DAVIES GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

REGISTERED NUMBER 06479822

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DIRECTORS AND ADVISERS

DIRECTORS	D Coombes A Debiase D Saulter
COMPANY SECRETARY	A Debiase
REGISTERED OFFICE	5th Floor 20 Gracechurch Street London England EC3V 0BG
INDEPENDENT AUDITOR	BDO LLP Chartered Accountants and Statutory Auditors 55 Baker Street London W1U 7EU

CHIEF EXECUTIVE'S REVIEW

I am pleased to present our financial results for the year ending 30 June 2023.

We achieved total revenues of £458.7m (2022: £392.1m) and EBITDA (before exceptional costs and M&A integration expenses) of £80.1m (2022: £71m) as we invested in our business, our people, in digital transformation and through expansion in our capability and geographical reach for our clients.

In August 2021, BC Partners, the leading international investment firm, acquired a majority stake in Davies Group Limited ("Davies Group" or "Davies") via a new holding company, Tennessee Topco Limited, which is now the holding company of the Group. This new partnership has diversified and strengthened Davies' shareholder base, as it seeks to drive further global expansion, increase investment in technology and digital transformation, and to continue to partner with complementary businesses via M&A. Existing investors HGGC and AIMCo continue to hold minority ownership stakes in the business, alongside the Davies leadership team and employees.

Today Davies delivers operations, consulting and technology solutions across the risk and insurance value chain, including excellence in claims, underwriting, distribution, regulation, customer experience, human capital, transformation & change management. Davies' core service lines include Claims Solutions, Legal Solutions, Insurance Services and Consulting & Technology, delivered by our 4,500+ strong team of professionals across the UK, Ireland, the US, Canada, Spain, Switzerland & India

In the year to June 2023, we completed two acquisitions, diversifying our offering as well as adding strategic new capabilities and further broadening our geographic reach.

ACQUISITION ACTIVITY

In July 2022, we completed the acquisition of ProAdjust Limited ("ProAdjust"), the specialist provider of loss adjusting and claims management services to the insurance market in Ireland. ProAdjust joined our UK & Ireland based Claims Solutions business.

We announced the acquisition of Lloyd's managing agent, Asta Capital Limited ('Asta') in September 2021 and completed the deal following regulatory approvals in July 2022. Asta is the market leading third party managing agent at Lloyd's providing a range of solutions to Lloyd's and non-Lloyd's businesses across the insurance life cycle. The deal added significant strength and reach to our global Insurance Services practice by broadening our ability to offer end-to-end insurance management solutions to entrepreneurial underwriters and MGAs, intermediaries, (re)insurers and captives, Lloyd's syndicates, and InsurTechs.

INVESTMENT IN TECHNOLOGY

On 31 August 2022 we identified a cyber incident impacting one of our UK data centres. Despite our strong security and technical controls, in line with our ISO 27001 commitments, a threat actor had been able to infiltrate a UK data centre, and impact a subset of services that we provide to clients of our Insurance Services & Claims Solutions businesses in the UK. Our UK Legal Solutions, U.S. and Consulting and Technology businesses were unaffected.

I am immensely proud of our team's response in the weeks and months that followed the cyber incident, as we worked closely with our clients to mitigate the impact as we built back our systems. Prior to the cyber incident we were in the process of implementing a range of enhancements to our existing technical controls, including:

- Outsourcing of security operations centre (SOC)
- Recruitment of a Chief Information Security Officer
- Implementation of DMARC
- Upgrading of Web Filtering solution

CHIEF EXECUTIVE'S REVIEW (continued)

- Continuous penetration testing and risk monitoring solution
- Multi-factor authentication
- Privilege access management (commenced)

Post event we have continued with the programme and bolstered privileged access to now include vendors, adding an additional layer of resiliency.

Key enhancements include:

- **Privilege access management (PAM).** This project has concluded with all access to systems now being through our central tooling, this includes MFA authentication and full audit recording of actions.
- **Password Management.** All technical passwords have been reset and moved into our password vault solution which requires MFA authentication to access.
- **Network Micro-segmentation.** This technology gives real time traffic analysis and allows network restrictions based upon rules and machine learning (ML) technology. Its aim is to stop lateral movement across networks.
- **GRC tooling**. We are conducting a data consolidation exercise across the business in support of our privacy teams. This includes an audit and risk assessment component which will support group wide organisation control reviews.
- **Enhanced perimeter testing:** We have a rolling programme of external penetration testing; this is conducted against Group services each quarter with rolling divisional inclusion. Additionally, we have 2 annual adversarial tests to actively attack our controls.
- **Data Governance:** A full review of data held across the network has taken place with redundant data being removed and file servers decommissioned, with live data moving to encrypted storage within SharePoint and Azure.

In May 2023, UK regulators – specifically the ICO and the FCA - confirmed that neither wish to take action against Davies in relation to the cyber incident. Having been proactively and transparently communicating with the regulators from the outset, this effectively closed the incident from a UK regulatory perspective.

Davies has been recognised for outstanding service and technology by industry peers, winning a number of awards including:

- 'Technology Partner of the Year' at the Insurance Post Claims & Fraud Award
- 'Training Provider/Programme of the Year' at the Sussex apprenticeship awards
- 'Challenger of the Year' at the Insurance Times Awards
- 'Excellence in Technology – Claims (Communication)' at the Insurance Times Awards
- 'Claims Initiative of the Year – Insurance Partner & Technology Award' at the British Insurance Awards
- 'Claims Service Solution of the Year' at the Insurance Times Claims Excellence Awards
- 'Best Conversational Analytics Platform' at the CX Awards

Davies has significantly increased its investment in technology and digital transformation, whilst nurturing new ideas and innovation from its people. Davies' teams have continued to launch new technology to market for its highly regulated clients and their customers, including new features to its electronic claims portals and claims automation.

CHIEF EXECUTIVE'S REVIEW (continued)

PEOPLE & CULTURE

Davies has over the past year been recognised for delivering an outstanding service and technology by the press and industry peers, winning a range of awards including:

- 'Claims Initiative of the Year – Insurance Partner' – British Insurance Awards 2022
- 'Digital Transformation 2022' – Wales Technology Awards 2022
- 'Best Measurement in Customer Experience' – International CX Awards
- 'Loss Adjusting Award' – National Insurance Awards
- 'Insurance Law Firm of the Year' - British Claims Awards

Our Disruptive Thinking innovation lab continues to be a success and grow. In May 2023, we launched Season Five of the programme. Following the judging process, pitches to our investors will take place over the coming months with the winning ideas announced in 2024.

The Davies Foundation, our registered charity, has had its largest grant cycle to date. Over the last 12 months, the charity approved 95 grant applications and donated over £66,000 to local, grassroot community causes that have a direct impact on our people across the business. This makes a running total of over £200,000 donated globally to nearly 350 charitable organisations chosen by our employees worldwide.

I am extremely proud of the incredible hard work from our team all over the world who have come together to deliver an exceptional high service for our 750+ clients.

Dan Saulter
Chief Executive
Davies Group
Date: 15 February 2024

STRATEGIC REPORT

The Group has performed well during the year ended 30 June 2023 and confidently looks forward to continued growth in the coming year.

PRINCIPAL ACTIVITY

The principal activity of the Group in the year under review was the provision of operations management, consulting and digital solutions to organisations in highly regulated markets, including insurance, financial services, utilities, communications, and to regulatory bodies.

REVIEW OF BUSINESS

We have continued to invest and add capability and geographies through acquisitions. In the year to June 2023 we completed two deals, adding further capability and service lines for our chosen markets and adding further geographical reach to Davies. For details of these please see the Chief Executive's Review.

The results for the year and the financial position of the Group and the Company are as shown in the annexed financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The risk factors set forth below reflect material risks associated with the business and readers should consider them in addition to the other information contained in this report as our business, financial condition or results of the operation could be adversely affected if any of these risks were to actually occur.

The Group operates in a competitive marketplace. The Group manages this commercial risk by delivering a high quality, bespoke service to its clients, with most of whom it already enjoys long-standing relationships. Additionally. the business development team conducts regular client meetings and update sessions to ensure that any client concerns are dealt with on a timely basis. This also provides an opportunity to update clients on developments within the business as well as new products and services. Furthermore, the business development team actively engages in a large number of tenders each year to grow the client base to minimise reliance on any single client.

The Group's underlying business is subject to extensive legal and regulatory oversight, including the UK Companies Act and certain companies within the group to the regulations promulgated by the Financial Conduct Authority (FCA). This legal and regulatory compliance is limiting or restricting the products or services we sell, the markets we serve or enter, the methods by which we sell our products and services, the prices we can charge for our services, or by subjecting our business to the possibility of legal and regulatory actions or proceedings. The Group has a robust Compliance department which manages this risk through the controls and procedures that are in place.

The results of our operations are generally affected by the level of business activity of our clients, which in turn is affected by the level of economic activity in the industries and markets these clients serve. Economic downturns, volatility, or uncertainty in some markets may cause reductions in technology and discretionary spending by our clients, which may result in reductions in the growth of new business or reductions in existing referrals. There are several specific business risks that should be taken into account for the group. The volume of claims referred to the Group, and therefore its revenue, can fluctuate according to the frequency and severity of weather-related events. Additionally, the Group is aiming to specifically grow its liability business to mitigate this risk.

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Operational risks exist as the company operates in a complex and highly regulated environment, and it is essential to have effective processes and governance to be successful, as well as effective oversight of operations. The Group has put in place procedures and controls to mitigate known operational risks to which it believes it is exposed.

The Group successfully operates a mobilised workforce enabling efficient working from home. Therefore the impact of any further social restrictions due to the COVID-19 pandemic are not considered to be a significant risk to the Group. The Group continues to monitor its interest rate exposure due to increasing global rates which affect its holdings company's debt burden. Using the latest available forward rate forecasts the Group estimates its future interest expense regularly which allows the Group to track future cash interest costs. Furthermore our senior debt facilities allow us to PIK up to 2% of the cash interest cost to help manage liquidity as required.

With regard to the war in the Ukraine, the Group does not consider this to be a material risk. However the Group does recognise that the war has caused significant price inflation in the economy which has impacted the Group's cost base. To offset this impact the Group has focused on increasing its prices to customers across all its product lines. Additionally the Group has engaged external consultants to assist with its pricing work and to provide targeted training.

SECTION 172 STATEMENT

In performing their duties throughout the period, the Directors have promoted the success of the company for the benefit of the members as a whole and, in doing so, they have considered the key stakeholders when making decisions, including:

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

Our colleagues

Why?
Our colleagues are key to the delivery of our services and therefore to the long-term success of the business. It is imperative that we keep them actively engaged and motivated.

How?
Our internal communications strategy is designed to deliver engaging communication to drive the business objectives, as well as develop and enhance the organisational culture through engaging internal communication and employer brand content, through channels including the employee intranet, newsletters, emails, webinars, internal notice boards and posters, which include a variety of key information and events including; performance and business updates, acquisition news, cultural initiatives and incentives, key appointments, industry award wins etc.

