

REGISTERED NUMBER: 14256975 (England and Wales)

Group Strategic Report, Report of the Directors and
Consolidated Financial Statements
for the Period 26 July 2022 to 30 June 2023
for
Sumer Group Holdings Limited

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Sumer Group Holdings Limited (Registered number: 14256975)

Contents of the Consolidated Financial Statements
for the Period 26 July 2022 to 30 June 2023

	Page
Company Information	1
Group Strategic Report	2
Report of the Directors	4
Report of the Independent Auditors	6
Consolidated Statement of Comprehensive Income	10
Consolidated Balance Sheet	11
Company Balance Sheet	12
Consolidated Statement of Changes in Equity	13
Company Statement of Changes in Equity	14
Consolidated Cash Flow Statement	15
Notes to the Consolidated Financial Statements	16

Sumer Group Holdings Limited

Company Information
for the Period 26 July 2022 to 30 June 2023

DIRECTORS:

N E Carr
S M Dean
J M Harvie
W W Mead
S Scott
S J Smith
S P Wills

REGISTERED OFFICE:

The Beehive Building
Beehive Ring Road
London Gatwick Airport
RH6 0PA

REGISTERED NUMBER:

14256975 (England and Wales)

AUDITOR:

Grant Thornton UK LLP
Statutory Auditor and Chartered
Accountants
2nd Floor
St John's House, Haslett Ave W
Crawley
RH10 1HS

Sumer Group Holdings Limited (Registered number: 14256975)

Group Strategic Report
for the Period 26 July 2022 to 30 June 2023

The directors present their strategic report for the period ending 30 June 2023.

Backed by Penta Capital, Sumer Group Holdings Limited was incorporated on 26 July 2022 with the objective of creating the UK's foremost champion of small and medium sized businesses. The Group, which comprises Sumer Group Holdings and its subsidiary undertakings, collectively "Sumer", majority invests in professional services firms ('hubs'), primarily accountancy and business services in the UK and the Republic of Ireland. It started trading on 31 January 2023.

REVIEW OF BUSINESS

During the period, the Group invested in three hubs, with turnover of £6.8m adjusting for one off and exceptional costs, recorded an operating loss for the period of £2.4m. In the period post balance sheet up to the date of signing these accounts, the Group has invested or contracted to invest in a further six hubs as well as a number of smaller acquisitions which will be fully integrated into those hubs. The Group has an objective to establish a national footprint through investment in further hubs.

Sumer provides a high level of recurring client services such as audit, accountancy, personal and corporate tax compliance, payroll and outsourced book-keeping services. It is also building specialist advisory services for SMEs such as corporate recovery, corporate finance and advisory tax services.

The three hub businesses at the balance sheet date comprised 237 employees including 21 partner level investors across 9 offices and an annualised revenue of £19.5m. Since the balance sheet date, the combined 11 hub businesses account for £85.0m of annualised revenue with 956 employees, 106 partner level investors and working across 29 offices.

The Group's loss for the period was £3.3m. Turnover was £6.7m but its operating loss was £2.5m due to one-off costs for setting up Sumer with its operational and funding structure. The Group ended the period with net liabilities of £1.3m. The three businesses acquired resulted in goodwill being recognised of £20.7m funded by a loan of £21.7m provided by Tosca Penta Accountants Limited Partnership (TPALP), the Group's majority shareholder.

Sumer is an active investor, and has employed a team of specialists ('hub support') to develop the business, including compliance, technology, operations, finance, legal and M&A.

The strategy is for Sumer to focus on small and medium sized clients. We invest in firms which have strong organic growth rates, high client retention and provide lower risk services. We have a strong focus on quality, locally delivered client services.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties monitored by the Board are set out below:

Capacity constraints from insufficient client facing staff

This is mitigated by focusing on retention of existing staff, increased lending and borrowing of specialist staff between offices and increasing the use of offshore or contractor resource.

Client relationship continuity through loss of client engagement partners

This is mitigated through incentivisation and succession planning for critical colleagues.

Further economic downturn affecting business activity and client solvency

This is mitigated through close monitoring of our debtor and work in progress balances, together with early specialist support from Sumer restructuring professionals.

Compliance risk from non-compliance with regulations

This is mitigated through the nature of the work we perform. we do not carry out high risk audits. In addition, we have set up a strong central compliance function for monitoring compliance and to manage client risk issues.

Acquisition and integration risk

These are mitigated by robust due diligence pre-acquisition and by internal teams supporting effective integration combined with strong governance.

