Exceptional items are identified as such by the virtue of their size and nature of incidence. These items are disclosed on the face of the consolidated statement of comprehensive income to aid the understanding of the group's performance.

TOPSOURCE WORLDWIDE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (Continued)

Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 5 years.

The cost of the acquisition includes the estimated amount of contingent consideration that is probable and can be measured reliably and is adjusted for changes in contingent consideration after the acquisition date. Contingent consideration is discounted, if material.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible assets arise from contractual or other legal rights; and the intangible assets are separable from the entity.

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

Software	5 years
Development costs	5 years
Intellectual property	10 years
Customer contracts	5 years

Tangible fixed assets

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

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

Leasehold improvements	over the period of the lease term
Plant and equipment	33.33% straight line
Fixtures and fittings	33.33% straight line
Computer equipment	50% straight line
Office equipment	33.33% straight line

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

TOPSOURCE WORLDWIDE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (Continued)

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

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

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

Basic financial assets

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

TOPSOURCE WORLDWIDE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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.

Derecognition of financial liabilities

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

Equity instruments

Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

Taxation

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

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

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

TOPSOURCE WORLDWIDE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (Continued)

Taxation (continued)

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

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

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

Deferred tax is recognised on income and expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

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

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Government grants

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

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

Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred.

TOPSOURCE WORLDWIDE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (Continued)

Foreign exchange

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

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

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Acquisition fair value adjustments

The group initially measures the separable intangible assets acquired in a business combination at their fair value at the date of acquisition. Estimates are used by management in deriving a number of assumptions which are used in assessing the fair value of each acquisition intangible including the timing and amount of future incremental cash flows expected to be generated by the asset and in calculating an appropriate cost of capital. Please refer to Note 16 of the financial statements for further information regarding the carrying values of the related assets at the balance sheet date.

Intangibles and amortisation period

Amortisation is provided on intangibles based on the estimate of the useful economic life. Forecasts are used to assess the useful economic life of both goodwill, intellectual property and customer contracts. These are based in management's knowledge of the business, assets and prior experience. The estimated useful lives for these assets is 5 years, with intellectual property 10 years. The amortisation charge in the year for these assets is set out in Note 12 of these financial statements.

TOPSOURCE WORLDWIDE TOPCO LIMITED

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

2 Judgements and key sources of estimation uncertainty (Continued)

Impairment of goodwill and other intangible assets

Determining whether goodwill or other intangible assets are impaired requires an estimation of the value in use of the asset or cash generating units to which they have been allocated or belong. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the asset or cash generating unit and a suitable discount rate in order to calculate present value. Please refer to Note 12 of the financial statements for further information regarding the carrying values of the related assets at the balance sheet date.

Key areas of management judgement

The following are the management judgements made in applying the accounting policies of the Group that have the most significant effect on the amounts recognised in the financial statements:

Principal vs agent

Significant judgement is required in determining whether the group is acting as principal, reporting revenue on a gross basis, or agent, reporting revenue on a net basis in respect of its employer of record arrangements.

The directors have performed a detailed evaluation of the indicators set out within FRS 102 to determine whether it is acting as principal or agent. Upon balance, the directors are satisfied that it does not have exposure to the significant risks and rewards associated with the rendering of these services and, therefore, the related revenue is recorded net. Gross cash flows amounting to £148.6m (2022: £102.6m) have been received during the period in relation to these arrangements.

Determination of directly attributable costs to a business combination

The cost of a business combination includes any costs which are directly attributable to the combination. Judgement is involved in some instances to distinguish between costs which are attributable to the cost of an acquisition and those which are attributable to issuing financial instruments to finance the acquisition. Please refer to Note 16 of the financial statements for further information regarding the quantum of costs deemed to be directly attributable to the cost of the business combinations during the period.

3 Turnover and other revenue

	2023 £	2022 £
Turnover analysed by class of business		
Rendering of services	22,115,152	11,590,224
	<u> </u>	<u> </u>
	2023 £	2022 £
Other revenue		
Interest income	22,495	55,893
Commissions received	126,776	-
Grants received	101,386	58,948
	<u> </u>	<u> </u>

TOPSOURCE WORLDWIDE TOPCO LIMITED

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

3 Turnover and other revenue (Continued)

	2023 £	2022 £
Turnover analysed by geographical market		
UK	4,793,965	4,525,034
United States of America	5,713,215	724,727
India	3,236,936	1,112,192
Europe	6,829,758	3,192,875
Rest of the World	1,541,278	2,035,396
	<u>22,115,152</u>	<u>11,590,224</u>

Grants received includes furlough claims of £Nil (2022: £19,620), RDEC of £39,347 (2022: £39,328) and a Singapore government grant to recruit local individuals of £62,039 (2022: £Nil).

