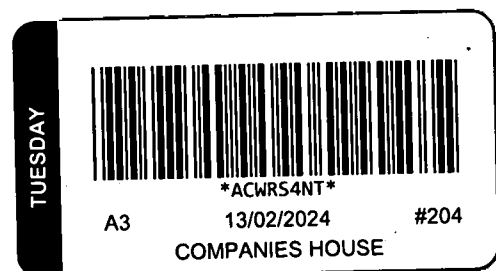


**FARRADANE LIMITED**

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

**REGISTERED NUMBER 01387840**



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

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

**DIRECTORS AND ADVISERS**

**DIRECTORS**

A Debiase  
D Saulter  
D Coombes

**COMPANY SECRETARY**

A Debiase

**REGISTERED OFFICE**

5<sup>th</sup> Floor  
20 Gracechurch Street  
London  
EC3V 0BG

**INDEPENDENT AUDITOR**

BDO LLP  
Chartered Accountants and  
Statutory Auditors  
55 Baker Street  
London  
W1U 7EU

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

**STRATEGIC REPORT**

The company presents its financial statements for the year ended 30 June 2023.

**PRINCIPAL ACTIVITY**

Farradane Limited is a support services company which provides professional and administrative services to Davies Group Limited and its subsidiaries. These services include finance, IT, HR, and general management. The group will continue to provide the necessary financial and infrastructure support to Farradane Limited as it develops.

**REVIEW OF BUSINESS**

During the year Farradane Limited continued its strategy of providing cost effective administrative support to the companies within the Davies Group in the form of IT, Finance, HR and client relationship services. Farradane Limited was able to leverage its expertise and economies of scale to provide a central platform for the companies within the Davies Group and allow them to focus on their operational performance.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The company operates in a competitive marketplace. The company manages this commercial risk by delivering a high quality, bespoke service to its clients, with most of whom it already enjoys a long-standing relationship. Farradane Limited as the management company supports the group in managing its risks.

**RESULTS AND DIVIDENDS**

The company's loss for the financial year was £15,456,159 (2022: £11,197,491). The loss is stated after exceptional costs and M&A integration expense of £7,138,762 (2022: £5,453,768). The statement of comprehensive income shows a net movement on the pension scheme of £310,313 (2022: £703,500). No dividends were paid or proposed during the year (year to 30 June 2022: £nil).

**KEY PERFORMANCE INDICATORS**

The company is part of the Davies Group Limited group of companies which are managed on a group-wide basis. The key performance indicators used by the group are disclosed in the Davies Group Limited consolidated financial statements on page 18.

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

By order of the Board



A Debiase  
Director

Date: 7 February 2024

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

**DIRECTORS' REPORT**

The directors present their report with the audited financial statements of the company, registered number 01387840, for the year ended 30 June 2023.

**RESULTS AND DIVIDENDS**

The company's loss for the financial year was £15,456,159 (2022: £11,197,491). The loss is stated after exceptional costs of £7,138,762 (2022: £5,453,768). The statement of comprehensive income shows a net movement on the pension scheme of £310,313 (2022: £703,500). No dividends were paid or proposed during the year (year to 30 June 2022: £nil).

Whilst the balance sheet shows a shareholders deficit, the directors are satisfied that the company continues to have sufficient funds to enable it to meet its liabilities for a period of at least 12 months from the date of approval of these financial statements and accordingly the financial statements are prepared on the going concern basis. A letter of support has been received from the ultimate parent entity Tennessee Topco Limited.

**GOING CONCERN**

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

**FUTURE DEVELOPMENTS**

The company continues to invest in new systems and technology with the focus on improving operational efficiency and flexibility whilst ensuring services are delivered cost effectively.

**FINANCIAL RISK MANAGEMENT**

The company is part of the Davies Group Limited group of companies which manages financial risk on a group-wide basis. The Group's operations expose it to a variety of financial risks that include credit risk, liquidity risk and interest rate risk.

**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:

A Debiase  
D Saulter  
D Coombes

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

**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.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

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

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

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

**INDEPENDENT AUDITOR**

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

By order of the Board



A Debiase  
Director

Date: 7 February 2024

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FARRADANE LIMITED**

**Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of Farradane Limited's ("the Company") affairs as at 30 June 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Farradane Limited ("the Company") for the year ended 30 June 2023 which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity 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 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 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.

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FARRADANE LIMITED (continued)**

**Other information**

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

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

We have nothing to report in this regard.