Funding and interest rate risk

This is mitigated by maintaining good visibility on expected funding commitments for acquisitions. The projections upon which these commitments are established include future SONIA interest rate forecasts which comprise the variable element of the interest charged on the debt within the Group.

Sumer Group Holdings Limited (Registered number: 14256975)**Group Strategic Report**
for the Period 26 July 2022 to 30 June 2023**FUTURE DEVELOPMENTS**

The directors anticipate that Sumer Group Holdings Limited will continue to invest in professional services businesses for the foreseeable future. This will focus on completing our national footprint of SME focused hubs as well as developing the breadth of SME focused services we provide and strengthening the geographical coverage of each of the hubs through smaller mergers and acquisitions. Sumer is well funded through both the investment backing from Penta Capital and the availability of debt finance.

FINANCIAL KEY PERFORMANCE INDICATORS

As this is the first period of trading, there are no comparatives, but the businesses acquired are trading above the EBITDA acquired. The Group made an operating loss of £2.5m but this included significant non underlying costs to set Sumer up as well as transactional costs on deals and pre-trading costs and depreciation and amortisation. Without these costs, Sumer made an adjusted Group EBITDA £0.6m.

EBITDA KPI is calculated as follows:

	£'000
Operating loss for the period	(2,484)
Add back:	
Depreciation and amortisation	732
Deal costs	1,932
Pre-trading and setup costs	442
Group EBITDA	622
Central EBITDA	(579)
Hub trading EBITDA	1,201

The Board also monitors the Group net asset position which at the balance sheet date amounted to a net liability position of £1.3m. This results from the one off deal and set up costs incurred in this first trading period which more than outweigh the operating profits of the Group.

With net current assets of £3.8m at the balance sheet date, committed investment funding in excess of £250m, Sumer has sufficient resources to meet its strategic plans.

ON BEHALF OF THE BOARD:

Warren Mead

.....
W W Mead - Director

29/2/2024

Date:

Sumer Group Holdings Limited (Registered number: 14256975)

Report of the Directors
for the Period 26 July 2022 to 30 June 2023

The directors present their report with the financial statements of the company and the group for the period 26 July 2022 to 30 June 2023.

INCORPORATION

The group was incorporated on 26 July 2022 and commenced trading on 31 January 2023.

DIVIDENDS

No dividends will be distributed for the period ended 30 June 2023.

The Group made a retained loss for the period of £3,312,923. No dividends will be distributed for that period. No final dividends are proposed.

FUTURE DEVELOPMENTS

The Group's future developments are set out in the Group strategy and future outlook section of the Strategic Report on page 3 in accordance with s414C(11) of the Companies Act 2006 as the directors consider this to be of strategic importance to the Group.

EVENTS SINCE THE END OF THE PERIOD

Since the balance sheet date, the Group has made eight further investments which generate £83.5m of annualised revenue by 111 partners and 908 staff across 24 offices. The total value of the stakes acquired was £123.5m with deferred consideration of £40.0m. In making the above investments, the Group utilised £76.4m of its committed debt facilities and £17.6m of its committed funding from TPALP.

Further information relating to events since the end of the period is given in the notes to the financial statements.

DIRECTORS

The directors who have held office during the period from 26 July 2022 to the date of this report are as follows:

N E Carr - appointed 18 January 2023
S M Dean - appointed 19 January 2023
J M Harvie - appointed 26 July 2022
W W Mead - appointed 18 January 2023
S Scott - appointed 26 July 2022
S J Smith - appointed 19 January 2023
S P Wills - appointed 19 January 2023

DIRECTORS' INDEMNITIES

As permitted by the Companies Act 2006, the Company has indemnified the directors in respect of proceedings brought by third parties and qualifying third party indemnity insurance was in place throughout the period and up to the date of approval of the financial statements.

FINANCIAL INSTRUMENTS

The financial risk management objectives and policies of the Group, including exposure to currency risk, credit risk, interest rate risk and liquidity risk are set out in note 2 to the financial statements.

EMPLOYEES

The Group has a recruitment policy to ensure that all applications for employment, including those made by disabled persons, are given full and fair consideration in light of the applicants' aptitudes and abilities. There is also an equal opportunities policy to ensure that all employees are treated equally in terms of employment, training, career development and promotion. Where employees develop a disability during their employment, every effort is made to continue their employment and arrange for appropriate training as far as is reasonably practicable.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Sumer Group Holdings Limited (Registered number: 14256975)

Report of the Directors
for the Period 26 July 2022 to 30 June 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

GOING CONCERN

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group and Company has access to adequate resources to continue to trade to March 2025 and, as a consequence have adopted the going concern basis of accounting in preparing these financial statements.

