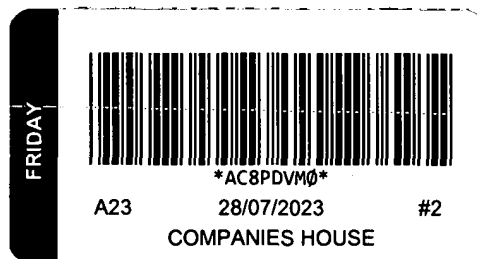


DAVIES MANAGED SYSTEMS LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

REGISTERED NUMBER 03452116



**DAVIES MANAGED SYSTEMS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

CONTENTS

	Pages
Directors and Advisers	2
Strategic Report	3
Directors' Report	4 - 5
Independent Auditor's Report	6 - 9
Income Statement	10
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13 – 18

**DAVIES MANAGED SYSTEMS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

DIRECTORS AND ADVISERS

DIRECTORS

A Debiase
D Saulter

COMPANY SECRETARY

A Debiase

REGISTERED OFFICE

5th Floor
20 Gracechurch Street
London
EC3V 0BG

INDEPENDENT AUDITOR

BDO LLP
Chartered Accountants and
Statutory Auditors
3 Hardman Street
Manchester
M3 3AT

**DAVIES MANAGED SYSTEMS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

STRATEGIC REPORT

The company presents its financial statements for the year ended 30 June 2022.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of insurance claims management.

REVIEW OF BUSINESS

A summary of the results for the year is given in the Income Statement on page 10.

RESULTS AND DIVIDENDS

The company's loss for the financial year is £2,376,250 (year ended 30 June 2021: £1,489,955 profit). Dividends to the amount of £nil were paid during the year (year ended 30 June 2021: £nil).

KEY PERFORMANCE INDICATORS

The company is part of the Davies Group Limited group of companies which are managed on a group-wide basis. The key performance indicators used by the group are disclosed in the Davies Group Limited consolidated financial statements on page 13.

The group uses Turnover and Operating profit as key performance indicators which can be seen on page 10.

By order of the Board



A Debiase

Director

Date: 30 June 2023

**DAVIES MANAGED SYSTEMS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

DIRECTORS' REPORT

The directors present their report with the audited financial statements of the company, registered number 03452116, for the year ended 30 June 2022.

RESULTS AND DIVIDENDS

The company's loss for the financial year is £2,376,250 (year ended 30 June 2021: £1,489,955 profit). The profit is stated after exceptional costs of £109,923 (30 June 2021: £80,470). No dividends were paid or proposed during the year (30 June 2021: £nil).

GOING CONCERN

Going concern has been discussed in detail in note 1. The company has continued to trade profitably since the year end in line with forecasts. As such, The Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The Directors therefore believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from this basis of preparation being inappropriate.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The company is a wholly owned subsidiary of Davies Holdings Limited which has maintained cover for its directors and officers and those of its subsidiary companies under a directors' and officers' liability insurance policy as permitted by the Companies Act 2006. The liability insurance is a qualifying third party indemnity provision and was in force during the financial year and up to and including the date of approval of the annual report and financial statements.

DIRECTORS

The directors who served during the year and up to the date of signing these financial statements unless otherwise stated are as follows:

A Debiase
D Saulter

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware;
and
- (2) each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

**DAVIES MANAGED SYSTEMS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

DIRECTORS' REPORT (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 prepared the Group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

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

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

INDEPENDENT AUDITOR

The auditor, BDO LLP, has indicated its willingness to continue in office and will be proposed for re-appointment at the next annual general meeting.

By order of the Board



A Debiase
Director

Date: 30 June 2023

**DAVIES MANAGED SYSTEMS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAVIES MANAGED SYSTEMS LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of Davies Managed Systems Limited's ("the Company") affairs as at 30 June 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the Company for the year ended 30 June 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a year 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.

**DAVIES MANAGED SYSTEMS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAVIES MANAGED SYSTEMS LIMITED (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. 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.

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

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

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

Responsibilities of Directors

As explained more fully in the Responsibilities of Directors, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAVIES MANAGED SYSTEMS LIMITED (continued)

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.

