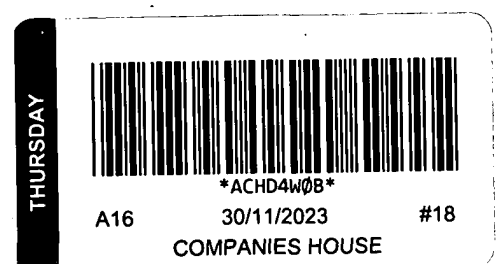


Alcumus Safeworkforce Limited
(formerly Alcumus PSM Limited)

Annual report and financial statements
Registered number 02603010
For the year ended 31 December 2022



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Company Information

Director

A Franklin
T Jackson

Secretary

S James

Registered office

Axys House
Heol Crochendy, Parc Nantgarw
Cardiff
CF15 7TW

Registered number

02603010 (England and Wales)

Auditor

KPMG LLP
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

Strategic Report

The Directors present their strategic report of Alcumus Safeworkforce Limited ("the company") for the year ended 31 December 2022.

The Company's name was changed from Alcumus PSM Limited to Alcumus Safeworkforce Limited on 27 February 2023.

Business review

Trading improved on prior year, with a 28% increase in turnover driven by an increase in the volume of customers. The gross profit margin remained steady, reducing marginally to 58% (2021: 60%). The Company is a subsidiary within the Dragon UK Holdco Limited group ("the Group"), which is collectively known as 'Alcumus'. As part of Alcumus, the UK's market-leading provider of technology-enabled business assurance and compliance risk management solutions, the company is well placed to realise commercial synergies through sharing of infrastructure, clients and cross selling initiatives.

The company's loss before taxation was £525,132 for the year ended 31 December 2022 (2021: £165,819). The company's loss for the financial year was £442,584 (2021: £169,263).

As presented, the balance sheet shows net current liabilities of £13,211,442 (2021: £12,822,891). Within creditors falling due within one year is of £1,722,081 (2021: £1,194,272) of deferred income. Deferred income does not represent a future cash commitment but advanced invoicing of customers. When considering the ability of the business to meet its short-term cash requirements the balance of deferred income should be added back to net current liabilities. This results in net current liabilities before deferred income of £11,489,361 (2021: £11,628,619).

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements in order to assess the Company's ability to continue as a going concern. This includes modelling of severe plausible downsides such as a drop off in both new business and renewals. The forecasts indicate that, even after taking account of reasonably possible downsides, the Company is expected to be able to meet its financial obligations as they fall due. As the company is financed primarily by intercompany balances the forecasts are dependent on Dragon UK Holdco Limited not seeking repayment of the amounts currently due to the group, which at 31 December 2022 amounted to £13,571,101. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The directors have therefore concluded that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Financial key performance indicators

The Directors monitor the turnover and gross profit margin of the company, as well as operating expenses and operating profit. Gross margin remained steady, marginally reducing to 58% (2021: 60%).

The operating loss increased to £525,132 (2021: £165,819) because of increased staff costs in anticipation of organic growth as well as to accelerate growth following Group acquisitions and the resulting realisation of commercial synergies through sharing of infrastructure, clients and cross selling initiatives.

Principal risk and uncertainties

The execution of the company's strategy is subject to a number of risks and uncertainties. Principal among these is a decline in the number of businesses requiring compliance or certification services in addition to adverse changes in the regulatory or commercial environment.

In mitigation of such risks, the company keeps under continuous review the relevance of its products and services to the prevailing regulatory and commercial environments. These risks are also mitigated through the company's strategy of multi-year subscription periods and service revenue cycles.

Strategic Report *(continued)*

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in market prices, credit risk, liquidity risk and interest rate cash flow risk.

Price risk

As a subscription-based business, the company's cost base is dominated by staff costs and the costs of associates. Accordingly, it is not significantly exposed to commodity price risk as a result of its operations.

Liquidity risk

Alcumus manages liquidity across the group through regular review of cash requirements to ensure each company has sufficient available funds for operations and planned growth.