In reaching this conclusion, the Directors have considered the following:

- The funding requirements of the business under a range of performance scenarios including the expected timing for completion of the current acquisition pipeline and funding commitments on acquisitions made to date; and
- The level of headroom available under the existing funding lines; and
- The expectation under funding currently available that Sumer Group Bidco Ltd will be able to satisfy the financial covenants applicable to the borrowing facilities with committed borrowing facilities.

The Company is dependent on Sumer Group Midco Ltd and Sumer Group Bidco Ltd continuing to provide further funding to meet its future commitments. As at the date of the signing of the financial statements, the total undrawn funding available to those two companies amounted to £171m.

Sumer undertakes sensitivity analyses to assess the impact of severe but plausible scenarios, to determine the headroom against its lending covenants and monitors KPIs to help avoid / mitigate such scenarios.

The Sumer Board is kept regularly updated on the funding requirements of the Company in order that funding support can be made available to meet the needs of the businesses as required.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR


Each of the persons who are directors at the time when this Directors' Report is approved had confirmed that:

- So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditor is unaware, and
- Each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditor is aware of that information.

AUDITORS

The auditor, Grant Thornton UK LLP, was appointed as auditor during the period and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

ON BEHALF OF THE BOARD:


.....
N E Carr - Director

29/2/2024

Date:

Report of the Independent Auditors to the Members of
Sumer Group Holdings Limited

Opinion

We have audited the financial statements of Sumer Group Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the period from 26 July 2022 to 30 June 2023, which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the company balance sheet, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2023 and of the group's loss for the period then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from the cost of living crisis and changes in interest rates, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

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

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

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is 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.

Report of the Independent Auditors to the Members of
Sumer Group Holdings Limited

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors

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

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

**Report of the Independent Auditors to the Members of
Sumer Group Holdings Limited**

Auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- The group and parent company is subject to many laws and regulations where the consequences of noncompliance could have a material effect on amounts or disclosures in the financial statements. We identified the following laws and regulations as the most likely to have a material effect if non-compliance were to occur: FRS 102 'The Financial Reporting Standard applicable in the UK and Ireland' and Companies Act 2006. In addition, we concluded that there are certain regulations that may have an effect on the determination of amounts and disclosures to the financial statements such as those issued by the Institute of Chartered Accountants of England and Wales and the Insolvency Practitioner's Association;
- We understood how the group is complying with those legal and regulatory frameworks by making inquiries of management and those charged with governance. We corroborated our inquiries through our review of board minutes provided by management;
- Audit procedures performed by the engagement team included:
 - evaluation of the programmes and controls established to address the risks related to irregularities and fraud;
 - testing manual journal entries, in particular journal entries relating to management estimates, entries processed by unauthorised user, and entries determined to be large or relating to unusual transactions; and
 - identifying and testing related party transactions.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
 - knowledge of the industry in which the client operates; and,
 - understanding of the legal and regulatory requirements specific to the group and company;
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Parent Company and Group's operations, including the nature of their revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
 - the applicable statutory provisions;
 - the Parent Company and Group's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, including the adequacy of the training to inform staff of the relevant legislation, rules and other regulations of the regulator, the adequacy of procedures for authorisation of transactions, internal review procedures over the entity's compliance with regulatory requirements, the authority of, and resources available and procedures to ensure that possible breaches of requirements are appropriately investigated and reported.

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

Report of the Independent Auditors to the Members of
Sumer Group Holdings Limited

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.

Jonathan Oakley

Jonathan Oakley FCA (Senior Statutory Auditor)
for and on behalf of Grant Thornton UK LLP
Grant Thornton UK LLP
2nd Floor, St John's House
Haslett Avenue West
Crawley
West Sussex
RH10 1HS
29/2/2024

Date:

Sumer Group Holdings Limited (Registered number: 14256975)

Consolidated
Statement of Comprehensive
Income
for the Period 26 July 2022 to 30 June 2023