4 Exceptional item

	2023 £	2022 £
Expenditure		
Legal and professional fees	851,231	610,668
Consultancy costs	251,196	85,180
Other reorganisational costs	255,283	300,524
Settlement costs	614,695	-
Write-off costs to former related party	378,678	-
Redundancy costs	-	211,729
	<u>2,351,083</u>	<u>1,208,101</u>

Exceptional items for the year ended 31 March 2023 comprise the following:

- Legal and professional fees in respect of the acquisition, integration and funding of acquisitions in the year of £851,231 (2022: £610,668);
- Consultancy costs in respect of continuing set up and integration of new IT system of £251,196 (2022: £85,180);
- Other costs in respect of group reorganisation and operational matters of £255,283 (2022: £300,524);
- Settlement costs in respect of former owners and key management of previously acquired undertakings £614,695 (2022: £Nil); and
- Write off of amount due from former related party of acquired undertaking of £378,678.

TOPSOURCE WORLDWIDE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

5 Employees

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

	Group 2023 Number	2022 Number	Company 2023 Number	2022 Number
Staff and works employees	387	246	-	-
Management and directors	17	7	-	-
Total	404	253	-	-

Their aggregate remuneration comprised:

	Group 2023 £	2022 £	Company 2023 £	2022 £
Wages and salaries	7,138,967	3,887,551	-	-
Social security costs	749,262	367,387	-	-
Pension costs	539,363	98,362	-	-
	8,427,592	4,353,300	-	-

An average of 1,688 (2022: 1,379) number of individuals have co-employment contracts with the group and £148.6m (2022: £102.6m) has been invoiced to third parties. As these individuals solely provide services to the third parties under their control and that the group purely acts in the capacity of processing the month payroll and ensuring compliance with tax payments and statutory filings, the directors have concluded that it would be misleading to include these individuals in the staff costs and employee disclosure.

6 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	493,045	306,504
Company pension contributions to defined contribution schemes	1,450	-
	494,495	306,504

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2022 - 0).

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

	2023 £	2022 £
Remuneration for qualifying services	225,356	178,505

TOPSOURCE WORLDWIDE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

7 Operating loss

	2023 £	2022 £
Operating loss for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	2,192,796	708,559
Government grants	(101,386)	(58,948)
Depreciation of owned tangible fixed assets	120,382	58,078
Loss on disposal of tangible fixed assets	-	4,902
Amortisation of intangible assets	9,355,498	4,545,282
Operating lease charges	432,494	298,639

8 Auditor's remuneration

	2023 £	2022 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	140,000	140,000
Audit of the financial statements of the company's subsidiaries	60,000	-
	200,000	140,000
For other services		
All other non-audit services	62,500	31,800

9 Interest receivable and similar income

	2023 £	2022 £
Interest income		
Interest on bank deposits	21,912	55,545
Other interest income	583	348
Total income	22,495	55,893

10 Interest payable and similar expenses

	2023 £	2022 £
Interest on bank overdrafts and loans	2,468,646	730,652
Interest on preference shares	993,504	455,128
Interest on loan notes	704,618	643,577
Amortisation of debt issue costs	684,746	147,880
Other finance charges	211,846	-
Other interest	10,053	30,327
Total finance costs	5,073,413	2,007,564

TOPSOURCE WORLDWIDE TOPCO LIMITED

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

11 Taxation

	2023 £	2022 £
Current tax		
UK corporation tax on profits for the current period	205,748	197,035
Adjustments in respect of prior periods	(125,322)	37,313
Total UK current tax	80,426	234,348
Foreign current tax on profits for the current period	624,036	30,920
Total current tax	704,462	265,268
Deferred tax		
Origination and reversal of timing differences	(15,913)	1,130
Changes in tax rates	13,773	43,342
Adjustment in respect of prior periods	(27,042)	(14,460)
Total deferred tax	(29,182)	30,012
Total tax charge	675,280	295,280

The total tax credit for the period included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	2023 £	2022 £
Loss before taxation	(12,786,245)	(4,904,036)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	(2,429,387)	(931,767)
Tax effect of expenses that are not deductible in determining taxable profit	2,516,723	1,228,085
Tax effect of income not taxable in determining taxable profit	202,605	(3,497)
Adjustments in respect of prior years	(152,364)	22,853
Effect of change in corporation tax rate	3,689	57,453
Group relief	46,248	-
Effect of overseas tax rates	492,236	(77,847)
Deferred tax not recognised	(4,470)	-
Taxation charge	675,280	295,280

In the budget on 3 March 2021, the UK Government announced an increase in the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021. Deferred tax has been calculated at 25% which was the tax rate substantively enacted to 31 March 2023.

TOPSOURCE WORLDWIDE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

12 Intangible fixed assets

Group	Goodwill	Software	Development costs	Intellectual property	Customer contracts	Total
	£	£	£	£	£	£
Cost						
At 1 April 2022	24,902,241	12,521	1,743	1,300,000	-	26,216,505
Additions - internally developed	-	61,040	-	-	-	61,040
Additions - separately acquired	35,834,228	-	-	-	390,752	36,224,980
Exchange adjustments		(223)	-	-	-	(223)
Other changes	93,089	-	-	-	-	93,089
At 31 March 2023	60,829,558	73,338	1,743	1,300,000	390,752	62,595,391
Amortisation and impairment						
At 1 April 2022	5,467,838	-	700	167,917	-	5,636,455
Amortisation charged for the year	9,153,229	-	631	130,000	71,638	9,355,498
At 31 March 2023	14,621,067	-	1,331	297,917	71,638	14,991,953
Carrying amount						
At 31 March 2023	46,208,491	73,338	412	1,002,083	319,114	47,603,438
At 31 March 2022	19,434,403	12,521	1,043	1,132,083	-	20,580,050

The company had no intangible fixed assets at 31 March 2023 or 31 March 2022.