STRATEGIC REPORT (continued)

SECTION 172 STATEMENT (continued)

Our colleagues (continued)

We motivate and reward our employees through participation in the Davies Incentive Plan, which is a pool of shares set aside for employees to share in the future success of Davies, all employees who have at least two years' service are eligible to participate in the scheme. During the financial year employee participation in the Davies Incentive Plan more than doubled to over 3,000 colleagues. We focus heavily on our policy of training and developing our staff, promoting internally before we recruit externally.

Our annual Davies Disruptive Thinking is an Innovation Lab that places the power of new ideas in the hands of our people. Our mission is to discover valuable ideas for our clients and our people so that we can reimagine our business, by using technology, to create a culture of innovation. The colleagues with the very best ideas receive seed funding to turn them into a reality. Since its launch in 2017 we have completed four successful seasons with more than 2000 ideas submitted by over 1500 colleagues.

Kudos is a tool to help our employees recognise and reward colleagues from across the business - each month all employees receive 100 Kudos points which they can allocate to someone to say thank you for a job done well, going above and beyond their role, getting involved in CSR and other business initiatives.

Our communities and the environment

Why?
It is a core principle that we make a positive difference to the communities and environments in which we operate.

How?
The Davies Foundation aims to create a positive social impact in the communities globally where Davies operate. Through ongoing fundraising and match funding from the business, the charity provides grant funding to charitable organisations nominated by our employees through our grants programme. The charity has supported 239 causes to date which contribute to its charitable purposes, including family welfare charities, foodbanks, homeless shelters, medical charities, mental health organisations, support groups, environmental charities and community groups. The primary source of fundraising is through internal events & fundraising challenges such as Tough Mudder, LGBTea Mornings, Davies Sleep Out, Winter Foodbank Scheme and a wide-variety of remote events. In addition to our grants programme, we run a series of wellbeing and DEI initiatives, including talks and engagement pieces on topics including, LGBTQ+ inclusion, financial wellbeing, stress management, sustainable living and women's health inequalities. Our CSR work is supported by a team of 60+ volunteers from across the Group who promote initiatives, represent our charity globally, organise fundraisers and provide feedback from Davies employees.

STRATEGIC REPORT (continued)

SECTION 172 STATEMENT (continued)

Our customers

Why?
The Directors recognise that maintaining long term relationships with existing customers, along with securing new customers, is vital to the success of the business.

How?
Our customers are at the heart of our day-to-day activities and decisions. During the year we have broadened the services we are able to offer our customers and other businesses operating across insurance & highly regulated markets both through the development of new product offerings and through new services made available acquired businesses. For example, in the last year we saw a sharp rise in weather related catastrophe events in both the UK & Ireland and in the US. Through our acquisition of BVS in December 2021 we added a fully automated low-value property claims proposition to our claims solutions, which was key to our surge management during the winter months. The approach ensured claims were settled quickly where possible, and kept customers pleasantly surprised with the quick service. The results of the response have been recognised across the industry with several recent award wins including `claims initiative of the year` at Insurance Post's British Insurance Awards, and `claims service solution of the year` at Insurance Times' Claims Excellence awards.

Davies has significantly increased its investment in technology and digital transformation, while nurturing new ideas and innovation from its people. Davies' teams have continued to launch new technology to market for its highly regulated clients and their customers, including new features to its electronic claims portals and claims automation.

Our investors

Why?
It is critical that our investors have confidence in the Group, how it is operated and in its long-term strategic objectives.

How?
We are supported by our external investors, BC Partners, HGGC and Aimco and through regular dialogue, both inside and outside the structure of formal board meetings, we ensure their interests are represented by careful scrutiny of the shareholder benefit of each material decision taken by the business.

Our suppliers

Why?
The main suppliers to the business are essential to our ability to deliver services to our customers to the standards expected by our customers.

How?
We maintain good relations with all key suppliers to the Group, including through prompt payment practices.

STRATEGIC REPORT (continued)

SECTION 172 STATEMENT (continued)

Key decisions

For the key decisions made during the year, we set out below the way in which the interests of key stakeholder groups were considered:

Major acquisitions:

During the year we completed two acquisitions which diversifies our offering and capabilities for the benefit of our customers. Our investors are engaged throughout each acquisition process ensuring their interests are represented through careful analysis and presentation of the shareholder value that is expected to be generated, but also the risks involved. On completion of each acquisition, we make an internal announcement to all our colleagues of the acquisition that has been made and the new services that the Group can now offer, and in many cases have followed this up with webinars to introduce the new team and their business.

GOING CONCERN

The directors continually review and monitor business performance and liquidity of Davies Group. The directors assert that Davies Group is a key subsidiary Group of the wider Tennessee Topco Limited Group ("the Group"). Following review of the wider Group forecasts and receipt of a Letter of Support from the ultimate parent company, Tennessee Topco Limited, which controls the Group financing entities and the relationship with the shareholders, the directors have a reasonable expectation that Davies Group has adequate resources and support to continue in operational existence for the foreseeable future.

Despite the challenging economic environment, Davies Group has performed in line with its EBITDA and cashflow budgets in the first seven months of the year ending 30 June 2024 and the Group remains on track to deliver strong EBITDA growth in FY24. Further Davies Group 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 2025. As part of their forecasting work, the directors undertook some detailed sensitivity analysis which showed that the Group is highly unlikely to breach its sole covenant. The Group enjoys the 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. In addition, in November 2023 the shareholders injected a further £110m of equity to support the near term M&A plans. The key mitigant for a covenant breach would be an equity injection from the shareholders which is permitted under the existing banking agreement. Additionally, should the Group experience a liquidity issue, it could draw down on the £90m RCF which can be accessed for any purpose.

STRATEGIC REPORT (continued)

GOING CONCERN (*continued*)

In August 2021 BC Partners acquired a majority stake in the business following a rigorous due diligence process and as part of this transaction, Blackstone replaced ICG as the Group's debt provider. The total facilities available to the Group as at June 2023 were £1,342m, of which £700m is an acquisition facility and £90m is a revolving credit facility. The acquisition facilities are committed facilities which can be utilised for capex, M&A requirements and restructuring and the RCF can be used for any purpose including operational, working capital and M&A requirements, and can be drawn down in 4 working days. The total amount of debt drawn down at June 2023 is £985m. In addition, in November 2023, the Group secured an additional facility of USD90.4m.

Davies Group is continuing its M&A programme and during the period ended 30 June 2023 the Group made two acquisitions and, for detail, see note 24.

RESULTS AND DIVIDENDS

The Group's operating loss is £16.3m (2022: operating profit of £244.4m) and the profit before tax is £1.7m (2022: £226.9m) for the financial year ended 30 June 2023. The results are stated after amortisation of goodwill and intangibles of £35.4m (2022: £28.4m), an exceptional administrative expense of £19.7m (2022: £7.0m), M&A integration expenses of £29.4m (2022: £10.7m) and profit on the disposal of subsidiary group of £nil (2022: £228.5m). No final dividend is proposed and the loss for the year has been transferred to reserves accordingly.

The Group has generated cash inflow from operations of £11.2m (2022: £18.1m) and has total shareholders' funds of £1,038m (2022: £414.7m).

By order of the Board

Dan Saulter
Director

Date: 15 February 2024

DIRECTORS' REPORT

The directors present their report with the audited consolidated financial statements of the Group for the year ended 30 June 2023.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 30 June 2023 is £1.7m. No final dividend is proposed and the loss for the year has been transferred to reserves accordingly.

During the year the ultimate parent undertaking group, the Tennessee Topco Limited group, underwent a Group restructuring to simplify its structure. As a result of this an intermediary holding company of the company waived debt owed by the company totalling £483.8m via a capital contribution.

FUTURE DEVELOPMENTS

The Group remains committed to sustainable, profitable growth and continues its program of strategic activities to meet these objectives. The priority remains to provide a market leading range of high quality and innovative services to customers and to develop our relationships with existing and new customers alike.

The Group continues to invest in new systems and technology with the focus on improving operational efficiency and flexibility. This is being implemented through a specific project which will reduce the lifecycle of claims, improve customer service, enhance the quality of management information available both internally and to our clients, and drive down the cost of delivering a successful claim outcome.

On 9 February 2024, Davies US LLC, a fellow group subsidiary, and Davies Group Limited signed a deal to acquire Matson, Driscoll & Damico ("MDD"), the leading independent forensic accounting firm in the world. Headquartered in Boston, Massachusetts, U.S., its team of more than 330 professionals serve 1000+ international clients from 43 office locations including North America, Latin America, Europe, Asia and Australia. This acquisition will broaden the Group's service areas across five continents, making it a truly global business and is expected to complete by the end of February 2024.

FINANCIAL RISK MANAGEMENT

The Group's operations expose it to a variety of financial risks that include credit risk, liquidity risk and interest rate risk.

Credit risk is managed, as far as possible, by partnering with financially strong clients, agreeing payment terms in advance and requesting progress payments during the life of a claim. Appropriate credit control procedures are in place to monitor credit taken by clients and mitigate the risk of a material bad debt.

The Group has a dedicated team managing its cashflow operations ensuring outstanding fee invoices are collected on a timely basis and suppliers are paid utilising available credit terms. Additionally, the Group reviews and forecasts its cash requirements on a regular basis and has a £90m revolving credit facility with its main lender to provide an additional source of liquidity to assist with growth and manage seasonal spikes in business.

In accordance with good corporate governance, cash held on behalf of clients are held in segregated trust bank accounts, separately identifiable from the Group's own cash at bank and in hand.

DIRECTORS' REPORT (continued)

EMPLOYEES

Details of the number of employees and related costs can be found in note 4 to the financial statements.

The Group has continued its commitment to fostering good communication and consultation at all levels with a view to informing and involving staff in the progress of the Group and its future. Elected employee representatives meet with the executive management of the Group to consult on important workplace issues, including but not limited to market conditions, performance of the business, employee issues and any changes in business direction. Communication with all employees is through the intranet, email and staff meetings.

To encourage their involvement in the future performance of the Group, executive management and directors are included in the management share scheme and employees participate in performance related bonus schemes.

EMPLOYMENT OF DISABLED PERSONS

It is the Group's policy to give, wherever possible, equal opportunity of employment and career development to both disabled and able persons according to their suitability to perform the work required. The Group also makes every effort to provide employment for employees who become disabled. All employees are given opportunities for training, career development and promotion consistent with their capabilities whether disabled or able.

ENERGY CONSUMPTION AND EMISSION FOR THE YEAR ENDING 30 JUNE 2023

Davies Group understands the critical importance of our environmental responsibilities and as such we are committed to minimising our impact on the environment. We are building a culture to drive improvements and efficiencies across our operations and as part of that we support colleagues wherever possible to make informed decisions around reducing our carbon footprint. Since FY20 we have made material improvements to our Scope 1-3 emissions footprint including increasing the amount of flexible/remote working, propositional developments eliminating the need for travel, and consolidating multiple office sites. We have recently seen an increase in Scope 3 emissions regarding business related travel and commuting due to the lifting of Covid restrictions, however we continue to encourage agile and efficient working practices wherever possible.

This inventory has been prepared in accordance with the requirements of the measure-step of the Toitū carbon marks, which is based on the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) and ISO 14064-1:2018 Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals . Where relevant, the inventory is aligned with industry or sector best practice for emissions measurement and reporting.