	Notes	£	£
TURNOVER	3		6,772,866
Cost of sales			3,715,032
GROSS PROFIT			3,057,834
Administrative expenses			5,625,047
			(2,567,213)
Other operating income			83,455
OPERATING LOSS	5		(2,483,758)
Income from interest in associated undertakings		(49)	
Interest receivable and similar income	7	162,177	162,128
			(2,321,630)
Interest payable and similar expenses	8		991,293
LOSS BEFORE TAXATION			(3,312,923)
Tax on loss	9		-
LOSS FOR THE FINANCIAL PERIOD			(3,312,923)
OTHER COMPREHENSIVE INCOME			-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD			(3,312,923)
Loss attributable to:			
Owners of the parent			(3,677,645)
Non-controlling interests			364,722
			(3,312,923)
Total comprehensive loss attributable to:			
Owners of the parent			(3,677,645)
Non-controlling interests			364,722
			(3,312,923)

The notes form part of these financial statements

Sumer Group Holdings Limited (Registered number: 14256975)**Consolidated Balance Sheet**
30 June 2023

	Notes	£	£
FIXED ASSETS			
Intangible assets	11		20,718,456
Tangible assets	12		369,972
Investments	13		-
			<hr/>
			21,088,428
CURRENT ASSETS			
Debtors	14	11,236,366	
Cash at bank and in hand		2,557,435	
		<hr/>	
		13,793,801	
CREDITORS			
Amounts falling due within one year	15	9,973,541	
		<hr/>	
NET CURRENT ASSETS			3,820,260
			<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			24,908,688
CREDITORS			
Amounts falling due after more than one year	16		(26,165,747)
PROVISIONS FOR LIABILITIES	20		(5,361)
			<hr/>
NET LIABILITIES			(1,262,420)
			<hr/>
CAPITAL AND RESERVES			
Called up share capital	21		8,955
Share premium	22		580,545
Shares to be issued reserve	22		20,000
Retained earnings	22		(3,677,645)
			<hr/>
SHAREHOLDERS' FUNDS			(3,068,145)
NON-CONTROLLING INTERESTS	23		1,805,725
			<hr/>
TOTAL EQUITY			(1,262,420)
			<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on 29/2/2024 and were signed on its behalf by:

Nigel Carr

N E Carr - Director

Warren Mead

W W Mead - Director

The notes form part of these financial statements

Sumer Group Holdings Limited (Registered number: 14256975)**Company Balance Sheet**
30 June 2023

	Notes	£	£
FIXED ASSETS			
Intangible assets	11		-
Tangible assets	12		3,814
Investments	13		1
			<hr/> 3,815
CURRENT ASSETS			
Debtors	14	688,738	
Cash at bank		397,964	
		<hr/> 1,086,702	
CREDITORS			
Amounts falling due within one year	15	834,288	
		<hr/>	
NET CURRENT ASSETS			<hr/> 252,414
TOTAL ASSETS LESS CURRENT LIABILITIES			<hr/> 256,229
CAPITAL AND RESERVES			
Called up share capital	21		8,955
Share premium	22		580,545
Shares to be issued reserve	22		20,000
Retained earnings	22		(353,271)
			<hr/> 256,229
SHAREHOLDERS' FUNDS			<hr/> 256,229
Company's loss for the financial year			<hr/> (353,271)

The financial statements were approved by the Board of Directors and authorised for issue on 29/2/2024 and were signed on its behalf by:

Nigel Carr
.....
N E Carr - Director

Warren Mead
.....
W W Mead - Director

The notes form part of these financial statements

Sumer Group Holdings Limited (Registered number: 14256975)**Consolidated Statement of Changes in Equity**
for the Period 26 July 2022 to 30 June 2023

	Called up share capital £	Retained earnings £	Share premium £
Changes in equity			
Total comprehensive loss	-	(3,677,645)	-
Issue of share capital	8,955	-	580,545
Total transactions with owners, recognised directly in equity	8,955	-	580,545
Acquisition of non-controlling interest	-	-	-
Balance at 30 June 2023	8,955	(3,677,645)	580,545

	Shares to be issued reserve £	Total £	Non-controlling interests £	Total equity £
Changes in equity				
Total comprehensive loss	-	(3,677,645)	364,722	(3,312,923)
Issue of share capital	20,000	609,500	-	609,500
Total transactions with owners, recognised directly in equity	20,000	609,500	-	609,500
Acquisition of non-controlling interest	-	-	1,441,003	1,441,003
Balance at 30 June 2023	20,000	(3,068,145)	1,805,725	(1,262,420)

The notes form part of these financial statements

Sumer Group Holdings Limited (Registered number: 14256975)**Company Statement of Changes in Equity**
for the Period 26 July 2022 to 30 June 2023