On 1 May 2022 the group acquired the trading assets of Bradford Jacobs comprising consideration for purchased goodwill of £6,019,130 (this is included within "Goodwill") and customer contracts of £390,752 (including transaction costs).

In addition, the group revised the carrying value of previously acquired undertakings to reflect adjustment to final consideration payable and related costs of a net amount of £93,089.

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

TOPSOURCE WORLDWIDE TOPCO LIMITED

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

13 Tangible fixed assets

Group	Leasehold improvements £	Plant and equipment £	Fixtures and fittings £	Computer equipment £	Office equipment £	Total £
Cost						
At 1 April 2022	-	1,739	3,648	224,323	1,317	231,027
Additions	-	-	-	272,390	5,261	277,651
Business combinations	14,923	7,890	-	5,214	-	28,027
Exchange adjustments	1,953	-	(56)	(9,085)	-	(7,188)
At 31 March 2023	16,876	9,629	3,592	492,842	6,578	529,517
Depreciation and impairment						
At 1 April 2022	-	-	461	69,488	-	69,949
Depreciation charged in the year	2,803	5,829	829	109,495	1,426	120,382
Exchange adjustments	397	-	(55)	(2,728)	-	(2,386)
At 31 March 2023	3,200	5,829	1,235	176,255	1,426	187,945
Carrying amount						
At 31 March 2023	13,676	3,800	2,357	316,587	5,152	341,572
At 31 March 2022	-	1,739	3,187	154,835	1,317	161,078

The company had no tangible fixed assets at 31 March 2023 or 31 March 2022.

14 Fixed asset investments

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Investments in subsidiaries	15	-	-	1	1

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 April 2022 and 31 March 2023	1
Carrying amount	
At 31 March 2023	1
At 31 March 2022	1

TOPSOURCE WORLDWIDE TOPCO LIMITED

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

15 Subsidiaries

Details of the company's subsidiaries at 31 March 2023 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
TopSource Worldwide Holdco Limited	1	a	Ordinary	100.00	-
TopSource Worldwide Midco Limited	1	a	Ordinary	-	100.00
TopSource Worldwide Group Limited	1	a	Ordinary	-	100.00
TopSource Worldwide (PEO) Ltd	1	b	Ordinary	-	100.00
TopSource Worldwide (UK) Ltd	1	c	Ordinary	-	100.00
EBS Holdings Limited	1	a	Ordinary	-	100.00
Practical Payroll Solutions Limited	1	c	Ordinary	-	100.00
Epsilon Business Services Limited	1	c	Ordinary	-	100.00
Bookslot Limited	1	d	Ordinary	-	100.00
TopSource Infotech Pvt Ltd (India)	22	c	Ordinary	-	100.00
TopSource Support Services Pvt Ltd	22	c	Ordinary	-	100.00
Dispersa Services Inc	4	b	Ordinary	-	100.00
Dispersa S.A.S	6	b	Ordinary	-	100.00
Dispersa GmbH	5	b	Ordinary	-	100.00
Dispersa Consultancy Kft.	7	b	Ordinary	-	100.00
Dispersa Sp.z.o.o.	9	b	Ordinary	-	100.00
Dispergo, Lda	10	b	Ordinary	-	100.00
Disperso Britannica Srl	11	b	Ordinary	-	100.00
Dispersa Pte Limited	12	b	Ordinary	-	100.00
Dispersa Limited	8	b	Ordinary	-	100.00
Compandben International Limited	1	b	Ordinary	-	100.00
Compandben SA	15	b	Ordinary	-	100.00
Compandben Internacional SLU	18	b	Ordinary	-	100.00
Compandben Iceland ehf.	17	b	Ordinary	-	100.00
Compandben Sweden AB	16	b	Ordinary	-	100.00
Select Payroll Solutions Limited	1	b	Ordinary	-	100.00
Dispersa B.V.	13	b	Ordinary	-	100.00
Dispersa Pty Limited	14	b	Ordinary	-	100.00
TopSource Worldwide PEO Belgium BV	2	b		-	100.00
Dispersa Malta Limited	3	b	Ordinary	-	100.00
TopSource Worldwide Italy S.r.l.	19	b	Ordinary	-	100.00
TopSource South Africa (PTY) Ltd	21	b	Ordinary	-	100.00
Capital Payroll Services Limited	20	c	Ordinary	-	100.00
eSlip Limited	1	c	Ordinary	-	100.00
TopSource Worldwide (US) LLC	23	a	Ordinary	-	100.00
Blueback Global-Services US Inc (US)	30	b	Ordinary	-	100.00
Blueback Global Services EI Salvador, S.A. de C.V.	29	b	Ordinary	-	100.00