GHG emissions and energy use for period 01 July 2022 to 30 June 2023 for the UK businesses in the Group

	01 July 2019 to 30 June 2020	**01 July 2020 to 30 June 2021**	**01 July 2021 to 30 June 2022**	**Current reporting year 01 July 2022 to 30 June 2023**
Energy consumption used to calculate emissions (kWh)	14,076,645.45	11,201,227.10	9,864,964.12	8,413,195.12
Gas (kWh)	3,849,192.00	4,494,568.00	3,285,807.00	2,824,275.00
Electricity (kWh)	4,344,412.00	4,399,744.00	3,313,009.00	2,998,314.00
Transport fuels (kWh)	3,654,939.37	1,249,314.83	1,627,743.98	1,891,308.21
Other energy sources (Scope 1 & 2) kWh	0.00	0.00	N/A	0.00

	01 July 2019 to 30 June 2020	01 July 2020 to 30 June 2021	01 July 2021 to 30 June 2022	Current reporting year 01 July 2022 to 30 June 2023
Transport fuels (Scope 3) kWh	2,228,102.08	1,057,600.26	1,638,404.13	699,297.90
Emissions from combustion of gas tCO_2e (Scope 1)	707.71	824.86	600.84	516.09
Emissions from combustion of fuel for transport purposes tCO_2e (Scope 1)	922.98	312.15	403.58	462.30
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing of the fuel tCO_2e (Scope 3)	537.21	250.85	388.63	163.59
Emissions from purchased electricity tCO_2e (Scope 2, location-based)	1,061.91	980.35	672.32	600.18
Total gross emissions tCO_2e based on the above	3,229.81	2,368.22	2,065.36	1,742.15
Total gross emissions from above by unit turnover/revenue (tCO_2e/£M)	21.76	10.26	7.13	3.80
Methodology	ISO14064 Part 1 2018 and Carbon Reduce	ISO14064 Part 1 2018 and Carbon Reduce	ISO14064 Part 1 2018 and Carbon Reduce	ISO14064 Part 1 2018 and Carbon Reduce
Emissions from other activities which the company owns or controls including operation of facilities tCO_2e (Scope 1)	N/A	N/A	N/A	N/A
Emissions from global electricity use (excluding UK and offshore) tCO_2e (Scope 2)	N/A	N/A	N/A	N/A
Emissions from heat, steam and cooling purchased for own use tCO_2e (Scope 2)	N/A	N/A	N/A	N/A
Emissions from other activities tCO_2e (Scope 3)	1,315.19	419.89	846.96	1,287.05
Total other emissions tCO_2e	1,315.19	419.89	846.96	1,287.05
Total gross Scope 1, Scope 2 & Scope 3 emissions tCO_2e	4,545.00	2,788.11	2,912.32	3,029.21
Total gross GHG emissions per unit turnover/revenue (tCO_2e/£M)	30.63	12.08	10.05	6.60
Third Party verification	Verified to ISO14064 Part 1 2018 and Carbon Reduce	Verified to ISO14064 Part 1 2018 and Carbon Reduce	Verified to ISO14064 Part 1 2018 and Carbon Reduce	Verified to ISO14064 Part 1 2018 and Carbon Reduce

1 Toitū carbon marks refers to the Toitū carbonreduce and Toitū carbonzero programmes

2 Throughout this document 'GHG Protocol' means the GHG Protocol Corporate Accounting and Reporting Standard and 'ISO 14064-1:2018' means the international standard Specification with Guidance at the Organizational Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals

DIRECTORS' REPORT (continued)

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The ultimate holding company, Tennessee Topco Limited 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 the 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:

D Coombes
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.

DIRECTORS' REPORT (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITES
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 Group and the company and of the profit or loss of the Group 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 the Group 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 the Group 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: 15 February 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAVIES GROUP LIMITED

Opinion on the financial statements

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 30 June 2023 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Davies Group Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 June 2023 which comprise Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the 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.

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 or 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAVIES GROUP 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 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.

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

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

- adequate accounting records have not been kept 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 Statement of Directors Responsibilities, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAVIES GROUP 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:

Non-compliance with laws and regulations

Based on our understanding of the Group and the industry in which it operates, discussion with management, those charged with governance and legal counsel and work performed to obtain and understand the Group's policies and procedures regarding compliance with laws and regulations, we considered the significant laws and regulations with direct effect on the financial statements to be the applicable accounting standards and Companies Act 2006.

The Group is regulated by the Financial Conduct Authority ('FCA') and is subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to include the Employment Rights Act 1996, Income Tax Act 2007 and the Health and Safety at Work Act 1974.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with the Financial Conduct Authority ('FCA') for any instances of non-compliance with laws and regulations;
- Review of correspondence with the Information Commissioner's Office ('ICO') for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit;
- Review of legal expenditure accounts to understand the nature of expenditure incurred; and
- Enquiry of management and those charged with governance to ascertain if there had been any actual or suspected non-compliance with laws and regulations;

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

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to detecting and responding to the risks of fraud and Internal controls established to mitigate risks related to fraud;
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team, including forensic specialist, as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

Based on our risk assessment, we considered the areas most susceptible to fraud to be the recognition of revenue and management override of controls.

Our procedures in respect of the above included:

- 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, acquisitions/disposals, goodwill and the use of the going concern assumption;
- Revenue year end cut-off and Work in Progress procedures;
- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Discussions with management; including consideration of known or suspected instances of non-compliance with laws, regulations and fraud, including follow up procedures where required;
- Review of minutes of Board meetings throughout the year;
- 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 Group's internal control; and
- Evaluated 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.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAVIES GROUP 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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Geeta Joshi
946A418F5EE8434

Geeta Joshi (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London, UK

15 February 2024

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

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023

		Year ended 30 June 2023	Year ended 30 June 2022		
		Continuing operations	Continuing operations	Discontinued operations	Total
	Note	**£000**	£000	£000	£000
Turnover	3	**458,719**	332,727	59,393	392,120
Cost of sales		**(261,894)**	(186,694)	(30,291)	(216,985)
Gross profit		**196,825**	146,033	29,102	175,135
Administrative expenses excluding exceptional items, M&A integration expenses, depreciation and amortisation		**(116,677)**	(88,202)	(15,519)	(103,721)
EBITDA (before exceptional items and M&A		**80,148**	57,831	13,583	71,414
Depreciation		**(11,903)**	(9,206)	(244)	(9,450)
Amortisation		**(35,440)**	(24,004)	(4,359)	(28,363)
Exceptional administrative expenses		**(19,680)**	(7,040)	-	(7,040)
M&A integration expenses	5	**(29,401)**	(8,600)	(2,080)	(10,680)
Total administrative expenses		**(213,101)**	(137,052)	(22,202)	(159,254)
Profit on disposal of subsidiary		-	-	228,526	228,526
Group operating (loss) / profit	5	**(16,276)**	8,981	235,426	244,407
(Loss) / profit on ordinary activities before interest and taxation		**(16,276)**	8,981	235,426	244,407
Interest receivable and similar income	6	**17,164**	10,013	-	10,013
Interest payable and similar charges	7	**(3,186)**	(27,476)	(64)	(27,540)
(Loss) / profit on ordinary activities before taxation		**(2,298)**	(8,482)	235,362	226,880
Tax credit / (charge) on loss on ordinary	9	**4,004**	1,401	(1,173)	228
Profit / (Loss) on ordinary activities after		**1,707**	(7,081)	234,189	227,108
Profit / (Loss) for the financial year		**1,707**	(7,081)	234,189	227,108

The notes on pages 28 to 53 form part of these financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Note	**Year ended 30 June 2023**	Year ended 30 June 2022
		£000	£000
Profit for the financial year		**1,707**	227,108
Movement in translation reserve		-	5,952
Revaluation of liability		-	-
Actuarial (loss) / gain recognised in the year	23	**(414)**	938
Movement on deferred tax relating to pension	23	-	(235)
Recycling of translation reserve on disposal of subsidiary		-	(3,172)
Total recognised gains and losses relating to the year		**1,293**	230,591

The notes on pages 28 to 53 form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2023

	Note	As at 30 June 2023 £000	£000	As at 30 June 2022 £000	£000
ASSETS					
Fixed assets					
Intangible assets	10	**481,576**		382,975	
Tangible assets	11	**22,115**		20,655	
Investments	12	**3,819**		1	
Deferred tax	15	**9,962**		1,916	
Debtors		**429,111**		429,111	
			946,583		834,658
Current assets					
Debtors	13	**239,912**		205,866	
Cash at bank and in hand		**24,693**		35,614	
			264,605		241,480
Total assets			**1,211,188**		1,076,138
LIABILITIES AND EQUITY					
Capital and reserves					
Called up share capital	16	**-**		-	
Share premium account	28	**-**		28,954	
Capital contribution reserve	28	**483,756**		-	
Translation reserve		**(189)**		952	
Profit and loss account		**554,449**		384,839	
Total shareholders' funds			**1,038,016**		414,745
Capital employed			**1,038,016**		414,745
Other liabilities					
Creditors: amounts falling due within one year	17	**160,692**		157,920	
Creditors: amounts falling due after more than one year	18	**9,146**		501,751	
Provisions for liabilities	20	**3,334**		1,722	
Total other liabilities			**173,172**		661,393
Total equity and liabilities excluding defined benefit pension liability			**1,211,188**		**1,076,138**
Pension liability	23		**-**		-
Total equity and liabilities			**1,211,188**		1,076,138

The financial statements on pages 22 to 53 were approved by the Board of Directors on 4 December 2023 and were signed on its behalf by:

A Debiase
Director

Company registered number

The notes on pages 28 to 53 form part of these financial statements

COMPANY STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2023

		As at 30 June 2023		As at 30 June 2022	
	Note	£000	£000	£000	£000
ASSETS					
Fixed assets					
Intangible assets	10	3,516		4,317	
Tangible assets	11	11,289		8,529	
Investments	12	551,675		352,009	
Deferred tax asset	15	334		-	
Debtors		429,111		429,111	
			995,925		793,966
Current assets					
Debtors	13	239,865		256,340	
Cash at bank and in hand		648		16,525	
			240,513		272,865
Total assets			1,236,438		1,066,831
LIABILITIES AND EQUITY					
Capital and reserves					
Called up share capital	16	-		-	
Share premium account	28	-		28,954	
Capital contribution reserve	28	483,756			
Profit and loss account		487,038		331,785	
Total shareholders' funds			970,794		360,739
Other liabilities					
Creditors: amounts falling due within one year	17	214,783		205,238	
Creditors: amounts falling due after more than one year	18	50,755		499,914	
Deferred tax liability	15	-		777	
Provisions for liabilities	20	106		163	
Total other liabilities			265,644		706,092
Total equity and liabilities			1,236,438		1,066,831

The financial statements on pages 22 to 53 were approved by the Board of Directors on 4 December 2023 and were signed on its behalf by:

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss after tax of the parent company for the year was profit of £21,206,178 (2022: profit of £197,737,011).