	Called up share capital £	Retained earnings £	Share premium £	Shares to be issued reserve £	Total equity £
Changes in equity					
Issue of share capital	8,955	-	580,545	20,000	609,500
Total comprehensive income	-	(353,271)	-	-	(353,271)
Balance at 30 June 2023	<u>8,955</u>	<u>(353,271)</u>	<u>580,545</u>	<u>20,000</u>	<u>256,229</u>

The notes form part of these financial statements

Sumer Group Holdings Limited (Registered number: 14256975)**Consolidated Cash Flow Statement**
for the Period 26 July 2022 to 30 June 2023

	Notes	£
Cash flows from operating activities		
Cash generated from operations	27	(2,183,352)
Net cash from operating activities		<u>(2,183,352)</u>
Cash flows from investing activities		
Purchase of tangible fixed assets		(64,433)
Investment in associated undertakings		(49)
Purchase of subsidiaries		(18,167,898)
Cash on acquisition		904,861
Interest received		2,177
Share of loss in associated undertakings		(49)
Net cash from investing activities		<u>(17,325,391)</u>
Cash flows from financing activities		
New loans in year		21,656,029
Share issue		8,955
Share premium		580,545
Shares to be issued		20,000
C-Share issue		160,000
Finance costs		(359,351)
Net cash from financing activities		<u>22,066,178</u>
Increase in cash and cash equivalents		<u>2,557,435</u>
Cash and cash equivalents at beginning of period	28	-
Cash and cash equivalents at end of period	28	<u><u>2,557,435</u></u>

The notes form part of these financial statements

Sumer Group Holdings Limited (Registered number: 14256975)**Notes to the Consolidated Financial Statements**
for the Period 26 July 2022 to 30 June 2023**1. STATUTORY INFORMATION**

Sumer Group Holdings Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. ACCOUNTING POLICIES**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with the provisions of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

The Group's functional and presentation currency is the pound sterling.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless other stated.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group and Company has access to adequate resources to continue to trade to March 2025 and, as a consequence have adopted the going concern basis of accounting in preparing these financial statements.

In reaching this conclusion, the Directors have considered the following:

- The funding requirements of the business under a range of performance scenarios including the expected timing for completion of the current acquisition pipeline and funding commitments on acquisitions made to date; and
- The level of headroom available under the existing funding lines; and
- The expectation under funding currently available that Sumer Group Bidco Ltd will be able to satisfy the financial covenants applicable to the borrowing facilities with committed borrowing facilities.

The Company is dependent on Sumer Group Midco Ltd and Sumer Group Bidco Ltd continuing to provide further funding to meet its future commitments. As at the date of the signing of the financial statements, the total undrawn funding available to those two companies amounted to £171m.

Sumer undertakes sensitivity analyses to assess the impact of severe but plausible scenarios, to determine the headroom against its lending covenants and monitors KPIs to help avoid / mitigate such scenarios.

The Sumer Board is kept regularly updated on the funding requirements of the Company in order that funding support can be made available to meet the needs of the businesses as required.

Parent company separate financial statements

In preparing the separate financial statements of Sumer Group Holdings Limited, advantage has been taken of the following disclosure exemptions available in FRS 102 on the basis the information is included in the consolidated financial statements:

- the requirement to present a statement of cash flows and the related notes;
- financial instrument disclosures (except for intercompany balances) including:
 - categories of financial instruments;
 - items of income, expenses, gains or losses relating to financial instruments; and
 - exposure to and management of financial risks;
- share-based payment disclosures

The Parent Company has taken the exemption from preparing a separate profit and loss account as permitted under section 408 of Companies Act 2006.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group (its subsidiaries). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Accounting policies consistent with those of the parent are used and all intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

The consolidated financial statements incorporate the results of business combinations using the purchase method. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Sumer Group Holdings Limited (Registered number: 14256975)

Notes to the Consolidated Financial Statements - continued
for the Period 26 July 2022 to 30 June 2023

2. ACCOUNTING POLICIES - continued

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Significant judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(i) Useful economic life of intangible assets

The Group assessed the economic useful life of goodwill resulting from the surplus of value paid for acquisitions less the value of net working capital acquired to be 10 years.

(ii) Useful economic life of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimates useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

(iii) Impairment of debtors

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the ageing profile of debtors, relationship with the debtors and historical experience.

(iv) Valuation of Work In Progress

The Group makes estimates around the expected realisation of work in progress based on recovery rates and the likely fees receivable on each engagement. No value to work in progress is recognised where the future fee is outside the control of the Group, the outcome cannot be estimated reliably, and where it is not probable that costs incurred will be recoverable.