TOPSOURCE WORLDWIDE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

15 Subsidiaries

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect (Continued)
Blueback Global-Services Chile SpA	28	b	Ordinary	-	100.00
Blueback Global-Services (Argentina) SA	27	b	Ordinary	-	100.00
Blueback Global Services Paraguay Sociedad Anónima	26	b	Ordinary	-	100.00
Blueback Global-Services (Brazil) LTDA	25	b	Ordinary	-	100.00
Blueback Global Services CR Sociedad De Responsabilidad Limitada	24	b	Ordinary	-	100.00
Blueback Global Services HR Solutions Ltd	31	b	Ordinary	-	100.00
Blueback Global Services US Inc Guam	32	b	Ordinary	-	100.00
Blueback Global-Services (Co) S.A.S	33	b	Ordinary	-	100.00
Blueback Global-Services MX S.A. de CV (Mexico)	34	b	Ordinary	-	100.00
Blueback Global Services (Canada) Ltd. (British Columbia)	35	b	Ordinary	-	100.00
Blueback Global-Services Peru S.A.C	36	b	Ordinary	-	100.00
Blueback Global Inc (US)	30	b	Ordinary	-	100.00
Hai Tong International, Inc.	37	b	Ordinary	-	100.00
Blueback Global Singapore Pte. Ltd	38	b	Ordinary	-	100.00
Blueback Global (UK) Limited	1	b	Ordinary	-	100.00
Blueback Global (HK) Limited	39	b	Ordinary	-	100.00
Blueback Global Japan G.K.	30	b	Ordinary	-	100.00
Blueback Global Solutions Mexico S.A. de C.V.	34	b	Ordinary	-	100.00
Blue Back Global Nicaragua Sociedad Anonima	40	b	Ordinary	-	100.00
Blueback Global Inc. Korea Branch	41	b	Ordinary	-	100.00
Oakterra Global Services (SG) Pte. Ltd (Singapore)	38	b	Ordinary	-	100.00
Blueback Global-Services (HK) Ltd	42	b	Ordinary	-	100.00
Blueback Global-Services (SG) Pte. Ltd	38	b	Ordinary	-	100.00
Blueback Global-Services Fiji Pte	43	b	Ordinary	-	100.00
Blueback Global-Services (Soloman Islands) Pte. Ltd	44	b	Ordinary	-	100.00
Blueback Global-Services KR Limited (Blueback Gloabl Services KR Yuhan Hoesa) (Korea)	45	b	Ordinary	-	100.00
Blueback Global-Services Australia Pty Ltd	46	b	Ordinary	-	100.00
Blueback Global-Services (UK) Limited	1	b	Ordinary	-	100.00

TOPSOURCE WORLDWIDE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

15 Subsidiaries

Name of undertaking	Registered office	Nature of business	Class of	% Held	
			shares held	Direct	Indirect (Continued)
Blueback Global-Services (Germany) GmbH	47	b	Ordinary	-	100.00
Blueback Global-Services CZ s.r.o	48	b	Ordinary	-	100.00
Blueback Global-Services Poland SP z.o.o	49	b	Ordinary	-	100.00
Blueback Global-Services Spain, Sociedad Limitada	50	b	Ordinary	-	100.00
Blueback Global-Services Finland OY	51	b	Ordinary	-	100.00
Blueback Global-Services Italia S.R.L	52	b	Ordinary	-	100.00
Blueback Global-Services Slovakia s.r.o.	53	b	Ordinary	-	100.00
Blueback Global-Services (Hungary) Korlatolt Felelossegu Tarasag	54	b	Ordinary	-	100.00
Blueback Global-Services (RO) S.R.L Romania	55	b	Ordinary	-	100.00
Blueback Global-Services South Africa (pty) Ltd	56	b	Ordinary	-	100.00
Blueback Global-Services (Bulgaria) EOOD	57	b	Ordinary	-	100.00
Blueback Global-Services d.o.o Beograd (Belgrade) (Serbia)	58	b	Ordinary	-	100.00
Blueback Global-Services (Kenya) Ltd	59	b	Ordinary	-	100.00
Blueback Global-Services IT Consulting S.R.L Romania	55	b	Ordinary	-	100.00
Blueback Global Services Turkey Danismanlik Hizmetleri Limited Sirketi	60	b	Ordinary	-	100.00
Blueback Global-Services (Portugal) Lda	61	b	Ordinary	-	100.00
Blueback Global-Services Ireland Ltd	62	b	Ordinary	-	100.00
Blueback Global-Services Malta Limited	63	b	Ordinary	-	100.00

TOPSOURCE WORLDWIDE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

15 Subsidiaries (Continued)

Registered office addresses (all UK unless otherwise indicated):