**Other Companies Act 2006 reporting**

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

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

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

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

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

**Responsibilities of Directors**

As explained more fully in the 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FARRADANE 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 Company and the industry in which it operates, discussion with management and those charged with governance, legal and work performed to obtain and understand the Company'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 Company is also 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 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.

*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 Company'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 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.

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FARRADANE LIMITED (continued)**

Based on our risk assessment, we considered the area most susceptible to fraud is 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 defined pension scheme and intangible assets;
- 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 Company'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.

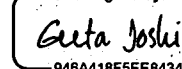
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by,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

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

**Use of our report**

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

DocuSigned by:

  
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*Geeta Joshi (Senior Statutory Auditor)*

*For and on behalf of BDO LLP, statutory auditor*

*London*

*8 February 2024*

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

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

		Year ended 30 June 2023	Year ended 30 June 2022
	Note	£	£
Turnover	3	15,498,418	12,793,949
Cost of sales		-	-
Gross profit		15,498,418	12,793,949
EBITDA (before exceptional items and M&A integration expenses)		(10,105,153)	(3,246,663)
Other administrative expenses		(25,603,571)	(18,880,479)
Amortisation		(3,246,190)	(2,274,935)
Depreciation		(437,736)	(758,204)
Exceptional administrative expenses		(2,583,717)	(677,717)
M&A integration expenses		(4,555,045)	(4,776,051)
Administrative expenses		(36,426,259)	(27,367,386)
Other income		-	-
Operating loss	5	(20,927,841)	(14,573,437)
Loss on ordinary activities before interest and taxation		(20,927,841)	(14,573,437)
Interest receivable and similar income	6	16,410	-
Interest payable and similar charges	8	-	(31,941)
Loss on ordinary activities before taxation		(20,911,431)	(14,605,378)
Tax on loss on ordinary activities	9	5,455,272	3,407,887
Loss for the financial year		(15,456,159)	(11,197,491)

All amounts relate to continuing operations.

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

	Year ended 30 June 2023	Year ended 30 June 2022
	£	£
Loss for the financial year	(15,456,159)	(11,197,491)
Actuarial profit recognised in the year	(413,750)	938,000
Movement on deferred tax relating to pension deficit	103,438	(234,500)
Total recognised loss relating to the year	(15,766,471)	(10,493,991)

The notes on pages 13 to 24 form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2023**

	Note	As at 30 June 2023		As at 30 June 2022	
		£	£	£	£
<b>ASSETS</b>					
Fixed assets					
Intangible assets	10	10,468,758		7,374,830	
Tangible assets	11	843,155		759,349	
			11,311,913		8,134,179
Current assets					
Debtors	12	388,318		72,612,195	
Deferred tax	13	8,097,579		5,103,861	
Cash at bank and in hand		480,223		847,783	
			8,966,120		78,563,839
<b>Total assets</b>			<b>20,278,033</b>		<b>86,698,018</b>
<b>LIABILITIES AND EQUITY</b>					
Capital and reserves					
Called up share capital	14	10,000		10,000	
Profit and loss account deficit		(67,628,493)		(51,862,022)	
<b>Total shareholders' deficit</b>			<b>(65,968,493)</b>		<b>(50,202,022)</b>
Other liabilities					
Creditors: amounts falling due within one year	15	86,246,526		136,891,340	
<b>Total other liabilities</b>			<b>86,246,526</b>		<b>136,900,040</b>
<b>Total equity and liabilities</b>			<b>20,278,033</b>		<b>86,698,018</b>

The financial statements on pages 10 to 24 were approved by the Board of Directors on 30 June 2023 and were signed on its behalf by:



A Debiase  
Director

Company registered number 01387840

The notes on pages 13 to 24 form part of these financial statements.

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

	Share capital £	Capital redemption reserve £	Profit & loss account £	Total Equity £
Balance as at 1 July 2021	10,000	1,650,000	(41,368,031)	(39,708,031)
Loss for the year	-	-	(11,197,491)	(11,197,491)
Other comprehensive income for the year	-	-	703,500	703,500
Total comprehensive loss for the year	-	-	(10,493,991)	(10,493,991)
Balance as at 30 June 2022	10,000	1,650,000	(51,862,022)	(50,202,022)
Loss for the year	-	-	(15,456,159)	(15,456,159)
Other comprehensive income for the year	-	-	(310,312)	(310,312)
Total comprehensive loss for the year	-	-	(15,766,470)	(15,766,470)
Balance as at 30 June 2023	10,000	1,650,000	(67,628,493)	(65,968,493)

The notes on pages 13 to 24 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### **1 Accounting policies**

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

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

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

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

This information is included in the consolidated financial statements of Davies Group Limited as at 30 June 2023 and these financial statements may be obtained from the company's registered office.