Credit risk

The company undertakes credit checks on new customers as needed to ensure appropriate credit terms are provided considering the customer's credit score.

Interest rate cash flow risk

The company has interest bearing assets but no interest-bearing liabilities. Interest bearing assets include only cash balances, all of which earn interest at variable rates.

By order of the board



T Jackson
Director

Axys House
Heol Crochendy, Parc Nantgarw
Cardiff
CF15 7TW

27 November 2023

Directors' report

The Directors present their annual report and the audited financial statements for Alcumus Safeworkforce Limited ("the company") for the year ended 31 December 2022.

The Company's name was changed from Alcumus PSM Limited to Alcumus Safeworkforce Limited on 27 February 2023.

Principal activities

The principal activity of the company is provision of HR and health and safety services to businesses in the SME sector, through subscription and consultancy.

Results and dividends

The loss for the financial year amounted to £442,584 (2021: £169,263). No dividends were declared or paid the current or prior year and the Directors do not recommend the payment of a final dividend (2021: £nil).

Directors

The Directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

A Franklin
T Jackson

Secretary

S James (appointed 31 October 2022)
S Chetri (resigned on 31 October 2022)

Future developments

Trading for the period was satisfactory and it is expected that this will continue to improve following Group acquisitions and the resulting realisation of commercial synergies through sharing of infrastructure, clients and cross selling initiatives.

Qualifying third party and pension indemnity provisions

Professional indemnity cover for the purpose of the Companies Act 2006 has been taken out with a reputable insurance broker. This was in force during the financial year and up to the date of signing the financial statements.

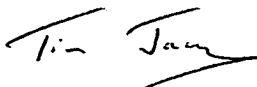
Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



T Jackson
Director

Axys House
Heol Crochendy, Parc Nantgarw
Cardiff
CF15 7TW

27 November 2023

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALCUMUS SAFEWORKFORCE LIMITED

Opinion

We have audited the financial statements of Alcumus Safeworkforce Limited ("the company") for the year ended 31 December 2022 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that management may be in a position to make inappropriate accounting entries; and
- the risk that revenue is overstated through recording revenues in the wrong period.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Assessing, for a selection of revenue recorded around the year end, if it is recorded in the correct period based on the revenue recognition criteria.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and employment law, recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they 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 ALCUMUS SAFEWORKFORCE LIMITED *(continued)*

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Jeremy Thomas (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

27 November 2023

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2022

	<i>Note</i>	2022 £	2021 £
Turnover	3	2,655,224	2,069,333
Cost of sales		(1,102,175)	(828,219)
		<hr/>	<hr/>
Gross profit		1,553,049	1,241,114
Other operating income	4	8,327	-
Administrative expenses		(2,086,508)	(1,406,933)
		<hr/>	<hr/>
Operating loss	5	(525,132)	(165,819)
		<hr/>	<hr/>
Loss before taxation		(525,132)	(165,819)
Tax on loss	8	82,548	(3,444)
		<hr/>	<hr/>
Loss for the financial year, being total comprehensive loss		(442,584)	(169,263)
		<hr/> <hr/>	<hr/> <hr/>

The notes form an integral part of these financial statements.

Balance Sheet
at 31 December 2022

	<i>Note</i>	£	2022 £	£	2021 £
Fixed assets					
Tangible assets	9		-		2,370
					<u>2,370</u>
Current assets					
Debtors	10	2,010,893		1,706,495	
Cash at bank and in hand		133,987		75,760	
		<u>2,144,880</u>		<u>1,782,255</u>	
Creditors: amounts falling due within one year	11	(15,356,322)		(14,605,146)	
Net current liabilities			(13,211,442)		(12,822,891)
Net liabilities			<u>(13,211,442)</u>		<u>(12,820,521)</u>
Capital and reserves					
Called up share capital	13		2,785		2,785
Share premium account	13		49,720		49,720
Share based payment reserve	14		51,663		-
Profit and loss account			(13,315,610)		(12,873,026)
Deficit on Shareholders' funds			<u>(13,211,442)</u>		<u>(12,820,521)</u>

These financial statements were approved by the board of Directors on 27 November 2023 and were signed on its behalf by:



T Jackson
Director

Company registered number: 02603010

The notes form an integral part of these financial statements.