A Debiase
Director

Company registered number

The notes on pages 28 to 53 form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

GROUP	Share capital	Share premium	Capital contribution reserve	Translation reserve	Profit and loss account	Total Equity
	£000	£000	£000	£000	£000	£000
Balance as at 1 July 2021	42,789	42,626	-	(2,108)	(26,165)	57,142
Issue of share capital	-	127,012	-	-	-	127,012
Reduction in share capital	(42,789)	(140,684)	-	-	183,473	-
Reserves Transfer			-	280	(280)	-
Profit for the year	-	-	-	-	227,108	227,108
Other comprehensive income /(loss) for the year			-	2,780	703	3,483
Total comprehensive income for the year	-	-	-	2,780	227,811	230,591
Balance as at 30 June 2022	**-**	**28,954**	**-**	**952**	**384,839**	**414,745**
Issue of share capital	-	139,363	-	-	-	139,363
Group reorganisation	-	(168,317)	483,756	-	168,317	483,756
Loss for the year	-	-	-	-	1,707	1,707
Other comprehensive loss	-	-	-	(1,141)	(414)	(1,555)
Total comprehensive loss for the year	-	-	-	(1,141)	1,293	152
Balance as at 30 June 2023	**-**	**-**	**483,756**	**(189)**	**554,449**	**1,038,016**

COMPANY	Share capital	Share premium	Capital contribution reserve	Profit and loss account	Total Equity
	£000	£000	£000	£000	£000
Balance as at 1 July 2021	42,789	42,626	-	(59,187)	26,228
Issue of share capital	-	127,012	-	-	127,012
Reduction in share capital	(42,789)	(140,684)	-	183,473	-
Profit for the year	-	-	-	207,499	207,499
Other comprehensive income for the year	-	-	-		-
Total comprehensive income for the year	-	-	-	207,499	207,499
			-		-
Balance as at 30 June 2022	**-**	**28,954**	**-**	**331,785**	**360,739**
Issue of share capital	-	139,363	-	-	139,363
Group reorganisation		(168,317)	483,756	168,317	483,756
Loss for the year	-	-	-	(13,064)	(13,064)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(13,064)	(13,064)
Balance as at 30 June 2023	**-**	**-**	**483,756**	**487,038**	**970,794**

The notes on pages 28 to 53 form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	As at 30 June 2023	As at 30 June 2022
		£000	£000
Cash flows from operating activities			
Profit for the financial year		**1,707**	227,108
Adjustments for:			
Depreciation of fixed assets		**11,903**	9,450
Disposal of fixed assets		**(32)**	-
Amortisation of intangible assets		**35,440**	28,363
Profit on sale of subsidiary		-	(228,526)
Net interest payable		**(13,978)**	17,527
Taxation credit		**(4,004)**	(228)
Increase in trade and other debtors		**(26,250)**	(24,123)
Increase / (decrease) in trade and other creditors		**5,749**	(8,109)
Increase / (decrease) in provisions		**676**	(3,348)
Cash from operations		**11,211**	**18,115**
Interest (paid) / received		**(260)**	9,663
Taxation paid		**(7,575)**	(5,419)
Net cash generated from operating activities		**3,376**	22,359
Cash flows from investing activities			
Purchases of intangible fixed assets	10	**(13,104)**	(7,493)
Proceeds on sale of intangible assets	10	**186**	
Purchases of tangible fixed assets	11	**(12,594)**	(13,689)
Proceeds on sale of fixed assets	11	**49**	101
Payment of deferred consideration on acquisitions		**(6,720)**	(9,334)
Net cash consideration for acquisition of subsidiaries	24	**(109,043)**	(92,676)
Acquisition costs	24	**(8,805)**	(3,045)
Cash outflow on disposal of subsidiary group		-	(13,570)
Net cash outflow from investing activities		**(150,031)**	(139,706)
Cash flows from financing activities			
Other loans		-	(238)
Intercompany loan borrowings received		-	47,645
Loans settled on acquisition		**(3,750)**	(52,126)
Proceeds from issue of share capital	24	**139,363**	127,012
Net cash from financing activities		**135,613**	122,293
Net (decrease) / increase in cash and cash equivalents		**(11,042)**	4,945
Cash and cash equivalents at beginning of year		**35,614**	30,097
Foreign exchange translation		**121**	572
Cash and cash equivalents at end of year		**24,693**	35,614

The notes on pages 28 to 53 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

Davies Group Limited is a private company limited by shares incorporated in England & Wales under the Companies Act. The address of the registered office is given on the Directors and Advisers page and the nature of the Group's operations and its principal activities are set out in the strategic 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.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the Group and the parent company would be identical;
- No cash flow statement has been presented for the parent company;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the Group as a whole (see note 7);
- Disclosures in respect of the parent company's financial instruments and related party disclosures have not been presented as equivalent disclosures have been provided in respect of the Group as a whole.

Going concern

The directors continually review and monitor business performance and liquidity of Davies Group. The directors assert that Davies Group is a key subsidiary Group of the wider Tennessee Topco Limited Group ("the Group"). Following review of the wider Group forecasts and receipt of a Letter of Support from the ultimate parent company, Tennessee Topco Limited, which controls the Group financing entities and the relationship with the shareholders, the directors have a reasonable expectation that Davies Group has adequate resources and support to continue in operational existence for the foreseeable future.

Despite the challenging economic environment, Davies Group has performed in line with its EBITDA and cashflow budgets in the first six months of the year ending 30 June 2024 and the Group remains on track to deliver strong EBITDA growth in FY24. Further Davies Group 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 2025. As part of their forecasting work, the directors undertook some detailed sensitivity analysis which showed that the Group is highly unlikely to breach its sole covenant. The Group enjoys the 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. In addition, in November 2023 the shareholders injected a further £110m of equity to support the near term M&A plans. The key mitigant for a covenant breach would be an equity injection from the shareholders which is permitted under the existing banking agreement. Additionally, should the Group experience a liquidity issue, it could draw down on the £90m RCF which can be accessed for any purpose.

In August 2021 BC Partners acquired a majority stake in the business following a rigorous due diligence process and as part of this transaction, Blackstone replaced ICG as the Group's debt provider. The total facilities available to the Group as at June 2023 were £1,342m, of which £700m is an acquisition facility and £90m is a revolving credit facility. The acquisition facilities are committed facilities which can be utilised for capex, M&A requirements and restructuring and the RCF can be used for any purpose including operational, working capital and M&A requirements, and can be drawn down in 4 working days. The total amount of debt drawn down at June 2023 is £985m. In addition, in November 2023, the Group secured an additional facility of USD90.4m.

Davies Group is continuing its M&A programme and during the period ended 30 June 2023 the Group made two acquisitions and, for detail, see note 24.

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.

The following principal accounting policies have been applied:

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 Accounting policies (continued)

Basis of Consolidation

The consolidated financial statements present the results of Davies Group Limited and its subsidiaries as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method of accounting. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The consideration for an acquisition is recorded at fair value. The value of the consideration includes a reasonable estimate of the amounts expected to be payable at that time or in the future (where the value depends on future events). Any estimated future amounts are adjusted when the final amount is determined or when revised estimates can be made. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Revenue

Consulting & Technology
Turnover is recognised in line with the period that is covered for the service that is provided.

Claims Solutions
Turnover is recognised in line with the estimated stage of completion of each claim which is based on historical data specific to that business unit. Income accrued in respect of claims in progress at the period end is included within turnover in the profit and loss account and within prepayments and accrued income in the balance sheet. Deferred income is recorded within the balance sheet and excluded from turnover when an interim fee is raised in advance of work performed. The deferred income interim fees net off with the amount held in accrued and released to the profit and loss account on completion of the case. It is a Group policy to hold the accrued and deferred balances separately until completion of the case as the accrued income is an estimate based on stage of completion and the deferred income is the actual invoicing on account.

Insurance Services
Insurance services turnover is recognised as follows:
- Fees receivable in respect of advisory services are recognised when the right to such fees is established and services performed.
- Debt collection fees are recognised when the right to such fees are established through a contract and either the debt has been collected or the services concerned have been performed at the balance sheet date.

- Credit write-back income is recognised when board approval has been obtained, having adhered to regulatory guidelines.

Legal Solutions
Revenue for services represents the fair value of services provided during the year on client assignments. Fair value reflects the amount expected to be recoverable from clients and is based on time spent, expertise and skills provided, and expenses incurred. Legal services provided to clients during the year which, at the balance sheet date, have not been invoiced to clients, have been recognised as fee income, based on an assessment of the fair value of the services provided by the balance sheet date as a proportion of the total value of the engagement.

Unbilled fee income is included within debtors and is stated at fair value where the right to consideration has been obtained. Provision is made against unbilled amounts on those engagements where the right to receive payments is contingent on factors outside the control of the LLP. Contingent fee income (over and above any agreed minimum fee which is recognised as above) is recognised in the period when the contingent event occurs.

A geographical split of turnover is shown at note 3.

Grant income

Grants are accounted for under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Consolidated Profit and Loss Account at the same rate as the depreciation on the assets to which the grant relates. Grants of a revenue nature are recognised in the Consolidated Profit and Loss Account in the same period as the related expenditure.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 Accounting policies (continued)

Goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of the acquisition. Goodwill on acquisitions is included in 'intangible assets'. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight line method to its estimated useful life, which management consider to be 20 years based on the anticipated future cash flows attributable to the acquisitions. Goodwill is assessed for impairment and any impairment is charged to the income statement. Reversals of impairments are recognised when the reasons for the impairment no longer apply.

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.
Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method.
The intangible assets are amortised over the following useful economic lives:

Technology asset	-	33.3% straight line
Customer lists	-	10% straight line

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Repairs and maintenance are charged to the income statement during the period in which they are incurred.

Depreciation

Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Short leasehold	-	over life of lease
Fixtures and fittings and office equipment	-	20% straight line
Computer equipment	-	33.3% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Valuation of Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 Accounting policies (continued)

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 provision 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.

Onerous lease

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease. This is released over the remaining lease term.

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.

Provisions for liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in 'sterling', which is the company's functional and the Group's presentation currency.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in the income statement.

Foreign currency transactions are translated into the Group entity's functional currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 Accounting policies (continued)

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.

Pensions

Farradane Limited, a subsidiary of Davies Group Limited, operates a defined benefit pension scheme, the Davies Loss Adjusters Life Assurance and Pension Scheme, the assets of which are held separately from those of the company in an independently administered fund. The scheme was closed to new members in 1998 and no further benefits are accruing under the scheme.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the Group's defined benefit pension scheme expected to arise from employee service in the period is charged to operating profit. The net expected return on the schemes' assets and the increase during the period in the present value of the schemes' liabilities arising from the passage of time are included in either other finance income or other finance charge. Actuarial gains and losses are recognised in the Group statement of comprehensive income. The resulting pension asset or liability is recognised on the statement of financial position, net of deferred tax. Where there is a surplus, the asset is only recognised to the extent that it can be recorded through reduced contributions by the Group.

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.

Exceptional administrative expenses

The separate reporting of exceptional administrative expenses, which are presented as exceptional and on the face of the Income Statement, helps provide an indication of the Group's ongoing business performance. The principal items which are included in this category are the costs of related directly in response to a cyber incident impacting one of our UK data centres. Despite strong security and technical controls, in line with ISO 27001 commitments, a threat actor had been able to infiltrate a UK data centre, and impact a subset of services that provided to clients of the Insurance Services & Claims Solutions businesses in the UK.