Extent to which the audit was capable of detecting irregularities, including fraud

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

As a part of our audit in accordance with United Kingdom Generally Accepted Accounting Practice; and requirements of the Companies Act 2006 we exercise professional judgement and maintain professional scepticism throughout the audit. Based on our understanding and accumulated knowledge of the Company and the sector in which it operates we considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements. These included but were not limited to those that relate to the form and content of the financial statements, such as the Group accounting policies, United Kingdom Generally Accepted Accounting Practice, the UK Companies Act 2006 and those that relate to the payment of employees. All team members were briefed to ensure they were aware of any relevant regulations in relation to their work.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries, management bias in accounting estimates and improper revenue recognition associated with -end cut-off. Our audit procedures included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to recognition of revenue, work in progress, and use of going concern assumptions;
- Revenue year end cut-off and work in progress procedures;
- Identifying and testing journal entries, in particular any journal entries posted with specific unusual narratives, manual journals to revenue and cash, and Benford's law;
- Discussions with management; including consideration of known or suspected instances of non-compliance with laws and regulation and fraud.
- Review of minutes of Board meetings throughout the year.
- Obtaining an understanding of how the Company is complying with those legal and regulatory frameworks by making enquiries with management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and other evidence gathered during the course of the audit.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**DAVIES MANAGED SYSTEMS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAVIES MANAGED SYSTEMS LIMITED (continued)

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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

DocuSigned by:
Julien Rye
657B95FCEECEB4FF...

*Julien Rye (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Manchester
30 June 2023*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

INCOME STATEMENT**FOR THE YEAR ENDED 30 JUNE 2022**

		Year ended 30 June 2022	Year ended 30 June 2021
	Note	£	£
Turnover	2	8,166,049	7,879,887
Cost of sales		(5,685,986)	(3,760,548)
Gross profit		2,480,063	4,119,339
Administrative expenses		(4,768,964)	(2,573,819)
Exceptional administrative expenses		(109,923)	(80,470)
Total administrative expenses		(4,878,887)	(2,654,289)
Other income		23,750	23,749
Operating (loss)/profit		(2,375,074)	1,488,799
Interest payable and similar charges		-	-
(Loss)/profit on ordinary activities before taxation		(2,375,074)	1,488,799
Tax on (loss)/profit on ordinary activities	6	(1,176)	1,156
(Loss)/profit for the financial year		(2,376,250)	1,489,955

All amounts relate to continuing operations.

STATEMENT OF COMPREHENSIVE INCOME**FOR THE YEAR ENDED 30 JUNE 2022**

	Year ended 30 June 2022	Year ended 30 June 2021
	£	£
(Loss)/profit for the financial year	(2,376,250)	1,489,955
Total recognised (loss)/profit relating to the year	(2,376,250)	1,489,955

The notes on pages 13 to 18 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	As at 30 June 2022		As at 30 June 2021	
		£	£	£	£
Current assets					
Debtors	7	17,619,769		17,046,056	
Deferred tax	8	7,014		8,189	
Cash at bank and in hand		275,321		643,922	
			17,902,104		17,698,167
Total assets			17,902,104		17,698,167
LIABILITIES AND EQUITY					
Capital and reserves					
Called up share capital	9	1,000		1,000	
Capital redemption reserve		175,000		175,000	
Profit and loss account		4,987,862		7,364,112	
Total shareholders' funds			5,163,862		7,540,112
Capital employed			5,163,862		7,540,112
Other liabilities					
Creditors: amounts falling due within one year	10	12,738,242		10,158,055	
Total other liabilities			12,738,242		10,158,055
Total equity and liabilities			17,902,104		17,698,167

The financial statements on pages 10 to 18 were approved by the Board of Directors on 30 June 2023 and were signed on its behalf by:



A Debiase
Director

Company registered number 03452116

The notes on pages 13 to 18 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	Share capital £	Capital reserve £	Profit & loss account £	Total Equity £
Balance as at 1 July 2020	1,000	175,000	5,874,157	6,050,157
Profit for the year	-	-	1,489,955	1,489,955
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	1,489,955	1,489,955
Balance as at 30 June 2021	1,000	175,000	7,364,112	7,540,112
Loss for the year	-	-	(2,376,250)	(2,376,250)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(2,376,250)	(2,376,250)
Balance as at 30 June 2022	1,000	175,000	4,987,862	5,163,862

The notes on pages 13 to 18 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

Davies Managed Systems is a private company limited by shares incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the directors' report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17 (d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Davies Group Limited as at 30 June 2022 and these financial statements may be obtained from the company's registered office.

Going concern

The entity is a subsidiary of Tennessee Topco Limited and party to group funding facilities. Monitoring of financial performance and management of banking facilities is done on a group basis and incorporates the results of all subsidiaries of the group that are consolidated within Tennessee Topco Limited accounts.