#### Going concern

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

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

Despite the challenging economic environment, the 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 the 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.

The Group is continuing its M&A programme and during the period ended 30 June 2023 the Group made six acquisitions and, for detail. The Group has signed one new acquisition since the financial year end, adding c£17.8m EBITDA before synergies.

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**1 Accounting policies (continued)**

**Revenue**

Revenue comprises professional and administrative services to Davies Group Limited and its subsidiaries is recognised in line with the period that is covered for the service that is provided.

**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% straight line

**Tangible 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.

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

**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.

**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 company 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

Exceptional administrative expenses are defined by the company to be expenses which are not on-going operating expenses and include cost containment plans; rationalization and restructuring projects; margin-enhancing initiatives, and other significant one-off projects. Such costs are presented as exceptional and on the face of the Income Statement and help provide an indication of the company's ongoing business performance.

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 capital redemption reserve represents a historical redemption of shares.
- 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.

**2 Significant judgements and estimates**

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 21.

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, product life cycles and life maintenance programmes are taken into account.

**3 Turnover**

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

**4 Staff costs and employee information**

	Year ended 30 June 2023	Year ended 30 June 2022
	£	£
Wages and salaries	9,245,543	9,909,232
Social security costs	1,284,974	1,124,216
Other pension costs	493,149	414,098
<b>Total</b>	<b>11,023,666</b>	<b>11,447,545</b>

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

	Year ended 30 June 2023	Year ended 30 June 2022
	Number	Number
Support	260	198
<b>Total</b>	<b>260</b>	<b>198</b>

At 30 June 2023, the company employed 272 (30 June 2022: 217) employees.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**5 Operating profit**

Operating profit is stated after charging:

	Year ended 30 June 2023	Year ended 30 June 2022
	£	£
Other income	-	-
Operating lease rentals - Land & Buildings	-	-
Operating lease rentals - other	53,168	154,747
Depreciation - owned assets	437,736	758,204
Amortisation	3,246,190	2,274,935
Other pension costs	413,750	503,313
M&A integration expenses	4,555,045	4,776,051
Exceptional administrative expenses	2,583,717	677,717
<b>Services provided by the company's auditors</b>		
Group audit services	726,000	660,000
Company audit services	22,000	20,000
Corporate finance services	-	-
Tax services	278,300	253,000
Other services	23,100	21,000

The company bears the auditors' remuneration on behalf of all the subsidiaries of Davies Group Limited. The auditors' remuneration for the company only for the year ended 30 June 2023 was £10,380 (2022: £10,346).

The M&A integration expenses of £4,555,045 (2022: £4,776,051) relate to M&A salary costs, one off non-capitalised transaction expenses and integration and other expenses as a result of the acquisitions by the Group in the financial year including associated office closure, redundancy costs and advisory fees, as well as the ongoing integration costs

The exceptional administrative expenses of £2,583,717 (2022: £677,717) mainly comprise £2.2M related to a cyber event in July 2023 with the rest relating to restructuring costs and other one-off projects.

**6 Interest receivable and similar income**

	Year ended 30 June 2023	Year ended 30 June 2022
	£	£
Financing Interest	16,410	-
<b>Total</b>	<b>16,410</b>	<b>-</b>

**7 Directors' emoluments**

	Year ended 30 June 2023	Year ended 30 June 2022
	£	£
Aggregate emoluments	749,697	1,297,560

	Year ended 30 June 2023	Year ended 30 June 2022
	Number	Number

The number of directors to whom retirement benefits were accruing was as follows:

Accruing under money purchase schemes	2	2
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	Year ended 30 June 2023	Year ended 30 June 2022
	£	£
Aggregate emoluments excluding pension contributions	330,767	693,463

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**8 Interest payable and similar charges**

	Year ended 30 June 2023	Year ended 30 June 2022
	£	£
Interest on pension scheme	-	14,000
Lease interest	-	17,941
<b>Total</b>	<b>-</b>	<b>31,941</b>