Statement of Changes in Equity
for the year ended 31 December 2022

	Called up share capital £	Share premium account £	Share based payment reserve £	Profit and loss account £	Total equity £
Balance at 1 January 2021	2,785	49,720	-	(12,703,763)	(12,651,258)
Comprehensive loss for the financial year					
Loss for the financial year	-	-	-	(169,263)	(169,263)
Total comprehensive loss for the financial year	-	-	-	(169,263)	(169,263)
At 31 December 2021	2,785	49,720	-	(12,873,026)	(12,820,521)
Balance at 1 January 2022	2,785	49,720	-	(12,873,026)	(12,820,521)
<i>Transactions with shareholders, recorded directly in equity:</i>					
Share based payment reserve	-	-	51,663	-	51,663
Total transactions with shareholders	-	-	51,663	-	51,663
Comprehensive loss for the financial year					
Loss for the financial year	-	-	-	(442,584)	(442,584)
Total comprehensive loss for the financial year	-	-	-	(442,584)	(442,584)
At 31 December 2022	2,785	49,720	51,663	(13,315,610)	(13,211,442)

The notes form an integral part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Alcumus Safeworkforce Limited (the “Company”) is a private company incorporated, domiciled and registered in England and Wales in the UK, the company’s registered number is 02603010 and the registered office address is Axys House, Heol Crochendy, Parc Nantgarw, Cardiff, CF15 7TW.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS 102”). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

The Company’s intermediate parent undertaking, Dragon UK Holdco Limited, includes the Company in its consolidated financial statements, which are available to the public and may be obtained from Axys House, Heol Crochendy, Parc Nantgarw, Cardiff, CF15 7TW. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Dragon UK Holdco Limited include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share Based Payments*; and,
- Certain disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

Notwithstanding net current liabilities and net liabilities of £13,211,442 as at 31 December 2022, and a loss of £442,584 for the year then ended, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, to meet its liabilities as they fall due for that period.

Within creditors falling due within one year is of £1,722,081 of deferred income. Deferred income does not represent a future cash commitment but advanced invoicing of customers. When considering the ability of the business to meet its short-term cash requirements the balance of deferred income should be added back to net current liabilities. Further, as the company is financed primarily by intercompany balances the forecasts are dependent on Dragon UK Holdco Limited not seeking repayment of the amounts currently due to the group, which at 31 December 2022 amounted to £13,571,101.

Dragon UK Holdco Limited has indicated that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Notes (continued)

1 Accounting policies (continued)

1.2 Going concern (continued)

The forecasts for the Dragon UK Holdco Limited group indicate that, even after taking account of reasonably possible downsides, the Group will continue its positive EBITDA performance and generate positive operating cash flows in the forthcoming financial year and for the foreseeable future. As a result, the Group is expected to remain in full compliance with its loan covenants and to be able to meet its financial obligations as they fall due.

Consequently, the directors are confident that Dragon UK Holdco Limited has the ability to provide the support described above, and that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

1.5 Related party transactions

The company has taken advantage of the exemption under FRS 102 from disclosing transactions with members of the same group that are wholly owned.

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Notes (continued)

1 Accounting policies (continued)

1.6 Tangible fixed assets (continued)

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives are as follows:

- Office equipment 3 years
- Motor Vehicles 4 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.7 Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.8 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.9 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Revenue is generated from subscriptions and is recognised over the period to which the subscription relates. Revenue that is generated from consultancy services is recognised at the point the service is provided.

Notes (continued)

1 Accounting policies (continued)

1.10 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

1.11 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes (continued)

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Critical accounting judgements in applying the company's accounting policies:

In the course of preparing the financial statements, no judgements have been made in the process of applying the Company's accounting policies, other than those involving estimations (which are dealt with separately below), that have had a significant effect on the amounts recognised in the financial statements.