(v) Impairment of goodwill

The Group considers whether goodwill is impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

(vi) Contingent consideration

The Group has acquired entities for which part of the consideration is contingent on future performance, a financial liability for the contingent consideration has been recognised. The Group applies judgement on whether the payment is probable and that a reliable estimate has been made, by regularly reviewing forecasts against actual performance of the acquired entities.

(vii) Loan note classification

In assessing the classification of certain loans as basic financial instruments, the Group has considered that certain contractual terms and the potential cash flows arising from these terms do not affect the classification as a basic financial instrument as these terms could only have a de-minimis effect on the contractual cash flows of the loans. In particular, these loans allow the lender to opt for redemption in US dollar of these GB sterling denominated loans, although the Group's exposure to US dollar currency fluctuations are contractually limited. If the Group had assessed that the terms could have a greater than a de-minimis effect on the contractual cash flows of the loans, it would result in the loans being classified as non-basic financial instrument, with the loans measured at fair value at the reporting date, rather than at amortised cost.

(viii) Classification of certain classes of shares

When assessing whether certain financial instruments should be classified as either equity or liabilities, the Group has considered the features of the different classes of shares and whether they should be classified as liabilities. Those features include redemption terms, contractual obligations, the rights to dividends and capital distributions, voting rights and whether the instrument is puttable.

Sumer Group Holdings Limited (Registered number: 14256975)

Notes to the Consolidated Financial Statements - continued
for the Period 26 July 2022 to 30 June 2023

2. ACCOUNTING POLICIES - continued

Revenue recognition

Revenues for the group are delivered through the provision of professional services, primarily accounting, tax and business advisory services, arising in the UK.

Revenue represents the value of sales made to customers for professional services, after deduction of discounts and sales taxes. Revenue is based on fees rendered plus / less the movement in unbilled work in progress for that period. Where the reporting entity has incomplete contracts at the period end, income is recognised to reflect the partial performance of the contractual obligations and the value of work performed.

Where the work is not based on time-cost, fees are recognised based on best estimate of expected outcomes across the portfolio.

Turnover from a contract with a client to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all the following conditions are met:

- i. The value of revenue can be measured reliably;
- ii. It is probable that the entity will receive the consideration due under the contract;
- iii. The stage of completion of the contract at the end of the reporting period can be measured reliably; and
- iv. The costs incurred and the costs to complete the contract can be measured reliably.

Interest receivable

Interest income is recognised using the effective interest method.

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life which is 10 years. Provision is made for any impairment.

Tangible fixed assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

Depreciation and residual values

Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life as follows:

Short leasehold - over the term of the lease
Fixtures and fittings - 10% - 20% straight line
Computer equipment - 33% straight line

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any changes is accounted for prospectively.

Repairs and maintenance costs are expensed as incurred.

Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Investments in associates

Investments in associate undertakings are recognised initially at cost. Subsequently, they are accounted for using the equity method.

Investments in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment in the separate financial statements of the Parent Company.

Taxation

Taxation for the period comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Sumer Group Holdings Limited (Registered number: 14256975)

Notes to the Consolidated Financial Statements - continued
for the Period 26 July 2022 to 30 June 2023

2. ACCOUNTING POLICIES - continued

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amount expected to be paid to the tax authorities.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profit and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessment in periods different from those in which are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Leasing commitments

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substances of the arrangement.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Pension costs and other post-retirement benefits

The group provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Defined contribution pension plans

The group operates multiple defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations. The obligations are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the group in independently administered funds.

Sumer Group Holdings Limited (Registered number: 14256975)**Notes to the Consolidated Financial Statements - continued**
for the Period 26 July 2022 to 30 June 2023**2. ACCOUNTING POLICIES - continued****Impairment of assets**

Assets, other than those measured at fair value, as assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter an excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the report date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Cash and cash equivalent

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Sumer Group Holdings Limited (Registered number: 14256975)**Notes to the Consolidated Financial Statements - continued**
for the Period 26 July 2022 to 30 June 2023**2. ACCOUNTING POLICIES - continued****Provisions and contingencies**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one time included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

Contingencies

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (a) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (b) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefit is probable.

Financial instruments

The Group has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the assets original effective interest rate. The impairment loss is recognised in profit or loss.

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

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and overdrafts and loans from fellow Group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

The Group does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Sumer Group Holdings Limited (Registered number: 14256975)**Notes to the Consolidated Financial Statements - continued**
for the Period 26 July 2022 to 30 June 2023**2. ACCOUNTING POLICIES - continued****Derivatives**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate.