M&A integration expenses

M&A integration expense includes (i) the costs of undertaking M&A deal work: salaries and ongoing costs of the M&A team; (ii) the costs of agreed integration projects programs for completed M&A deals, and (iii) the costs of realising agreed synergies from deals. Management do not consider such costs to be part of the recurring and ongoing operational business of the Group and therefore present these costs separately on the face of the Income Statement.

Reserves

The Group and Company's reserves are as follows:
- Called up share capital represents the nominal value of the shares issued.
- The share premium account includes the premium on issue of equity shares, net of any costs.
- the capital contribution reserve represents the waiver of debt by an intermiediate holding company.
- Translation reserve represents the translation of investments held in subsidiaries.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 Accounting policies (continued)

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.

Associates and joint ventures

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions. An entity is treated as a joint venture where the Group is party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control. In the consolidated accounts, interests in associated undertakings and joint ventures are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investor's share of the profit or loss, other comprehensive income and equity of the associate, or joint venture. The consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the consolidated balance sheet, the interests in associated undertakings and joint ventures are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.
Any premium on acquisition is dealt with in accordance with the goodwill policy.

2 Significant judgements and estimates

In preparing these financial statements, the directors have made the following judgements:
- Work in progress is recorded in revenue based on percentage completion on each case in the cabinet. The percentage is calculated differently depending on the type of claim to give the most accurate valuation based on proportion of work performed.

- Determine whether leases entered into by the Group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lease on a lease by lease basis.

- Determine whether there are indicators of impairment of the Group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

Pension

The cost of defined benefit pension plans and other post-employment medical benefits determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details are given in note 23.

Goodwill

The Group establishes a reliable estimate of the useful life of goodwill arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected usual life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. No reversals of impairment are recognised.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 Significant judgements and estimates (continued)

Customer lists

Customer lists, are amortised over their useful life taking into account residual values, where appropriate. The actual life of the asset and residual value is assessed annually and may vary depending a number of factors. In re-assessing the asset life, factors such as loss of major customers and customer life cycles are taken into account.

Tangible assets

Tangible fixed assets, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending a number of factors. In re-assessing asset lives, factors such as technological innovation,

3 Turnover

All turnover is derived from the Group's principal activity, a geographic split of revenue can be found below.

	Year ended 30 June 2023 £000	**Year ended 30 June 2023**	Year ended 30 June 2022 £000	Year ended 30 June 2022
United Kingdom	**439,456**	**95.8%**	314,635	80.2%
Ireland	**11,000**	**2.4%**	11,206	2.9%
Canada	**216**	**0.0%**	312	0.1%
USA	**7,893**	**1.7%**	65,967	16.8%
Guernsey	**154**	**0.0%**	-	0.0%
	458,719		392,120	

In the current and prior year there were no customers who individually had more than 10% of Group turnover.

4 Staff costs and employee information

	Year ended 30 June 2023 £000	Year ended 30 June 2022 £000
Wages and salaries	**213,613**	193,103
Social security costs	**16,667**	15,788
Other pension costs	**8,150**	5,899
Total	**238,430**	214,790

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

	Year ended 30 June 2023 Number	Year ended 30 June 2022 Number
Technical	**3,460**	3,345
Support	**1,512**	1,345
Total	**4,972**	4,690

At 30 June 2023, the Group employed 5,165 (30 June 2022: 4,501) employees.

Company	**Year ended 30 June 2023 £000**	Year ended 30 June 2022 £000
Wages and salaries	**7,570**	8,411
Social security costs	**944**	845
Other pension costs	**454**	387
Total	**8,968**	9,643

NOTES TO THE FINANCIAL STATEMENTS (continued)

4 Staff costs and employee information (continued)

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

	Year ended 30 June 2023 Number	Year ended 30 June 2022 Number
Technical	**142**	152
Support	**71**	87
Total	**213**	239

At 30 June 2023, the company employed 210 (30 June 2022: 220) employees.

5 Operating profit

Operating profit is stated after charging/(crediting):

Group	**Year ended 30 June 2023 £000**	Year ended 30 June 2022 £000
Operating lease rentals - Land & Buildings	**5,995**	6,668
Operating lease rentals - other	**1,531**	1,486
Depreciation - owned assets	**11,903**	9,450
Foreign exchange	**-**	-
Goodwill amortisation	**35,440**	28,363
Exceptional administrative expenses	**19,680**	7,040
M&A integration expenses	**29,401**	10,680
Services provided by the Group's auditors		
Services provided by the Group's auditors:		
Group audit services	**726**	660
Company audit services	**22**	20
Corporate finance services	**-**	-
Tax services	**243**	253
Other services	**94**	21

The M&A integration expenses of £29,401k (2022: £10,680k) relate to M&A salary costs, one off non-capitalised transaction expenses, aborted acquisition expenses and integration and other expenses as a result of the legal entities & trade and assets acquisitions undertaken in the financial year. Such costs will include associated office closure, redundancy costs and advisory fees, as well as the ongoing integration costs relating to the acquisitions in the prior year.

The exceptional administrative expenses of £19,680k (2022: £7,040k) mainly comprise £13,484k related to a cyber event in July 2023, plus amounts relating to cost containment plans; rationalisation and restructuring projects; margin-enhancing initiatives, and other significant one-off projects.

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 Interest receivable and similar income

Group	Year ended 30 June 2023 £000	Year ended 30 June 2022 £000
Loan note interest	17,164	10,013
Total	**17,164**	10,013

7 Interest payable and similar charges

Group	Year ended 30 June 2023 £000	Year ended 30 June 2022 £000
Other interest	3,186	27,540
Total	**3,186**	27,540

Loan interest is interest payable to Group undertakings.

8 Directors' emoluments

Group	Year ended 30 June 2023 £000	Year ended 30 June 2022 £000
Aggregate emoluments	750	1,298

	Year ended 30 June 2023 Number	Year ended 30 June 2022 Number
The number of directors to whom retirement benefits were accruing was as follows:		
Accruing under money purchase schemes	2	2

Highest paid director	Year ended 30 June 2023 £000	Year ended 30 June 2022 £000
Aggregate emoluments excluding pension contributions	331	693
Total	331	693

NOTES TO THE FINANCIAL STATEMENTS (continued)

9 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:

Group	Year ended 30 June 2023 £000	Year ended 30 June 2022 £000
Current tax:		
UK corporation tax on profits for the year	-	-
Foreign tax	**516**	1,592
Adjustments in respect of previous years	**2,133**	206
Total current tax	**2,649**	1,798
Deferred tax:		
Origination and reversal of timing differences	**(6,974)**	1,401
Adjustments in respect of previous years	**321**	(3,427)
Changes in tax rate	-	-
Total deferred tax	**(6,653)**	(2,026)
Total tax charge / (credit) on profit on ordinary activities	**(4,004)**	(228)

The Government announced in the budget on 3 March 2021 that the UK rate of corporation tax would increase from 19% to 25% from 1 April 2023. As such, the UK corporation tax charge is based on a blended rate of 20.5% in these financial statements (2022:19%).

As the rate increase was substantively enacted at the balance sheet date, the deferred tax balance in these financial statements is stated at a rate of 25%.

b) Factors affecting the tax credit

The tax assessed for the period is greater than (year 2022: lower than) the standard rate of corporation tax in the UK of 20.5% (2021: 19%). The difference is explained below:

	Year ended 30 June 2023 £000	Year ended 30 June 2022 £000
Profit/(loss) on ordinary activities before taxation	**(2,300)**	**226,880**
Loss on ordinary activities multiplied by the standard rate of	**(472)**	**43,107**
Tax effects of:		
Expenses not deductible for tax purposes	**1,702**	7,471
Income not deductible for tax purposes	-	(43,133)
Depreciation in excess of capital allowances	-	-
Other timing differences	**(141)**	136
Tax losses utilised	-	-
Group relief surrendered	**(4,856)**	(5,651)
Deferred tax not recognised	**(951)**	-
Adjustment to prior periods	**2,462**	(3,222)
Changes in tax rates	**(575)**	514
Items charged elsewhere	-	-
Overseas tax rate difference	**(1,174)**	550
Total current tax charge / (credit)	**(4,005)**	**(228)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

10 Intangible fixed assets

	Group				Company
	Other Intangible Asset	Goodwill	Customer lists	Total	Goodwill
	£000	£000	£000	£000	£000
Cost					
At 1 July 2022	25,845	413,538	20,673	**460,056**	**16,010**
Additions	12,797	122,449	307	**135,553**	-
Acquisitions	1,146		1,743	**2,889**	-
Adjustment to consideration	-	(3,083)	-	**(3,083)**	-
Disposals	(186)	-	-	**(186)**	-
Exchange adjustments	68	(144)	(29)	**(105)**	-
At 30 June 2023	**39,670**	**532,760**	**22,694**	**595,124**	**16,010**
Accumulated amortisation					
At 1 July 2022	(12,573)	(55,830)	(8,680)	**(77,083)**	**(11,693)**
Amortisation for year	(6,184)	(26,820)	(2,436)	**(35,440)**	(800)
Acquisitions	(1,056)	-	-	**(1,056)**	-
Exchange adjustments	(4)	21	14	**31**	-
At 30 June 2023	**(19,817)**	**(82,629)**	**(11,102)**	**(113,548)**	**(12,493)**
Net book value					
At 30 June 2023	**19,853**	**450,131**	**11,592**	**481,576**	**3,517**
At 30 June 2022	13,272	357,708	11,993	382,973	4,317

The additions to goodwill relate to the acquisitions deals completed in the year, details of which can be found in note 24. Adjustment to consideration
The other intangible assets comprise technology assets relating to an internally generated development asset comprising staff and contractor costs, and an acquired intangible asset relating to technology assets.

Management have considered its annual EBITDA and cash budgets in its initial review of goodwill and have concluded that there are no triggers for impairment of goodwill. Refer to the section on Going Concern within the Accounting Policies.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11 Tangible fixed assets

Group

	Short leasehold £000	Fixtures & fittings and office equipment £000	Computer equipment £000	Total £000
Cost or valuation				
At 1 July 2022	4,409	(457)	38,443	**42,395**
Additions	113	1,259	11,222	**12,594**
Acquisitions	948	2,183	3,734	**6,865**
Disposals	-	(139)	(88)	**(227)**
Exchange adjustment	(2)	(12)	(36)	**(50)**
At 30 June 2023	**5,468**	**2,834**	**53,275**	**61,577**
Accumulated depreciation				
At 1 July 2022	(2,836)	1,484	(20,388)	**(21,740)**
Charge for period	(1,186)	(980)	(9,737)	**(11,903)**
Acquisitions	(945)	(1,643)	(3,443)	**(6,031)**
Disposals	-	105	105	**210**
Exchange adjustment	-	(3)	5	**2**
At 30 June 2023	**(4,967)**	**(1,037)**	**(33,458)**	**(39,462)**
Net book value				
At 30 June 2023	**501**	**1,797**	**19,817**	**22,115**
At 30 June 2022	1,573	1,027	18,055	20,655

Fixed assets are stated at historical cost.