Source of estimation uncertainty and judgements involving estimations:

The company does not have any key assumptions concerning the future, or other key sources of estimation uncertainty in the reporting period that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Notwithstanding this, as significant balances are the company's debtors, management undertake an annual review to identify the occurrence of events or changes in circumstances that indicate that the carrying amount of any debtors may not be recoverable. Where indicators are present a full impairment test will be carried out, this testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate.

3 Turnover

All turnover arose within the United Kingdom and is attributable to the principal activity of the company, which is a single class of business.

4 Other operating income

	2022 £	2021 £
Profit on disposal of tangible assets	8,327	-

5 Expenses and auditor's remuneration

Included in profit/(loss) are the following:

	2022 £	2021 £
Depreciation of tangible assets	2,370	19,429

Auditor's remuneration borne by the parent company

	2022 £	2021 £
Audit of the company's financial statements	20,000	12,500

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's intermediate parent undertaking, Dragon UK Holdco Limited.

Notes (continued)

6 Staff numbers and costs

Staff costs were as follows:

	2022 £	2021 £
Wages and salaries	1,569,114	1,179,636
Social security costs	166,443	123,578
Contributions to defined contribution plans	73,288	60,586
	<u>1,808,845</u>	<u>1,363,800</u>

The average number of employees during the year, including the Directors, was as follows:

	2022 No	2021 No
Sales and marketing	18	5
Consultants	20	13
Management and administration	5	7
	<u>43</u>	<u>25</u>

Another subsidiary within the Group, Alcumus Holdings Limited, operates the payroll for all UK based Group companies, incurs the staff costs for all group employees and recharges the costs to the appropriate subsidiaries. Therefore, the costs and employee numbers presented above represent the employees and their costs that are recharged to the Company.

7 Directors' remuneration

Certain Directors of the company were paid by other members of the group of which the company is a member. Amounts receivable by these Directors in respect of services provided to the company were estimated to be £33,538 (2021: £26,000).

In addition, share based payments, in relation to share awards of the parent company made to certain directors, as per note 14, of £51,663 have been charged to the company.

Notes (continued)

8 Taxation

	2022 £	2021 £
<i>Current tax</i>		
UK corporation tax	-	-
Adjustments in respect of previous periods	-	-
Group relief receivable	(86,676)	-
Total current tax	-	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	4,128	713
Adjustments in respect of previous periods	-	3,800
Tax rate changes	-	(1,069)
Total deferred tax	4,128	3,444
Total tax (all recognised in the Profit and Loss Account)	(82,548)	3,444
<i>Reconciliation of effective tax rate</i>		
	2022 £	2021 £
(Loss) for the year	(442,584)	(169,263)
Total tax	(82,548)	3,444
Loss excluding taxation	(525,132)	(165,819)
Tax using the UK corporation tax rate of 19% (2021: 19%)	(99,775)	(31,506)
<i>Effects of:</i>		
Adjustments to tax charges in respect of prior periods	-	3,800
Effective tax rate changes	991	(1,069)
Group relief surrendered for nil consideration	-	32,219
Non-deductible expenses	16,236	-
Total tax	(82,548)	3,444

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly. The deferred tax balance at 31 December 2022 has been calculated based on these rates, reflecting the expected timing of reversal of the related timing differences (2021: 19%).

Notes (continued)

9 Tangible assets

	Leased Motor Vehicles £	Office equipment £	Total £
Cost			
At 1 January 2022	116,308	134,377	250,685
Disposals	(16,914)	-	(16,914)
At 31 December 2022	99,394	134,377	233,771
Accumulated depreciation			
At 1 January 2022	113,938	134,377	248,315
Charge for the year	2,370	-	2,370
Disposals	(16,914)	-	(16,914)
At 31 December 2022	99,394	134,377	233,771
Net book value			
At 31 December 2022	-	-	-
At 31 December 2021	2,370	-	2,370

Motor vehicles have been purchased on finance lease. The lease liability for these vehicles is held in another Dragon UK Holdco Limited Group company, Alcumus Holdings Limited, this liability having been recharged through intercompany accounts.