**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:

	Year ended 30 June 2023	Year ended 30 June 2022
	£	£
<b>Current tax:</b>		
UK corporation tax on profits for the year	(2,087,615)	-
Adjustments in respect of previous years	(373,939)	-
<b>Total current tax</b>	<b>(2,461,554)</b>	<b>-</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(2,612,321)	(421,532)
Adjustments in respect of previous years	(381,397)	(2,986,355)
<b>Total deferred tax</b>	<b>(2,993,718)</b>	<b>(3,407,887)</b>
<b>Total tax credit on loss on ordinary activities</b>	<b>(5,455,272)</b>	<b>(3,407,887)</b>

**b) Factors affecting the tax charge / (credit)**

The tax assessed for the year is the standard rate of corporation tax in the UK of 20.50% (2022: 19.00%). The difference is explained below:

	Year ended 30 June 2023	Year ended 30 June 2022
	£	£
<b>Loss on ordinary activities before taxation</b>	<b>(20,911,431)</b>	<b>(14,605,378)</b>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.50% (2022: 19.00%)	(4,286,843)	(2,775,022)
<b>Tax effects of:</b>		
Expenses not deductible for tax purposes	51,944	25,796
Fixed asset differences	1,359	(14,814)
Group relief surrendered	2,087,197	2,446,905
Payment for group relief	(2,087,197)	-
Amounts (charged)/credited directly to the SORIE or otherwise transferred	-	178,220
Deferred tax (charged)/credited directly to OCI	-	(234,500)
Adjustment in respect of previous years	(755,336)	(2,990,944)
Remeasurement of deferred tax for changes in tax rates	(466,396)	(43,528)
<b>Total current tax credit</b>	<b>(5,455,272)</b>	<b>(3,407,887)</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**10 Intangible fixed assets**

	Technology cost	Total
	£	£
<b>Cost</b>		
At 30 June 2022	18,922,558	18,922,558
Additions	6,340,118	6,340,118
<b>At 30 June 2023</b>	<b>25,262,676</b>	<b>25,262,676</b>
<b>Accumulated amortisation</b>		
At 30 June 2022	(11,547,728)	(11,547,728)
Amortisation for year	(3,246,190)	(3,246,190)
<b>At 30 June 2023</b>	<b>(14,793,918)</b>	<b>(14,793,918)</b>
<b>Net book value</b>		
At 30 June 2023	10,468,758	10,468,758
At 30 June 2022	7,374,830	7,374,830

The technology asset relates to an internally generated development asset comprising staff and contractor costs.

**11 Tangible fixed assets**

	Leasehold Improvements	Fixtures and Fittings	Computer Equipment	Total
	£	£	£	£
<b>Cost</b>				
At 30 June 2022	951,802	756,446	5,894,148	7,602,396
Additions	-	2,202	519,340	521,542
<b>At 30 June 2023</b>	<b>951,802</b>	<b>758,648</b>	<b>6,413,488</b>	<b>8,123,938</b>
<b>Accumulated depreciation</b>				
At 30 June 2022	(939,964)	(707,552)	(5,195,531)	(6,843,047)
Charge for year	(7,002)	(11,015)	(419,719)	(437,736)
<b>At 30 June 2023</b>	<b>(946,966)</b>	<b>(718,567)</b>	<b>(5,615,250)</b>	<b>(7,280,783)</b>
<b>Net book value</b>				
At 30 June 2023	4,836	40,081	798,238	843,155
At 30 June 2022	11,838	48,894	698,617	759,349

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**12 Debtors due within one year**

	Year ended 30 June 2023	Year ended 30 June 2022
	£	£
Amounts owed by group undertakings	0	71,282,422
Corporation tax	45,822	-
Other debtors	163,359	502,766
Prepayments and accrued income	179,138	827,008
	<b>388,318</b>	<b>72,612,196</b>

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

**13 Deferred tax**

The movements on deferred tax are as follows:

	Year ended 30 June 2023	Year ended 30 June 2022
	£	£
At the beginning of year	5,103,861	1,701,638
Deferred tax credit/(charge) in income statement for the year	2,993,718	3,407,887
Less deferred tax recognised elsewhere on the balance sheet	-	(5,664)
<b>At the end of year</b>	<b>8,097,579</b>	<b>5,103,861</b>

The deferred tax comprises:

	Year ended 30 June 2023	Year ended 30 June 2022
	£	£
Depreciation in excess of capital allowances	-	334,249
Losses	8,097,579	4,769,612
	<b>8,097,579</b>	<b>5,103,861</b>

The company has deferred tax assets on losses of £455,589 (2022: £455,589) which are not recognised