Company

	Short leasehold £000	Fixtures and fittings and office equipment £000	Computer equipment £000	Total £000
Cost or valuation				
At 1 July 2022	1,558	1,811	14,994	**18,363**
Additions	-	1,183	7,236	**8,419**
At 30 June 2023	**1,558**	**2,994**	**22,230**	**26,782**
Accumulated depreciation				
At 1 July 2022	(1,462)	(1,060)	(7,313)	**(9,834)**
Charge for period	(285)	(383)	(4,991)	**(5,658)**
At 30 June 2023	**(1,746)**	**(1,443)**	**(12,304)**	**(15,492)**
Net book value				
At 30 June 2023	**(188)**	**1,551**	**9,926**	**11,289**
At 30 June 2022	96	752	7,681	8,529

Fixed assets are stated at historical cost.

12 Investments

Group	Investments £000
Cost	
At 1 July 2022	1
Additions	3,819
At 30 June 2023	**3,819**

Company	Shares in Group undertakings £000	Listed investments £000	Total £000
Cost			
At 1 July 2022	352,008	1	352,009
Additions	199,667	-	199,667
Disposals		-	-
At 30 June 2023	***551,674***	**1**	**551,675**

The company's investment in the share capital of subsidiary undertakings which are held at 30 June 2023 comprises:

Name	**Country**	**Year ended 30 June 2023 Proportion of shares held**	Year ended 30 June 2022 Proportion of shares held
Davies Construction and Engineering Limited	UK	100%	100%
Davies Managed Systems Limited	UK	100%	100%
Eastwell Contractor Management and Claim Care Limited	UK	100%	100%
Farradane Limited	UK	100%	100%
Ufton Associates Limited	UK	100%	100%
Garwyn Group Limited	UK	-	100%
Garwyn Limited	UK	100%	100%**
Garwyn Ireland Limited	Ireland	100%**	100%**
Associated Loss Adjusters Limited	Ireland	100%	100%
Managed Fleet Services Limited	UK	100%	100%
Surveyorship Limited	UK	100%	100%
Core Insurance Services Limited	UK	100%	100%
Davies Resourcing Limited	UK	100%	100%
Claims Management Services Limited	UK	100%	100%
Davies Broking Services Limited	UK	100%	100%
Davies MGA Services Limited	UK	100%**	100%**
Davies Technology Solutions Limited	UK	100%	100%
Total Loss Settlement Services Limited	UK	100%	100%
JMD Specialist Insurance Services Group Limited	UK	100%	100%
JMD Specialist Insurance Services Limited	UK	100%**	100%**
Davies Insurer & Market Services Limited	UK	100%**	100%**
Davies Intermediary Support Services Limited	UK	100%	100%
A.M Associates Insurance Services Limited	Canada	100%	100%
John Heath & Company Inc.	USA	100%	100%
Quest Bermuda Holdings Limited	Bermuda	100%	100%
Quest Intermediaries (Bermuda) Limited	Bermuda	100%**	100%**
Quest Management Services Limited	Bermuda	100%**	100%**
Quest Captive Management LLC	USA	100%**	100%**
Direct Group Property Services Limited	UK	100%	100%
Direct Inspection Solution Limited	UK	-	100%**
Direct Validation Services Limited	UK	100%**	100%**

NOTES TO THE FINANCIAL STATEMENTS (continued)

12 Investments (continued)

Name	Country	Year ended 30 June 2023 Proportion of shares held	Year ended 30 June 2022 Proportion of shares held
Davies Consulting and Managed Services Limited	UK	100%	100%
Ember Services Limited	UK	100%**	100%**
Ember Search Limited	UK	-	100%**
Davies Learning Experiences Limited	UK	100%**	100%**
Ember (Canada) Inc.	Canada	100%**	100%**
Veriphy Limited	UK	100%	100%
Topmark Claims Management Limited	UK	100%	100%
GBB (UK) Holdings Limited	UK	100%	100%
GBB (UK) Limited	UK	100%**	100%**
Banwell & Associates Ltd	UK	100%**	100%**
Davies Learning Solutions Limited	UK	100%	100%
Thornpart Adjustors Limited	Ireland	100%	100%
Desk Expert Limited	Ireland	-	100%**
Techno Marine Limited	Ireland	-	100%**
Liability Claims Appraisers Limited	Ireland	-	100%
Claims Settlement Services International Ltd	Ireland	-	100%
Keoghs Topco Limited	UK	100%	100%
Keoghs Midco Limited	UK	100%	100%**
Keoghs Acquisition Limited	UK	100%*	100%**
Keoghs LLP	UK	100%**	100%**
Keoghs Services Limited (dormant	UK	100%**	100%**
Codebase8 Limited	UK	100%	100%
Citadel Management Bermuda Limited	USA	-	100%**
Cedar Consulting LLC	USA	100%**	100%**
ContactPartners	UK	100%	100%
Vehicle Replacement Group Limited	UK	100%	100%
Davies (SAC) Limited	USA	100%**	100%**
Davies Insurance Limited	USA	100%**	100%**
Davies Intermediary Services (Malta) Limited	Malta	-	100%**
Nationwide Property Assistance Limited	UK	100%	100%
Davies Insurance Management LLC	USA	100%**	100%**
Davies Management Service (Guernsey) Limited	Guernsey	100%**	100%**
Grovelands Resourcing Limited	UK	100%	100%
Davies Global (CTL) Limited	UK	100%	100%
Sionic Global (CBL) Limited	UK	100%**	100%**
Catalyst Holdco Limited	UK	100%**	100%**
Catalyst Debtco Limited	UK	100%**	100%**
Catalyst Nominee Limited	UK	100%**	100%**
Sionic Bidco Limited	UK	100%**	100%**
Sionic UK Subco Limited	UK	100%**	100%**
Sionic Advisors Europe Limited	UK	100%**	100%**
Davies European Holdings Limited	UK	100%**	100%**
Sionic Global (CDHL) Limited	UK	100%**	100%**
Davies Global (CDL) Limited	UK	100%**	100%**
Sionic Global (KL) Limited	UK	100%**	100%**
Sionic Advisors Global Holdings LLP	UK	100%**	100%**
Sionic Advisors (European Branches) LLP	UK	100%**	100%**
Sionic Advisors (UK) LLP	UK	100%**	100%**
Sionic Advisors (Singapore) LLP	UK	100%**	100%**
Sionic Advisors (Canada) LLP	UK	100%**	100%**
Sionic Advisors (US) LLP	UK	100%**	100%**
Catalyst (US) Bidco Inc.	USA	100%**	100%**
SAGP LLC	USA	100%**	100%**
Sionic Advisors LLP	USA	100%**	100%**
Sionic Advisors LP	USA	100%**	100%**
Sionic Advisors Inc.	Canada	100%**	100%**
Sionic Advisors India Private Limited	India	100%**	100%**

NOTES TO THE FINANCIAL STATEMENTS (continued)

12 Investments (continued)

Name	Country	Year ended 30 June 2023 Proportion of shares held	Year ended 30 June 2022 Proportion of shares held
Sionic Advisors India Private Limited	India	100%**	100%**
Sionic Advisors Singapore Pte Ltd	Singapore	100%**	100%**
Sionic Jersey Limited	Jersey	100%**	100%**
Building Validation Solutions Limited	UK	100%	100%
BVS Subsidence Ltd	UK	100%	100%
PJ Web Solutions Limited	UK	100%	100%
Verso Damage Management Solutions Ltd	UK	100%	100%
Worksmart Ltd	UK	100%	100%
Asta Capital Limited	UK	100%	-
Asta Insurance Markets Ltd	UK	100%**	-
Asta Corporate Member Limited	UK	100%**	-
Asta Corporate Member (No.2) Limited	UK	100%**	-
Asta Corporate Member (No.3) Limited	UK	100%**	-
Asta Corporate Member (No.4) Limited	UK	100%**	-
PUML Ltd (Dormant)	UK	100%**	-
Arma Fusion Ltd	UK	49%**	-
BPB UW Management Limited	UK	12.5%**	-
Asta Managing Agency Ltd	UK	100%**	-
Asta Insurance Services Ltd	UK	100%**	-
Asta Underwriting Management Ltd	UK	100%**	-
Asta Management Services Ltd	UK	100%**	-
Asta Europe SRL	Belgium	100%**	-
Asta Solutions Asia PTE Ltd	Singapore	100%**	-
PMSL Services Ltd (Dormant)	UK	100%**	-
Arma Underwriting Limited	UAE	100%**	-
AMA Underwriting Services Ltd	UK	100%**	-
Asta Blue Line Services Ltd	UK	100%**	-
Bricome Limited	UK	100%**	-

** Indirect Holding. All holdings shown above are of ordinary share capital.

Registered Offices:

Area	
England and Wales	- 5th Floor, 20 Gracechurch Street, London, EC3V 0BG
	- 2 The Parklands, Bolton, Lancashire, BL6 4SE
Scotland	- 2nd Floor, The Forsyth Building, 5 Renfield Street, Glasgow, Scotland, G2 5EZ
Guernsey	- Heritage Hall, PO Box 144, Le Marchant Street, St Peter Port, Guernsey GY1 3HY
Jersey	- De Carteret House, Castle Street, St Helier, Jersey, JE2 EBT
Ireland	- The Mall, Tuam, Co Galway, Ireland
	- Greenhills Retail Park, Greenhill Road, Dublin 24, D24 VY31, Ireland
	- Block 10B, Beckett Way, Park West Business Park, Nangor Road, Dublin 12.
Canada	- 2425 Matheson Blvd. E., 8th Floor Mississauga, Ontario L4W 5K4
	- Suite 1300-1969 Upper Water Street, Cooper Tower -Purdy's Wharf Tower II, Halifax, Novia Scotia B3J
	- 3200– 50 West Georgia Street, Vancouver, BC V6B 4P7, Canada
USA	- Cogency Glocal Inc., 115 North Calhoun St., Suite 4, Tallahassee, FL 32301
	- Corporation Trust Center, 1209 Orange St., Wilmington, DE, USA
	- 1209, Orange Street, Corporation Trust Center, Wilmington, New Castle, Delaware 19801
	- 15 Exchange Place, Suite 500, Jersey City, NJ 07302
Bermuda	- Crawford House, 50 Cedar Avenue, Hamilton, Bermuda HM11
Singapore	- 8 Wilkie Road, #03-01, Wilkie Edge, Singapore 228095
India	
	- 719, C-Wing, 215 Atrium Andheri Kurla Road , Andheri East Mumbai Mumbai City MH 400093 India

The directors believe that the value of the investments is supported by the future economic benefits the subsidiaries will provide to the Company and Group.

NOTES TO THE FINANCIAL STATEMENTS (continued)

13 Debtors due within one year

Group	As at 30 June 2023	As at 30 June 2022
	£000	£000
Trade debtors	151,130	127,608
Amounts owed by parent companies	24,105	30,199
Corporation tax	6,764	2,036
Other debtors	15,090	11,494
Prepayments and accrued income	42,823	34,529
	239,912	205,866

Company	As at 30 June 2023	As at 30 June 2022
	£000	£000
Trade debtors	3,807	13,416
Prepayments and accrued income	19,611	4,750
Amounts owed by Group undertakings	207,708	231,904
Corporation tax	3,302	1,739
Other debtors	5,437	4,531
	239,865	256,340

Amounts owed by Group undertakings are unsecured, have no fixed date of repayment and attract an interest charge of 0%-8%.