The depreciation charge in the period and net carrying amount of assets leased under a finance lease was as follows.

	2022	2021	2022	2021
	Depreciation £	Depreciation £	Net book value £	Net book value £
Motor vehicles	2,370	19,429	-	2,370

10 Debtors

	2022 £	2021 £
Trade debtors	1,267,444	976,138
Amounts owed by group undertakings	589,900	698,597
Amounts owed by group undertakings in respect of group relief	86,676	-
Deferred tax asset (note 12)	328	4,456
Other debtors	66,545	27,304
	2,010,893	1,706,495

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Notes (continued)

11 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	-	211,659
Amounts owed to group undertakings	12,189,414	12,350,336
Amounts owed to group undertakings – other	1,381,687	781,863
Accruals	46,265	57,660
Deferred income	1,722,081	1,194,272
Other creditors	16,875	9,356
	<u>15,356,322</u>	<u>14,605,146</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand. Amounts owed to group undertakings – other reflects amounts owed to fellow subsidiaries in relation to VAT payments made by the fellow subsidiary on the company's behalf.

12 Deferred taxation

	Asset £
Asset at 1 January 2022	4,456
Credited to profit and loss account	(4,128)
Asset at 31 December 2022	<u>328</u>

The deferred tax asset is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	328	400
Short term timing differences	-	4,056
	<u>328</u>	<u>4,456</u>

Notes (continued)

13 Capital and reserves

	2022 £	2021 £
<i>Share capital</i>		
Allotted, called up and fully paid		
2,505 (2021: 2,505) Ordinary A shares of £1 each	2,505	2,505
280 (2021: 280) Ordinary B shares of £1 each	280	280
	<hr/>	<hr/>
	2,785	2,785
	<hr/>	<hr/>

Except as otherwise expressly provided in the Articles or Subscription Agreement, A and B Ordinary shares rank *pari passu* in all respects.

On a return of capital or winding-up or a capital reduction or otherwise, the holders of B ordinary shares are entitled to an amount per B ordinary share which is calculated according to a formula set out in the Company's articles of association.

Share premium

The share premium account represents the consideration received on the issue of shares in the company in excess of the nominal value of those shares, net of share issue costs, bonus issues of shares and any subsequent capital reductions.

14 Share based payments

On 9 March 2022, Apax Partners LLP acquired Inflexion's holding in the Alcumus Group. As part of the transaction, Alcumus Group Limited became a 100% owned subsidiary of Dragon UK Bidco Limited (company number 13892607). The ultimate controlling parent of the group post-transaction is Dragon Holdco (Guernsey) Limited (company number 70337). Dragon Holdco (Guernsey) Limited issued certain employees of the Group 619,604 C Ordinary shares as part of an incentive arrangement.

This is a group share based payment arrangement. These shares were determined to have a total fair value of £5,698,120, with the associated charge to be recognised over the vesting period in accordance with FRS102, being a total charge for the group of £1,174,000 for the period ended 31 December 2022, of which £51,663 is attributable to the company as a receiving entity of the associated services and therefore recognised as employment expenses and a corresponding increase in equity reflecting a contribution from the parent.

15 Ultimate parent company and parent company of larger group

The company's immediate parent undertaking is Alcumus Holdings Limited.

The company's intermediate parent undertaking is Dragon UK Holdco Limited, which is the parent undertaking of the only group to consolidate these financial statements. Copies of the Dragon UK Holdco Limited financial statements can be obtained from Axys House, Heol Crochendy, Parc Nantgarw, Cardiff, CF15 7TW.

At the date of approval of these financial statements, the ultimate holding company is Apax X GP Co. Limited. The ultimate controlling party are funds managed, advised, or controlled by Apax Partners by virtue of their majority shareholding.