The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting

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

Exceptional items

The Group classifies certain one-off charges or credits that have a material impact on the Group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Group.

3. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the group arising in the UK.

4. EMPLOYEES AND DIRECTORS

	£
Wages and salaries	4,270,911
Social security costs	248,870
Other pension costs	226,992
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	4,746,773
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The average number of employees during the period was as follows:

Partner	21
Qualified staff	93
Trainees and unqualified staff	90
Administrative staff	41
	<hr/>
	245
	<hr/>

The average number of employees by undertakings that were proportionately consolidated during the period was 237.

	£
Directors' remuneration	317,974
Directors' excess retirement benefits	4,638
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The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	2
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The highest paid director received remuneration of £140,583.

Sumer Group Holdings Limited (Registered number: 14256975)**Notes to the Consolidated Financial Statements - continued**
for the Period 26 July 2022 to 30 June 2023**5. OPERATING LOSS**

The operating loss is stated after charging:

	£
Other operating leases	158,639
Depreciation - owed assets	81,315
Amortisation of goodwill	650,326
Auditor's remuneration*	67,031
	<u> </u>

* Fees payable to the company's auditor for the audit of the Parent Company, the Group's consolidated financial statements and the financial statements of subsidiaries.

6. EXCEPTIONAL ITEMS

	£
Setup costs	78,390
Deal costs	1,931,850
	<u> </u>
	2,010,240
	<u> </u>

Exceptional items include one-off deal costs and one-off costs associated with setting up the business.

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	£
Bank interest	2,177
Share subscription income	160,000
	<u> </u>
	162,177
	<u> </u>

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	£
Loan note interest	575,869
Debt costs	222,945
Amortisation of debt issue costs	192,479
	<u> </u>
	991,293
	<u> </u>

9. TAXATION**Analysis of the tax charge**

No liability to UK corporation tax arose for the period.

Reconciliation of total tax charge included in profit and loss

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	£
Loss before tax	(3,312,923)
	<u> </u>
Loss multiplied by the standard rate of corporation tax in the UK of 25%	(828,231)
Effects of:	
Depreciation in excess of capital allowances	20,329
Goodwill amortisation	162,581
Set up costs not deductible for tax purposes	8,383
Deal costs not deductible for tax purposes	482,963
Deferred tax not recognised	193,975
Non-taxable income	(40,000)
	<u> </u>
Total tax charge	-
	<u> </u>

In the 2021 Spring Budget, the Government announced that from 1 April 2023 the corporation tax rate will change introducing a small profits rate at 19% and a main rate at 25%.

Sumer Group Holdings Limited (Registered number: 14256975)**Notes to the Consolidated Financial Statements - continued**
for the Period 26 July 2022 to 30 June 2023**10. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME**

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

11. INTANGIBLE FIXED ASSETS**Group**

	Goodwill £
COST	
Additions	21,368,782
At 30 June 2023	<u>21,368,782</u>
AMORTISATION	
Amortisation for period	650,326
At 30 June 2023	<u>650,326</u>
NET BOOK VALUE	
At 30 June 2023	<u><u>20,718,456</u></u>

12. TANGIBLE FIXED ASSETS**Group**

	Short leasehold £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
Additions	-	-	64,433	64,433
Cost on acquisition	49,356	132,405	205,093	386,854
At 30 June 2023	<u>49,356</u>	<u>132,405</u>	<u>269,526</u>	<u>451,287</u>
DEPRECIATION				
Charge for period	2,596	11,793	66,926	81,315
At 30 June 2023	<u>2,596</u>	<u>11,793</u>	<u>66,926</u>	<u>81,315</u>
NET BOOK VALUE				
At 30 June 2023	<u><u>46,760</u></u>	<u><u>120,612</u></u>	<u><u>202,600</u></u>	<u><u>369,972</u></u>

Company

	Computer equipment £
COST	
Additions	4,318
At 30 June 2023	<u>4,318</u>
DEPRECIATION	
Charge for period	504
At 30 June 2023	<u>504</u>
NET BOOK VALUE	
At 30 June 2023	<u><u>3,814</u></u>

Sumer Group Holdings Limited (Registered number: 14256975)**Notes to the Consolidated Financial Statements - continued**
for the Period 26 July 2022 to 30 June 2023**13. FIXED ASSET INVESTMENTS****Group**