14 Debtors due after one year

Group and company	As at 30 June 2023	As at 30 June 2022
	£000	£000
Loan note from group company	429,111	429,111
	429,111	429,111

The loan note of £429m is due from a group undertaking and is redeemable at the group undertaking's behest. If not already redeemed it will be repaid after 10 years. The interest rate is 4% and interest receivable is included in debtors due within one year.

15 Deferred tax

The movements on deferred tax are as follows:

Group	Year ended 30 June 2023	Year ended 30 June 2022
	£000	£000
At the beginning of year	1,916	3,072
Acquired balances	1,393	(1,193)
Disposal of Davies US	-	(1,989)
Deferred tax credit in income statement for the year	6,653	2,026
At the end of year	9,962	1,916

The deferred tax comprises:	Year ended 30 June 2023	Year ended 30 June 2022
	£000	£000
Depreciation in excess of capital allowances	(1,123)	(364)
Acquisition	-	(1,998)
Losses	9,373	5,251
Short term timing differences	1,712	(973)
	9,962	1,916

The Group has a deferred tax asset on losses of £939,000 (30 June 2022: £711,000) which is not recognised.

The deferred tax assets include an amount of £9.4m (2022: £5.3m) which relates to carried-forward tax losses in the UK. The Group has concluded that the deferred assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets. The entities and Group as a whole are expected to generate taxable income going forward. The losses can be carried forward indefinitely and have no expiry.

NOTES TO THE FINANCIAL STATEMENTS (continued)

15 Deferred tax (continued)

Company	Year ended 30 June 2023	Year ended 30 June 2022
	£000	£000
At the beginning of year	**(777)**	307
Depreciation in excess of capital allowances	**(702)**	(1,084)
Losses	**31**	
Short term timing differences	**1,782**	-
At the end of year	**334**	(777)

The company has a deferred tax asset on losses of £315,000 (30 June 2022: £315,000) which is not recognised.

Deferred tax asset on pension liability

Group	Year ended 30 June 2023	Year ended 30 June 2022
	£000	£000
At the beginning of year	-	229
Deferred tax on pension asset charged to profit and loss	-	6
Deferred tax asset on pension liability charged through other comprehensive income	-	(235)
At the end of year - deferred tax asset on	-	-

16 Called up share capital

Allotted, issued and fully paid	As at 30 June 2023 £000	As at 30 June 2022 £000
Group and Company		
85,216,392 (2022 - 85,216,390) A Ordinary Shares of £0.00000001 each	-	-
163,636 (2022 - 163,636) B Ordinary Shares of £0.00001 each	-	-
36,363 (2022 - 36,363) C Ordinary Shares £0.00001 each	-	-
	-	-

All classes of ordinary shares rank pari passu for the payment of dividends and assets on wind up of the company. The A ordinary shares and the B ordinary shares carry the right of one vote per share. The C ordinary shares do not carry any voting rights.

On 1 July 2022, the Group purchased Bascoon Limited, the holding company which owns ProAdjust Limited, as part of this purchase the Company issued one A Ordinary Share with a nominal value of £0.00000001 with a value of £13,117,565 to its immediate holding company, Daisycove Limited, as a step in a wider equity funding programme throughout the wider group. On 13 July 2022, the Company purchased Asta Capital Limited, as part of this purchase it issued one A Ordinary Share with a nominal value of £0.00000001 with a value of £126,245,818 to its immediate holding company, Daisycove Limited, as a step in a wider equity funding programme throughout the wider group.

The value of the share capital outstanding at 30 June 2023 is £3 (30 June 2022: £3).

NOTES TO THE FINANCIAL STATEMENTS (continued)

17 Creditors: amounts falling due within one year

Group	As at 30 June 2023	As at 30 June 2022
	£000	£000
Trade creditors	46,811	37,247
Amounts owed to Group undertakings	29,710	38,885
Other taxation and social security	7,977	9,394
Other creditors	19,598	27,134
Accruals and deferred income	56,596	45,260
	160,692	157,920

Company	As at 30 June 2023	As at 30 June 2022
	£000	£000
Trade creditors	12,285	7,432
Amounts owed to Group undertakings	194,526	177,304
Accruals and deferred income	5,338	6,842
	214,783	205,238

Amounts owed to Group undertakings are repayable on demand. They are unsecured, interest free and have no fixed date of repayment. Included within this balance for both Group and Company are 9,371,000 redeemable preferences shares denominated in US Dollars due on demand to a Group undertaking. The value at 30 June 2022 was £7,719,111 (2021: £6,609,000).

18 Creditors: amounts falling due after more than one year

Group	As at 30 June 2023	As at 30 June 2022
	£000	£000
Bank loans and overdraft	10	10
Other creditors	9,136	1,827
Amounts owed to Group undertakings	-	499,914
	9,146	501,751

Company	As at 30 June 2023	As at 30 June 2022
	£000	£000
Other creditors	7,794	-
Amounts owed to Group undertakings	42,961	499,914
	50,755	499,914

NOTES TO THE FINANCIAL STATEMENTS (continued)

19 Loans and other borrowings

Group	As at 30 June 2023	As at 30 June 2022
	£000	£000
Bank loans and overdrafts	10	10
Amounts owed to Group undertakings	-	499,914
	10	499,924

Maturity of financial liabilities	As at 30 June 2023	As at 30 June 2022
	£000	£000
In one year or less, or on demand	10	10
In more than two years, but no more than five years	-	499,914
In more than five years	-	-
	10	499,924

In the prior year the Company and the Group had intercompany loans with an intermediary holding company , Davies Bidco Limited, totalling £462,649k and intercompany interest was charged on these loans at rates between 4% to 8%. During the year ended 30 June 2023 the ultimate parent undertaking group, the Tennessee Topco Limited group, underwent a Group restructuring to simplify its structure. As a result of this Davies Bidco Limited waived debt owed by the company totalling £483.8m via a capital contribution.

Company	As at 30 June 2023	As at 30 June 2022
	£000	£000
Amounts owed to Group undertakings	42,961	499,914
	42,961	499,914

Maturity of financial liabilities	As at 30 June 2023	As at 30 June 2022
	£000	£000
In one year or less, or on demand	-	-
In more than two years, but not more than five years	42,961	499,914
In more than five years	-	-
	42,961	499,914

There are no debts due after 5 years that are payable under instalments.

20 Provisions for liabilities

Group	Restructuring Year ended 30 June 2023
	£000
At 1 July 2022	1,722
Acquisitions	505
Charged to profit and loss account	1,580
Utilised in the year	(569)
Foreign exchange	96
At 30 June 2023	**3,334**

	Year ended 30 June 2022
	£000
At 1 July 2021	5,140
Acquisitions	72
Disposal of Davies US group	(283)
Charged to profit and loss account	(75)
Utilised in the year	(3,145)
Foreign exchange	13
At 30 June 2022	**1,722**

The provisions for restructuring costs relate to onerous property lease commitments. Of the provision, £929,000 is due for payment within one year,

NOTES TO THE FINANCIAL STATEMENTS (continued)

20 Provisions for liabilities (continued)

Company	Restructuring Year ended 30 June 2023 £000
At 1 July 2022	163
Charged/ (released) to profit and loss account	-
Utilised in the year	(57)
At 30 June 2023	**106**

	Year ended 30 June 2022 £000
At 1 July 2021	1,365
Charged/ (released) to profit and loss account	-
Utilised in the year	(1,202)
At 30 June 2022	**163**

The provisions for restructuring costs relate to onerous property lease commitments.

21 Operating lease commitments

The Group's future minimum lease payments under non-cancellable operating leases are as follows:

	As at 30 June 2023		As at 30 June 2022	
	Land and *buildings*	***Other***	Land and *buildings*	*Other*
	£000	**£000**	£000	£000
Expiring:				
Within one year	**5,116**	**1,232**	5,227	1,155
In two to five years	**9,265**	**1,200**	8,392	1,569
In more than five years	**2,979**	**-**	5,206	-
Total	**17,360**	**2,432**	18,825	2,724

The Company's future minimum lease payments under non-cancellable operating leases are as follows:

	As at 30 June 2023 Land and buildings £000	As at 30 June 2022 Land and buildings £000
Expiring:		
Within one year	**1,563**	1,252
In two to five years	**2,897**	2,986
In more than five years	**186**	438
Total	**4,646**	4,676

NOTES TO THE FINANCIAL STATEMENTS (continued)

22 Analysis of changes in net debt

Group	At 1 July 2022	Cash flow	Acquisitions / disposals	Other non cash movements	At 30 June 2023
	£000	£000	£000	£000	£000
Cash at bank and in hand	35,614	(28,172)	17,251	-	**24,693**
Bank loans	(10)	-	-	-	**(10)**
Amounts owed to Group undertakings	(499,914)	-	-	456,953	**(42,961)**
Debt items	(499,924)	-	-	456,953	**(42,971)**
Net debt	(464,310)	(28,172)	17,251	456,953	**(18,278)**

23 Pension commitments

Defined benefit scheme

Davies Loss Adjusters LLP operated a defined benefit pension scheme, the Davies Loss Adjusters Life Assurance and Pension Scheme. The scheme was

A full actuarial valuation was carried out at in April 2018 by a qualified independent actuary. The major assumptions used by the actuary have been

	As at 30 June 2023	As at 30 June 2022	As at 30 June 2021	As at 30 June 2020	As at 30 June 2019	As at 30 June 2018
Rate of increase in pensions in payment	**3.05%**	3.15%	3.00%	2.60%	2.80%	2.60%
Rate of increase in deferred pensions	**2.20%**	2.40%	2.15%	1.50%	2.10%	1.90%
Discount rate for scheme liabilities	**5.20%**	3.70%	2.00%	1.65%	2.50%	2.95%
Inflation assumption	**3.20%**	3.40%	3.15%	2.70%	3.30%	3.10%
Consumer price inflation	**2.20%**	2.40%	2.15%	1.70%	2.10%	1.90%

The assumed life expectancy, on retirement at 65, applied was as follows:

	As at 30 June 2023 years	As at 30 June 2022 years
Retiring today:		
Males	**20.2**	20.1
Females	**22.7**	22.2
Retiring in 20 years:		
Males	**21.1**	21.0
Females	**23.8**	23.4

NOTES TO THE FINANCIAL STATEMENTS (continued)

23 Pension commitments (continued)

The assets in the scheme and the expected rate of return were:

		Value at 30 June 2023	Value at 30 June 2022
		£000	£000
Bonds		**6,650**	4,635
Equity		**8,773**	10,638
Insured pensions		**336**	400
Cash		**449**	262
Total market value of assets		**16,208**	15,935
Present value of scheme liabilities		**(13,044)**	*(14,106)*
Surplus /(deficit) in the scheme		**3,164**	1,829
Restriction on recoverable surplus		**(3,164)**	(1,829)
Net pension deficit before deferred tax		**-**	-
Deferred tax asset on pension liability	14	**-**	-
Net pension deficit		**-**	-

The expected returns have been based on the current split by investment sector of the assets of the scheme, using average expected returns on each sector.