Deferred tax asset on pension liability

	Year ended 30 June 2023	Year ended 30 June 2022
	£	£
At the beginning of the year	-	228,836
Deferred tax on pension asset charged to profit and loss account	-	5,664
Deferred tax on pension liability charged through other comprehensive income	103,438	(234,500)
<b>At the end of year - deferred tax asset on pension liability</b>	<b>103,438</b>	<b>-</b>

**14 Called up share capital**

	Year ended 30 June 2023	Year ended 30 June 2022
	£	£
Allotted, issued and fully paid		
100,000 (2021: 100,000) Ordinary Shares of 10p each	10,000	10,000
	<b>10,000</b>	<b>10,000</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**15 Creditors: amounts falling due within one year**

	Year ended 30 June 2023	Year ended 30 June 2022
	£	£
Trade creditors	518,086	806,141
Amounts owed to Group undertakings	79,116,103	131,140,773
Other taxation and social security	3,164,287	2,664,672
Accruals and deferred income	3,444,167	2,276,259
Other creditors	3,883	3,495
	<b>86,246,526</b>	<b>136,891,340</b>

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

**16 Provisions for liabilities**

	Restructuring Year ended 30 June 2022
	£
At 1 July 2022	8,700
Charged to profit and loss account	-
Utilised in the year	(8,700)
<b>At 30 June 2023</b>	<b>-</b>

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

**17 Operating lease commitments**

The companies 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
	£	£	£	£
Expiring:				
Within one year	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**18 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 closed to new members in 1998 and no further benefits are accruing under the scheme. At the conclusion of the sale of the trade and assets of Davies Loss Adjusters LLP to Davies Group Limited, the pension scheme was transferred to Farradane Limited, with the company becoming the principal employer under a Deed of Substitution dated 29 February 2008.

A full actuarial valuation was carried out in April 2022 by a qualified independent actuary. The major assumptions used by the actuary have been projected forward to 30 June 2022 as follows:

	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

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

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

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.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**18 Pension commitments (continued)**

**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
Interest cost	511	357
Benefits paid	(579)	(602)
Past service cost	-	411
Actuarial gain	(994)	(4,228)
<b>At the end of year</b>	<b>13,044</b>	<b>14,106</b>

**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	(149)	(1,460)
Benefits paid	(579)	(602)
<b>At the end of year</b>	<b>16,208</b>	<b>15,935</b>

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

	Year ended 30 June 2023	Year ended 30 June 2022
	£000	£000
Net interest received	(76)	14
Net interest expense	-	14
<b>Net expense</b>	<b>(76)</b>	<b>14</b>

**Remeasurements recognised in Other Comprehensive Income**

	Year ended 30 June 2023	Year ended 30 June 2022
	€ 0	£000
	£000	£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)	1,956
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	-
<b>Total premeasurement gain /(loss) recognised in OCI</b>	<b>(414)</b>	<b>939</b>

	Year ended 30 June 2023	Year ended 30 June 2022
	£000	£000
<b>Pension Liability</b>		
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	-	14
Deferred tax charged to income statement	(76)	(6)
Deferred tax charged to statement of other comprehensive income	-	235
<b>At end of year</b>	<b>-</b>	<b>-</b>



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**18 Pension commitments (continued)**

History of experience gains and losses	2023	2022	2021	2020	2019	2018
	£000	£000	£000	£000	£000	£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
<b>Deficit</b>	<b>3,164</b>	<b>1,829</b>	<b>(916)</b>	<b>(3,905)</b>	<b>(1,615)</b>	<b>(1,359)</b>
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)	(665)	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

**Defined contribution scheme**

The company operates a defined contribution scheme. The assets are held separately from those of the company in a separately administered fund. The charge for the year represents contributions payable by the company to the fund and amounted to £413,750 (year ended 2022: £414,098)

At 30 June 2023, the company had outstanding contributions of £nil (2022: £nil)

**19 Ultimate parent undertaking and controlling party**

The company is a wholly owned subsidiary of a Group whose parent company is Davies Group Limited which is the smallest Group to consolidate these financial statements. At 30 June 2023 Davies Group Limited was in turn ultimately owned by Tennessee Topco Limited which the directors considered to be the ultimate parent undertaking and the largest Group to consolidate these financial statements.

Copies of Davies Group Limited and Tennessee Topco Limited consolidated financial statements can be obtained from the Company 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.

**20 Related party disclosures**

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