1. 71-75 Shelton Street, Covent Garden, London, United Kingdom, WC2H 9JQ
2. Rue Des Colonies 11, 1000, Bruxelles
3. Level 5, St. Julian's Business Centre, Elia Zammit Street, 5 San Ġiljan, Malta
4. 1 Place Ville-Marie, Suite 1170, Montréal, QC H3B 2A, Canada
5. 3 rue de Colonel Moll, 75017, Paris, France
6. Neuer Wall 80, 20354, Hamburg, Germany
7. 1201 Budapest, Berkenye sétány 5. fszt.
8. Unit 18/19, The Reeks Gateway, Tralee Road, Killarney, Co. Kerry, Ireland
9. 59 Zlota Street, Warsaw 00-120, Poland
10. Av. Antonio Augusto de Aguiar, 74 R/C Dto, 1050-018 Lisbon, Portugal
11. 27A Virgil Madgearu Street, Palladian Complex, B Wing, apt. 2, Sector 1, Bucharest, Romania
12. 16 Raffles Quay, #33-03, Hong Leong Building, Singapore (048581)
13. Zuidplein 36, 1077XV Amsterdam
14. C/- ABN Australia, Level 1, 8 Beulah Road, Norwood, SA5067 Australia
15. route du Mandement 197, 1242 Satigny, Switzerland
16. c/o Baker Tilly Saxos KB, Barsebäcksvägen 60, 246 30 Löddeköping
17. Ármúla 36, 108 Reykjavík, Iceland
18. Carrer Bonaventura Armengol, 15, 3r pis, 3a porta, AD500 Andorra la Vella
19. Milano (MI) Via Degli Olivetani 10/12 Cap 20123
20. 5th Floor Quartermile Two 2 Lister Square, Simpson Loan, Scotland, EH3 9GL
21. 3rd Floor, 82 Maude Street, Sandown, Sandton, Johannesburg, Gauteng, 2196
22. 3rd Floor, Gamma 1 Giga Space, Viman Nagar Pune, MH 411014 India
23. c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Delaware, United States of America, 19801
24. Del tacobell en San Pedro, 400 mts oeste y 50 mts norte, casa 795, Barrio Dent, Distrito Montes de Oca, San Pedro, San José
25. Avenida Conselheiro Rodrigues Alves Sala 22 Macuco Santos, CEP 11015202, Brazil
26. Avenida, Eusebio Ayala Casi Luis Morquio #1332, Paraguay
27. Bonpland 2363 4th floor, Office 403, Buenos Aires
28. Dr. M Barros Borgoño 110 Oficina 1207 12P, Providencia, Las Condes, Santiago
29. 29 Av. Norte, C. Urb. Entre 21 y 23 Calle Poniente Edificio San Jose, Segunda Planta, San Salvador, El Salvador
30. 21710 Stevens Creek Blvd., Suite 225 Cupertino Ca 95014
31. 15 Wertheim Court, Suite 409 Richmond Hill L4B 3H7
32. Lot 2141-6 333 South Marine Corps DR, Tamuning, Guam 95014
33. CR 39 13 SUR 55 AP 1701 ED TASSO, Medellín, Antioquia, Colombia
34. 275 Calle Cuarto Andador De Osa Mayor, El Rosario, Ciudad de México 02100, 4TO ANDADOR OSA MAYOR
35. #300-3665 Kingsway Vancouver, BC V5R 5W2
36. Cal. Antares Torre A Nro. 320 Int. 609 Urb. La Alborada
37. 2711 Centerville Road, Suite 400, Wilmington, DE 19808
38. 80 Robinson Road #02-00 Singapore (068898)
39. Room 158, 8/F., Eton Tower, 8 Hysan Avenue, Causeway Bay, Hong Kong
40. Casa 23B, Etapa 2, Estancia Santo Domingo, Managua, Nicaragua
41. 3F, 38, Gangnam-daero 58-gil, Gangnam-gu, Seoul (Dogok-dong, Munjeong Building), Seoul
42. 5/F, Heng Shan Centre, 145 Queen's Road East, Wan Chai, Hong Kong S.A.R
43. C/- KPMG, Level 10, BSP Suva Central, Renwick Road, SUVA
44. 1st Floor City Centre Building, Mendana Avenue, Honiara, Solomon Islands
45. 4/F 504 Teheran-ro, Gangnam-gu Seoul, Seoul, 06178 Republic Of Korea
46. SYDNEY, 2000 New South Wales
47. c/o ECOVIS KSO Treuhand-und Steuerberatungsgesellschaft mbH & Co.
48. Jugoslávská 620/29, Praha, Vinohrady, Hlavní město Praha, 12000, Česká republika
49. Ul. Choragwi Pancernej 43 Warsaw; Mazowieckie; 02-951
50. AV DIAGONAL Num.442 P.3 Pta.1
51. Blueback Global Services Finland Oy 8 Rockleaze Avenue

TOPSOURCE WORLDWIDE TOPCO LIMITED

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

15 Subsidiaries (Continued)

Registered office addresses (all UK unless otherwise indicated) (Continued):