The directors continually review and monitor business performance and liquidity of the Group. After reviewing the Group's forecasts and projections, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

The Group has performed ahead of expectations since the outbreak of the COVID-19 pandemic and is in line with budget after the first 11 months of the year ending 30 June 2023 despite the challenging economic environment and the Group remains on track to deliver an EBITDA performance in FY23 significantly ahead of last year. The Group also has access to a committed revolver credit facility of £90m should this be required.

The Group's most recent forecasting exercise covers a period from the balance sheet date to 30 June 2024. As part of their forecasting work, the directors undertook detailed sensitivity analysis which showed that the Group is highly unlikely to breach its covenant. The Group enjoys continued funding support of its shareholders BC Partners, HGGC, and AimCo, having raised an additional £45m in equity in September 2022 and £32m in equity in April 2023 to support M&A. The key mitigant for a covenant breach would be an equity injection from the shareholders which is permitted under the existing banking agreement. Additionally, a further mitigant should the Group experience a liquidity issue, would be to drawdown on the £90m RCF which can be accessed for any purpose.

In August 2021, the Group completed a transaction with BC Partners who have acquired a majority stake in the business following a rigorous due diligence process. As part of this transaction, Blackstone replaced ICG as the Group's debt provider; upon completion new debt of £552m was drawn down, and an acquisition facility of £350m was secured alongside a c£90m rolling credit facility. This is a committed facility which can be utilised for any purpose including operational, working capital and M&A requirements and can be drawn down in 5 working days.

The Group is continuing its M&A program and during the period ended 30 June 2022 the Group made five acquisitions. In June 2022, The Group secured an additional acquisition facility of £350m which underlines Blackstone's confidence in Davies performance. The Group has completed six new acquisitions in the period to May 2023, adding c£23.3m of annualised EBITDA before synergies.

Going concern has been discussed in detail in note 1. The company has received a letter of support from the parent company, Tennessee Topco Limited. As such, The Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The Directors therefore believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from this basis of preparation being inappropriate.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 Accounting policies (continued)

Turnover

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/vat added tax, returns, rebates and discounts.

All turnover is derived from within the United Kingdom.

Leased assets: Lessee

Where assets are financed by leasing agreements that gave rights approximating to ownership (finance leases), the assets are treated as if had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the income statement over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the income statement over the term of the lease and is calculated so that it represents a constant proportion of the balance sheet of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the income statement on a straight line basis over the term of the lease.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered before the date of transition to the standard (1 July 2014) to continue to be charged over the shorter period to the first market rent review rather than the term of the lease. For leases entered into on or after 1 July 2014, reverse premiums and similar incentives received to enter into operating lease agreements are released to the income statement over the term of the lease.

Where the Group has a legal obligation, a dilapidations provisions is created on inception of a lease. These provisions are a best estimate of the cost acquired to return lease properties to their original condition upon termination of the lease. Where the obligation arises from 'wear and tear', the provision is accrued as the 'wear and tear' occurs.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future entitlement so accrued at the balance sheet date.

Current and deferred taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met and;
- Where timing differences relate to interests in subsidiaries and the Group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of timing differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 Accounting policies (continued)

Pensions

The Group makes contributions under a defined contribution scheme, the assets of which are held in a separately-administered fund. All pension contributions are charged to the profit and loss in the period in which they fall due.

Reserves

The company's reserves are as follows:

- Called up share capital represents the nominal value of the shares issued.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transactions costs) and subsequently held at cost, less any impairment.

Financial liabilities

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

2 Turnover

All turnover is derived from the company's principal activity, which the directors consider comprises a single class of business, and arose within the United Kingdom.

3 Staff costs and employee information

	Year ended 30 June 2022	Year ended 30 June 2021
	£	£
Wages and salaries	6,039,332	4,167,171
Social security costs	473,329	326,061
Other pension costs	245,296	181,964
Total	6,757,957	4,675,196

The average monthly number of employees during the year (including directors service contracts) was:

	Year ended 30 June 2022	Year ended 30 June 2021
	Number	Number
Technical	211	148
Support	71	40
Total	282	188

At 30 June 2022 the Group employed 278 (30 June 2021: 214) employees.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4 Operating profit

Operating profit is stated after charging:

	Year ended 30 June 2022	Year ended 30 June 2021
	£	£
Exceptional administrative expenses	109,923	80,470
Pension costs	245,296	181,964
	355,219	262,434

The exceptional administrative expenses of £109,923 (2021: £80,470) relate to internal restructuring costs.