Reconciliation of present value of scheme liabilities

	Year ended *30 June 2023*	Year ended *30 June 2022*
	£000	£000
At the beginning of year	**14,106**	18,168
Current service cost	**-**	-
Interest cost	**511**	357
Benefits paid	**(579)**	(602)
Past service cost	**-**	411
Actuarial (gain) / loss	**(994)**	(4,228)
At the end of year	**13,044**	14,106

Reconciliation of fair value of scheme assets

	Year ended 30 June 2023	Year ended 30 June 2022
	£000	*£000*
At the beginning of year	**15,935**	17,252
Expected return on scheme assets	**587**	343
Contribution paid	**414**	402
Actuarial gain /(loss)	**(149)**	(1,460)
Benefits paid	**(579)**	(602)
At the end of year	**16,208**	15,935

NOTES TO THE FINANCIAL STATEMENTS (continued)

23 Pension commitments (continued)

Analysis of the amount charged to profit or loss as follows:

	Year ended 30 June 2023 £000	Year ended 30 June 2022 £000
Net interest expense	**(76)**	14
Net expense	**(76)**	14

Remeasurements recognised in Other Comprehensive Income

	Year ended 30 June 2023 £000	Year ended 30 June 2022 £000
Remeasurement - return on plan assets excluding interest gain/(loss)	**(149)**	**(1,460)**
Remeasurement - effect of changes in assumptions gain / (loss)	**2,272**	**2,272**
Remeasurement - effect of experience adjustments gain / (loss)	**(1,278)**	**1,955**
Limit on asset that can be recognised (change in unrecoverable surplus)	**(1,335)**	**(1,829)**
Limit on asset that can be recognised (due to restricted interest income)	**76**	**-**
Total remeasurement gain /(loss) recognised in OCI	**(414)**	**938**

Pension Liability	**Year ended 30 June 2023 £000**	Year ended 30 June 2022 £000
At the beginning of year	-	687
Charged to statement of other comprehensive income	**490**	(939)
Contributions paid	**(414)**	(402)
Past service cost	-	411
Net finance income charged to income statement	**(76)**	14
Deferred tax charged to income statement	-	(6)
Deferred tax credited to statement of other comprehensive income	-	235
At the end of year	-	-

History of experience gains and losses

	2023 £000	2022 £000	2021 £000	2020 £000	2019 £000	2018 £000
Defined benefit obligation	**(13,044)**	(14,106)	(18,168)	(19,127)	(17,242)	(16,319)
Plan assets	**16,208**	15,935	17,252	15,222	15,627	14,960
Deficit	**3,164**	1,829	(916)	(3,905)	(1,615)	(1,359)
Experience gains and losses on plan assets	**(149)**	(1,460)	2,075	(538)	311	254
Experience gains and losses on scheme liabilities	-	-	-	-	101	(297)
Total actuarial (losses)/gains recognised in statement of other comprehensive income	**(490)**	939	2,660	(2,554)	(468)	310
Movement on deferred tax relating to pension deficit credited/(charged) to statement of other comprehensive income	-	(235)	(505)	485	43	(70)

Management have reviewed the sensitivities around the pension liability and consider the most volatile assumption to be the discount rate used. The impact of increasing or decreasing the discount rate by 5 basis points will respectively decrease or increase the liability by approximately £76,000.

NOTES TO THE FINANCIAL STATEMENTS (continued)

23 Pension commitments (continued)

Defined contribution scheme

The Group and the company operates a defined contribution scheme. The assets are held separately from those of the Group in a separately-administered fund. The charge for the year represents contributions payable by the Group and the company to the fund and amounted to £6,311,000 and £387,000 respectively (charge for the year ended 30 June 2022: Group £5,693,000 and company £341,000).

At 30 June 2023, the Group and the company had outstanding contributions of £1,468,814 and £647,776 respectively (2022: Group £871,000 and Company £503,313).

24 Acquisitions

Acquisition of ProAdjust Ltd

The Group has made acquisitions during the year and the provisional details are shown below.

On 1 July 2022, the Group acquired 100% of the issued share capital of Bascoon Limited, the holding company which owns ProAdjust Limited.

	Book Value £000	Fair Value Adjustment £000	Provisional Fair Value £000
Intangible fixed assets	-	-	-
Tangible fixed assets	581	-	**581**
Debtors	458	-	**458**
Other assets	857	-	**857**
Cash	724	-	**724**
Creditors	(966)	-	**(966)**
Net Assets Acquired	1,654	-	**1,654**
Consideration - cash			11,063
Share Consideration			2,166
Deferred Consideration			642
Cost of Acquisition			408
Total Consideration			**14,279**
Goodwill			**12,625**

Since acquisition, the business contributed revenues of £5,850,206 and profits of £1,644,652 to the Group for the period from 1 July 2022 to 30 June

Acquisition of Asta Group Limited

On 13 July 2022, the Group acquired 100% of the issued share capital of Asta Capital Limited ('Asta'), a London-based insurance underwriting

	Book Value £000	Fair Value Adjustment £000	Provisional Fair Value £000
Intangible fixed assets	90	-	**90**
Tangible fixed assets	253	-	**253**
Debtors	4,171	-	**4,171**
Other assets	12,767	-	**12,767**
Cash	16,527	-	**16,527**
Creditors	(15,773)	-	**(15,773)**
Net Assets Acquired	**18,035**	-	**18,035**
Consideration - cash			115,231
Share Consideration			4,231
Cost of Acquisition			8,397
Total Consideration			**127,859**
Goodwill			**109,824**

Since acquisition, the business contributed revenues of £53,130,812 and profits of £13,889,817 to the Group for the period from 13 July 2022 to 30 June

NOTES TO THE FINANCIAL STATEMENTS (continued)

25 Post balance sheet events

On 15 November 2023 the ultimate holding group secured additional borrowing facility from a syndicate banks of £90.4m, denominated in US Dollars.

In November 2023 the ultimate holding group received an equity injection of circa £110m from its institutional shareholders.

On 9 February 2024, Davies US LLC, a fellow group subsidiary, and Davies Group Limited signed a deal to acquire Matson, Driscoll & Damico ("MDD"), the leading independent forensic accounting firm in the world. Headquartered in Boston, Massachusetts, U.S., its team of more than 330 professionals serve 1000+ international clients from 43 office locations including North America, Latin America, Europe, Asia and Australia. This acquisition will broaden the Group's service areas across five continents, making it a truly global business and is expected to complete by the end of February 2024.

26 Contingent Liability

For the year ending 30 June 2023, the Company and its subsidiaries have provided guarantees in respect of loan facilities provided to Tennessee Bidco Limited, a subsidiary undertaking of the Company's ultimate parent company Tennessee Topco Limited. As at the year end an amount of £1,008.6m (2022: £835.8m) was outstanding in respect of these facilities.

27 Ultimate parent undertaking and controlling party

At 30 June 2023 the company was ultimately owned by Tennessee Topco Limited which the directors' considered to be the ultimate parent undertaking.

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

The directors consider BC Partners Management XI Limited as the portfolio manager of BC Partners Fund XI to be the ultimate controlling party of the Group.

28 Group reorganisation

During the year the ultimate parent undertaking group, the Tennessee Topco Limited group, underwent a Group restructuring to simplify its structure. As a result of this an intermediary holding company of the company waived debt owed by the company totalling £483.8m via a capital contribution. Furthermore the Company underwent a reduction of its share premium and transferred £168.3m to its profit and loss reserve.

29 Financial instruments

The Group's financial instruments may be analysed as follows:

	Year ended 30 June 2023 £000	Year ended 30 June 2022 £000
Financial assets		
Financial assets measured at amortised cost	**190,913**	174,716
Financial liabilities		
Financial liabilities measured at amortised cost	**152,726**	648,451

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and amounts owed by parent companies.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, other creditors, shareholder loans, accruals and deferred income and amounts to Group undertakings.

30 Related party disclosures and transactions with parent undertaking

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. The Group has further taken advantage of the exemption confirmed by paragraph A3.40F of Appendix III to FRS 102 not to disclose transactions with members of the Group headed by Tennessee Topco Limited on the grounds that 100% of the voting rights in the Company are controlled within that Group.

During the year the ultimate parent undertaking group, the Tennessee Topco Limited group, underwent a Group restructuring to simplify its structure. As a result of this an intermediary holding company of the company waived debt owed by the company totalling £483.8m via a capital contribution.

31 Audit exemption statement

Under section 479A of the Companies Act 2006 the Group is claiming exemption from audit for the subsidiary companies listed below. The parent undertaking, Davies Group Limited, registered number 06479822, guarantees all outstanding liabilities to which the subsidiary company is subject to at the end of its financial year. The guarantee is enforceable against the parent company by any person to whom the subsidiary company is liable in respect of those liabilities.

Entity	Registered number	Year end
Banwell & Associates Limited	03885314	30/06/2023
Claims Management Services Limited	04313136	30/06/2023
Codebase8 Limited	02696599	30/06/2023
ContactPartners Ltd	03709551	30/06/2023
Core Insurance Services Limited	06411939	30/06/2023
Davies Construction & Engineering Limited	03993524	30/06/2023
Davies Consulting and Managed Services Limited	06786292	30/06/2023
Davies Insurer & Market Services Limited	01677423	30/06/2023
Davies Learning Experiences Limited	05028372	30/06/2023
Davies Managed Systems Limited	03452116	30/06/2023
Eastwell Contractor Management and Claim Care Ltd	04391050	30/06/2023
Ember Services Limited	09816349	30/06/2023
Garwyn Limited	01030489	30/06/2023
GBB (UK) Holdings Limited	07121407	30/06/2023
GBB (UK) Limited	01925858	30/06/2023
Grovelands Resourcing Limited	07036418	30/06/2023
JMD Specialist Insurance Services Group Limited	04577053	30/06/2023
Keoghs Acquisition Limited	07950517	30/06/2023
Managed Fleet Services Limited	06455870	30/06/2023
Davies Technology Solutions Limited	06142958	30/06/2023
Surveyorship Limited	06634718	30/06/2023
Total Loss Settlement Service Limited	04433145	30/06/2023
Ufton Associates Limited	04471233	30/06/2023
Veriphy Limited	05066478	30/06/2023
Davies Global (CTL) Limited	10981928	30/06/2023
Sionic UK Subco Limited	11906741	30/06/2023
Sionic Advisors Europe Limited	09762818	30/06/2023
Davies European Holdings Limited	10736768	30/06/2023
Davies Global (CDL) Limited	02884211	30/06/2023
Sionic Global (KL) Limited	06953075	30/06/2023
BVS Subsidence Ltd	09640255	30/06/2023
PJ Web Solutions Limited	04100402	30/06/2023
Verso Damage Management Solutions Ltd	10237379	30/06/2023
Worksmart Limited	06329038	30/06/2023
Asta Capital Limited	07720641	31/12/2023
Asta Insurance Markets Ltd	02436625	31/12/2023
Asta Insurance Services Ltd	02274676	31/12/2023
Asta Corporate Member Limited	08168249	31/12/2023
Asta Corporate Member (No. 2) Limited	07392970	31/12/2023
Asta Management Services Ltd	02790379	31/12/2023