- 52. Corso Giacomo Matteotti, 42, 10121
- 53. Suche Myto 1, Bratislava, 81103, Slovakia
- 54. 1134 Budapest, Váci út 33.
- 55. Bucuresti, Sectorul 1, Str. Fagaras 9-13 E
- 56. 119 Witch-Hazel Avenue, Highfield Technopark, Centurion, Guateng , 0157
- 57. Bulgaria, Sofia, Krasno Selo District, Blvd. Tsar Boris III, 107, f7
- 58. NjEGOSEVA 8 11000, Beograd (Vracar), Grad Beograd Serbia
- 59. P.O. Box 1495, G.P.O Nairobi, Longonot Place, Kijabe Street, Starehe, Nairobi
- 60. Merkez MH. Buyukdere CD. C.E.M. IS Merkezi BL N. 23/7 Sisli
- 61. Porto Concelho: Porto Freguesia: Aldoar, Foz do Douro e Nevogilde, 4150 196 Porto
- 62. Dublin Road, Ashbourne, MEATH, A84 AY28,
- 63. Centris Business Gateway, Level 2M, Triq Is Salib Tal-Imriehel, Zone 3, Central Business District, Birkirkara CBD3020, Malta

Nature of business of subsidiaries:

- a) Holding company
- b) Human resources provision and management of human resources functions
- c) Provision of employer solutions including payroll processes and accounting services
- d) Dormant

TopSource Worldwide (UK) Ltd (Registered No. 04626779), TopSource Worldwide (PEO) Ltd (Registered No. 08827617), EBS Holdings Limited (Registered No. 11176664), Practical Payroll Solutions Limited (Registered No. 04075438), Bookslot Limited (Registered No. 02447301), Epsilon Business Services Limited (Registered No. 02923652), Compandben International Limited (Registered No. 09427640), Select Payroll Solutions Limited (Registered No. 06594724), eSlip Limited (Registered No. 05560754), and Blueback Global-Services (UK) Limited (Registered No. 11867192) have taken exemption in section 479A of the Companies Act (the "Act") from the requirement in the Act for their individual accounts to be audited. All entities are incorporated in England and Wales, apart from Capital Payroll Services Ltd that is incorporated in Scotland.

In order for these companies to take the audit exemption in Section 479A of the Companies Act 2006, the company has guaranteed all outstanding liabilities of those subsidiary companies at 31 March 2023 until those liabilities are satisfied in full.

TOPSOURCE WORLDWIDE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

16 Acquisition

On 30 June 2022 the group acquired 100% of the issued capital of eSlip Limited for consideration of £835,805 (including transaction costs).

	Book Value	Adjustments	Fair Value
	£	£	£
Net assets acquired			
Property, plant and equipment	1,501	-	1,501
Trade and other receivables	171,289	-	171,289
Cash and cash equivalents	25,398	-	25,398
Borrowings	(39,664)	-	(39,664)
Obligations under finance leases	(45,432)	-	(45,432)
Trade and other payables	(25,261)	-	(25,261)
Tax liabilities	(41,921)	-	(41,921)
Deferred tax	(300)	-	(300)
	<u>45,610</u>	<u>-</u>	<u>45,610</u>
Total identifiable net assets			45,610
Goodwill			790,195
Total consideration			<u>835,805</u>
The consideration was satisfied by:			£
Cash			815,805
Transaction costs			20,000
			<u>835,805</u>

The goodwill arising on acquisition of £790,195 is considered to have a useful life of 5 years.

TOPSOURCE WORLDWIDE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

16 Acquisition (Continued)

On 31 May 2022 the group acquired 100% of the issued capital of Capital Payroll Services Limited for consideration of £411,377 (including transaction costs).

	Book Value	Adjustments	Fair Value
	£	£	£
Net assets acquired			
Property, plant and equipment	6,389	-	6,389
Trade and other receivables	24,145	-	24,145
Cash and cash equivalents	11,397	-	11,397
Borrowings	(27,893)	-	(27,893)
Trade and other payables	(676)	-	(676)
Tax liabilities	(9,843)	-	(9,843)
	<u>3,519</u>	<u>-</u>	<u>3,519</u>
Goodwill			407,858
Total consideration			<u>411,377</u>
The consideration was satisfied by:			£
Cash			376,677
Transaction costs			34,700
			<u>411,377</u>

The goodwill arising on acquisition of £407,858 is considered to have a useful life of 5 years.

TOPSOURCE WORLDWIDE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

16 Acquisition (Continued)

On 30 September 2022, the group acquired 100% of the issued share capital of Oakterra Global Services (SG) Pte Ltd; Blueback Global Inc; and Blueback Global-Services US Inc (together the "Blueback Group") for a consideration of £26,320,293 (including transaction costs).

The assets and liabilities acquired were as follows:

	Book Value £	Adjustments £	Fair Value £
Net assets acquired			
Property, plant and equipment	20,137	-	20,137
Trade and other receivables	1,542,035	-	1,542,035
Cash and cash equivalents	5,658,616	-	5,658,616
Trade and other payables	(9,336,700)	-	(9,336,700)
Tax liabilities	(180,840)	-	(180,840)
Total identifiable net assets	(2,296,752)	-	(2,296,752)
Goodwill			28,617,045
Total consideration			26,320,293
The consideration was satisfied by:			£
Cash			17,341,643
Deferred consideration			8,031,457
Transaction costs			947,193
			26,320,293

The goodwill arising on acquisition of £28,617,045 is considered to have a useful life of 5 years.