The auditors' remuneration for the year ended 30 June 2022 of £5,748 (2021: £5,225) was borne by Farradane Limited on behalf of all the subsidiaries of Davies Group Limited.

5 Directors' emoluments

The directors were not remunerated for their services to the company in the current year (30 June 2021: £nil). The directors were remunerated through a fellow group undertaking for their services to the group as a whole. The directors are directors of a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. No apportionment has been made to this company. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the parent company Davies Group Limited.

6 Tax on profit on ordinary activities

a) Analysis of the tax payment in the year

The tax payment on the profit on ordinary activities for the year was as follows:

	Year ended 30 June 2022	Year ended 30 June 2021
	£	£
Current tax:		
UK corporation tax on profits for the year	-	(264)
Total current tax	-	(264)
Deferred tax:		
Origination and reversal of timing differences	1,176	1,410
Adjustments in respect of previous years	-	1
Changes in tax rate	-	(2,303)
Total deferred tax	1,176	(892)
Total tax (credit)/charge on profit on ordinary activities	1,176	(1,156)

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 Tax on profit on ordinary activities (continued)

b) Factors affecting the tax charge

The tax assessed for the year is the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%). The difference is explained below:

	Year ended 30 June 2022	Year ended 30 June 2021
	£	£
Profit on ordinary activities before taxation	(2,375,074)	1,488,799
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(451,264)	282,872
Tax effects of:		
Expenses not deductible for tax purposes	151	-
Group relief claimed	452,007	(281,800)
Adjustment to prior periods	-	(263)
Remeasurement of deferred tax for changes in tax rates	282	(1,965)
Total current tax (credit)/charge	1,176	(1,156)

7 Debtors due within one year

	As at 30 June 2022	As at 30 June 2021
	£	£
Trade debtors	1,147,781	806,372
Amounts owed by group undertakings	12,196,988	11,740,369
Other debtors	17,146	17,146
Prepayments and accrued income	4,257,854	4,482,169
	17,619,769	17,046,056

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

8 Deferred tax

The movements on deferred tax are as follows:

	Year ended 30 June 2022	Year ended 30 June 2021
	£	£
At the beginning of year	8,189	7,297
Deferred tax credit in income statement for the year	(1,176)	892
At the end of year	7,013	8,189

The deferred tax comprises:	Year ended 30 June 2022	Year ended 30 June 2021
	£	£
Fixed asset timing differences	7,013	7,297
	7,013	7,297

The company has no deferred tax assets on losses which are not recognised.

NOTES TO THE FINANCIAL STATEMENTS (continued)

9 Called up share capital

	Year ended 30 June 2022	Year ended 30 June 2021
	£	£
Allotted, issued and fully paid		
10,000 (2021: 10,000) Ordinary Shares of 10p each	1,000	1,000
	1,000	1,000

10 Creditors: amounts falling due within one year

	Year ended 30 June 2022	Year ended 30 June 2021
	£	£
Trade creditors	313,408	40,931
Amounts owed to group undertakings	12,022,873	9,640,315
Other taxation and social security	7,848	7,509
Other creditors	1,267	1,267
Accruals and deferred income	392,846	468,033
	12,738,242	10,158,055

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

11 Operating lease commitments

At 30 June 2022, the company had no future minimum lease payments under non-cancellable operating leases (2021: nil).

12 Defined contribution scheme

The company operates a defined contribution scheme. The assets are held separately from those of the company in a separately-administered fund. The charge for the period represents contributions payable by the company to the fund and amounted to £245,296 (year ended 2021: £179,789).

At 30 June 2022, the company had outstanding contributions of £nil (2021: £nil).

13 Ultimate parent undertaking and controlling party

The company is a wholly owned subsidiary of a Group whose parent company is Davies Group Limited which is the smallest Group to consolidate these financial statements. At 30 June 2022 Davies Group Limited was in turn ultimately owned by Tennessee Topco Limited which the directors considered to be the ultimate parent undertaking and the largest Group to consolidate these financial statements.

Copies of Davies Group Limited and Tennessee Topco Limited consolidated financial statements can be obtained from the Company at 5th Floor, 20 Gracechurch Street, London, EC3V 0BG.

The directors consider BC Partners to be the ultimate controlling party of the Group.

14 Related party disclosures

The Group has taken advantage of the exemption confirmed by section 33 of FRS 102 not to disclose transactions with members of the Group headed by Davies Group Limited on the grounds that 100% of the voting rights in the company are controlled within that Group.