The aggregate contribution by the acquired businesses for the reporting period included in the group statement of comprehensive income since acquisition:

	£
Turnover	4,462,052
Profit before tax	1,440,206

Included in the above contributions for acquired business is turnover of £4,164,882 and profit before tax of £1,246,983 for material acquisitions.

TOPSOURCE WORLDWIDE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

17 Debtors

	Group 2023	2022	Company 2023	2022
Amounts falling due within one year:	£	£	£	£
Trade debtors	6,825,573	3,158,800	-	-
Corporation tax recoverable	73,197	28,718	-	-
Amounts owed by group undertakings	-	-	21,314,802	9,823,603
Other debtors	5,743,617	3,730,165	15,826	18,446
Prepayments and accrued income	1,321,272	586,033	185,955	112,500
	13,963,659	7,503,716	21,516,583	9,954,549
Deferred tax asset (note 21)	91,579	100,862	-	-
	14,055,238	7,604,578	21,516,583	9,954,549

Amounts owed by group undertakings to the company accrue interest at 10%, are unsecured and have no fixed repayment date.

18 Creditors: amounts falling due within one year

	Notes	Group 2023	2022	Company 2023	2022
		£	£	£	£
Bank loans and overdrafts	20	15,149	-	-	-
Trade creditors		650,628	480,320	16,809	-
Amounts owed to group undertakings		-	-	1,081,926	509,447
Corporation tax payable		1,120,126	448,957	-	-
Other taxation and social security		4,455,629	2,644,040	-	-
Other creditors		38,195,517	14,518,104	1,575,367	581,863
Accruals and deferred income		3,457,114	1,491,371	-	-
		47,894,163	19,582,792	2,674,102	1,091,310

Amounts owed to group undertakings by the company are interest free, unsecured and have no fixed repayment date.

19 Creditors: amounts falling due after more than one year

	Notes	Group 2023	2022	Company 2023	2022
		£	£	£	£
Loan notes	20	5,889,974	5,889,974	-	-
Bank loans	20	33,273,166	7,907,421	-	-
Preference shares	20	13,966,812	4,216,811	13,966,812	4,216,811
		53,129,952	18,014,206	13,966,812	4,216,811

TOPSOURCE WORLDWIDE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

20 Borrowings

	Group 2023 £	2022 £	Company 2023 £	2022 £
Loan notes	5,889,974	5,889,974	-	-
Bank loans	33,283,810	7,907,421	-	-
Bank overdrafts	4,505	-	-	-
Preference shares	13,966,812	4,216,811	13,966,812	4,216,811
	<u>53,145,101</u>	<u>18,014,206</u>	<u>13,966,812</u>	<u>4,216,811</u>
Payable within one year	15,149	-	-	-
Payable after one year	<u>53,129,952</u>	<u>18,014,206</u>	<u>13,966,812</u>	<u>4,216,811</u>

During 2022 the Group undertook a refinancing exercise resulting in the settlement of its existing funding arrangements and undertaking new arrangements with HSBC UK Bank plc and HSBC Global Asset Management (UK) Ltd, effective from 26 October 2022.

The new funding arrangement comprises a sterling facility of £21,300,000 and US Dollar facility of \$14,912,134, which were drawn down in the year. At the year end the balance due on these loans amounted to £34,756,662, net of arrangement fees of £1,504,530. £167,170 of the arrangement fees were amortised through profit and loss in the year. The loans are fully secured by a fixed and floating charge over the property and other assets of the Group. The loans accrue interest at UK and US bank base rate plus margin of 5.5% respectively and are payable in full in October 2028. At the year end, interest of £1,328,586 was recognised through profit and loss, with £34,937 accrued at the year end.

The Group is also party to a UK Government Bounce Back Loan Scheme with a balance due at 31 March 2023 of £31,678. The loan is unsecured and is for a 3 year term and does not accrue interest.

As noted above the funding facilities at 31 March 2022 were settled in the year in full. The early settlement of the existing funding arrangements resulted in a break-out charge of £211,672 that has been recognised through profit and loss. In addition, the arrangement fees carried forward against the loan at this date of £517,576 was charged through profit and loss in the year. The loan accrued interest at 7.75% with interest accrued at the 31 March 2022 settled in the year. The loan had been repayable in full in December 2026.

The loan note of £5,889,974 is due to Horizon Capital 2018 Limited Partnership. The loan accrues interest at 10% per annum, is repayable on the earlier of 14 June 2026 or the date of a future disposal of the Group and is unsecured.

The preference shares comprise A and B Preference shares that are redeemable in accordance with article 34 of the articles of association of the company. The holders of A Preference shares have no right to vote or attend any general meeting. In respect of rights to dividends, the company shall accrue in respect of each A and B Preference shares, a fixed cumulative preferential dividend at the annual rate of 10% of the Issue Price per Preference share.

During the year a further £9,999,999 preference shares were issued at par with the same rights as those already issued. This balance is recognised net of an arrangement fee of £250,000 as at 31 March 2023.

TOPSOURCE WORLDWIDE TOPCO LIMITED

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

21 Deferred taxation

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

	Liabilities 2023 £	Liabilities 2022 £	Assets 2023 £	Assets 2022 £
Group				
Assets measured at fair value	250,520	283,020	-	249
Tax losses	2,970	-	22,821	52,920
Accelerated capital allowances	31,153	14,085	-	-
Other timing differences	(22,473)	(2,970)	68,758	47,693
	<u>262,170</u>	<u>294,135</u>	<u>91,579</u>	<u>100,862</u>

The company has no deferred tax assets or liabilities.

	Group 2023 £	Company 2023 £
Movements in the year:		
Liability at 1 April 2022	193,273	-
Credit to profit or loss	(29,182)	-
Transfer on disposal	6,500	-
Net liability at 31 March 2023	<u>170,591</u>	<u>-</u>

22 Retirement benefit schemes

	2023 £	2022 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>539,363</u>	<u>98,362</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Contributions totalling £143,668 (2022: £90,608) were payable to the fund at the year end and are included in creditors.

TOPSOURCE WORLDWIDE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

23 Share capital

	Group and Company			
	2023	2022	2023	2022
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
A Ordinary shares of 1p each	617,118	617,118	6,171	6,171
B Ordinary shares of 1p each	207,883	207,883	2,079	2,079
C Ordinary shares of 1p each	166,500	165,000	1,665	1,650
	<u>991,501</u>	<u>990,001</u>	<u>9,915</u>	<u>9,900</u>

On 6 March 2023 the company issued 1,500 C Ordinary shares at £0.01 per share which generated a share premium of £3,705.

The A, B and C Ordinary shares are non-redeemable, but hold full rights in respect of voting with one vote per share, and entitle the holders to full participation in a dividend issued by the directors.

Costs in respect of the issue of new shares in the year of £8,940 have been offset against the share premium account

24 Reserves

Share premium

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

Profit and loss reserves

The profit and loss reserve represents cumulative profits and losses for the company net of distributions to owners.

25 Cash generated from group operations

	2023	2022
	£	£
Loss for the year after tax	(13,461,525)	(5,199,316)
Adjustments for:		
Taxation charged	675,280	295,280
Finance costs	5,073,413	2,007,564
Investment income	(22,495)	(55,893)
Loss on disposal of tangible fixed assets	-	4,902
Amortisation of intangible assets	9,355,498	4,545,282
Depreciation of tangible fixed assets	120,382	58,078
Foreign exchange gains on cash equivalents	(641,505)	116,543
Movements in working capital:		
Movement in debtors	(4,540,764)	(2,537,988)
Movement in creditors	3,680,834	(317,488)
Cash generated from/(absorbed by) operations	<u>239,118</u>	<u>(1,083,036)</u>

TOPSOURCE WORLDWIDE TOPCO LIMITED

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

26 Analysis of changes in net debt - group

	1 April 2022	Cash flows	Other non-Exchange rate cash flow movements	movements	Acquisitions 31 March 2023
	£	£	£	£	£
Cash at bank and in hand	6,670,616	15,450,722	-	110,930	22,232,268
Bank overdrafts	-	(4,505)	-	-	(4,505)
	6,670,616	15,446,217	-	110,930	22,227,763
Bank loans	(7,907,421)	(26,295,783)	986,951	-	(33,283,810)
Loan notes	(5,889,974)	-	-	-	(5,889,974)
Hire purchase obligations	-	45,432	-	-	-
Preference shares	(4,216,811)	(9,750,001)	-	-	(13,966,812)
	(11,343,590)	(20,554,135)	986,951	110,930	(30,912,833)

At 31 March 2023 £7,978,698 of the group's cash balances are not available for use by the group due to legal restrictions imposed as part of the commercial arrangements with its customers.

TOPSOURCE WORLDWIDE TOPCO LIMITED

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

27 Operating lease commitments

Lessee

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

	Group 2023 £	2022 £	Company 2023 £	2022 £
Within one year	150,006	182,700	-	-

28 Related party transactions

Horizon Capital 2018 Limited Partnership are the controlling party of the group through their ownership of 64.25% of the share capital of TopSource Worldwide Topco Limited.

At 31 March 2023, Horizon Capital 2018 Limited Partnership held loan notes to £5,889,974 (2022: £5,889,974). Interest of £704,618 (2022: £643,577) has been accrued during the year on the loan notes with total interest owed at 31 March 2023 amounting to £1,517,386 (2022: £812,768).

Furthermore, management charges of £150,000 (2022: £143,750) were incurred during the period from the partnership. At 31 March 2023 these balances had been settled.

During the year the company issued a further £9,999,999 preferences shares to Horizon Capital 2018 Limited Partnership resulting in a balance at the year end of £14,216,812 (2022: £4,216,811) recognised within creditors due after more than one year. The preference shares are subject to a fixed and cumulative preferential dividend at the annual rate of 10%. Interest accrued in the year amounted to £993,504 (2022: £455,128) with the total accrued at the year end of £1,575,367 (2022: £581,863).

During the year two directors were transferred 5000 and 3000 C Ordinary Shares respectively by an existing shareholder.

29 Controlling party

The ultimate controlling party of the Group is Horizon Capital 2018 Limited Partnership.