	Interest in associate £
COST	
Additions	49
Share of profit/(loss)	(49)
	<hr/>
At 30 June 2023	-
	<hr/>
NET BOOK VALUE	
At 30 June 2023	-
	<hr/> <hr/>

Interest in associate

Sumer Auditco Limited
The group's share of Sumer Auditco Limited is as follows:

	£
Turnover	619,067
	<hr/>
Loss before tax	(9,935)
Taxation	-
Loss after tax	(9,935)
	<hr/> <hr/>
Share of assets	
Fixed assets	68,405
Current assets	101,477
Share of liabilities	
Liabilities due within one year	(179,767)
Liabilities due after one year or more	-
Share of net liabilities	(9,885)
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Sumer Group Bidco Limited holds a 49% interest in Sumer Auditco Limited.

Company

	Shares in group undertakings £
COST	
Additions	1
	<hr/>
At 30 June 2023	1
	<hr/>
NET BOOK VALUE	
At 30 June 2023	1
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Sumer Group Holdings Limited (Registered number: 14256975)**Notes to the Consolidated Financial Statements - continued
for the Period 26 July 2022 to 30 June 2023****13. FIXED ASSET INVESTMENTS - continued**

The Company's subsidiaries at the balance sheet date included in the consolidated accounts are the following:

Company name	Registered office	Nature of business	Class of shares held	% Held
Subsidiaries				
Sumer Group Nominee Limited	The Beehive Beehive Ring Road, London Gatwick Airport, Gatwick, United Kingdom, RH6 0PA	Nominee services	Ordinary	100%
Sumer Group Midco Limited*	The Beehive Beehive Ring Road, London Gatwick Airport, Gatwick, United Kingdom, RH6 0PA	Intermediate Holding Company	Ordinary	100%
Sumer Group Midco 2 Limited	The Beehive Beehive Ring Road, London Gatwick Airport, Gatwick, United Kingdom, RH6 0PA	Intermediate Holding Company	Ordinary	100%
Sumer Group Bidco Limited *	The Beehive Beehive Ring Road, London Gatwick Airport, Gatwick, United Kingdom, RH6 0PA	Provision of central support to group companies	Ordinary	100%
Sumer Probate Limited	The Beehive Beehive Ring Road, London Gatwick Airport, Gatwick, United Kingdom, RH6 0PA	Probate services	Ordinary	100%
Sumer Ireland Holdings Limited	The Beehive Beehive Ring Road, London Gatwick Airport, Gatwick, United Kingdom, RH6 0PA	Dormant	Ordinary	100%
Sumer Group Bidco 5 Limited *	The Beehive Beehive Ring Road, London Gatwick Airport, Gatwick, United Kingdom, RH6 0PA	Intermediate Holding Company	Ordinary A1, Ordinary A2 & Ordinary B	70%
Monahans Professional Services Limited *	The Beehive Beehive Ring Road, London Gatwick Airport, Gatwick, United Kingdom, RH6 0PA	Accounting and business services	Ordinary	70%
R T Marke & Co Professional Services Limited *	The Beehive Beehive Ring Road, London Gatwick Airport, Gatwick, United Kingdom, RH6 0PA	Intermediate Holding Company	Ordinary A1, Ordinary A2 & Ordinary B	70%
Sumer Group Bidco 8 Limited *	The Beehive Beehive Ring Road, London Gatwick Airport, Gatwick, United Kingdom, RH6 0PA	Intermediate Holding Company	Ordinary A1, Ordinary A2 & Ordinary B	75%
Monahans Limited *	Hermes House, Fire Fly Avenue, Swindon, Wiltshire, United Kingdom, SN2 2GA	Service company	Ordinary	70%
Monahans Trustees Limited	Hermes House, Fire Fly Avenue, Swindon, Wiltshire, United Kingdom, SN2 2GA	Trustee services	Ordinary	70%
RMT Accountants & Business Advisors Ltd *	Rmt, Gosforth Park Avenue, Newcastle Upon Tyne, NE12 8EG	Accounting and business services	Ordinary	75%
RMT Technology Limited *	Rmt Accountants And Business Advisors Ltd, Gosforth Park Avenue, Newcastle Upon Tyne, United Kingdom, NE12 8EG	Technology solutions	Ordinary	75%
R T Marke & Co Limited *	69 High Street, Bideford, Devon, EX39 2AT	Accounting and business services	Ordinary	70%

Sumer Group Holdings Limited (Registered number: 14256975)**Notes to the Consolidated Financial Statements - continued**
for the Period 26 July 2022 to 30 June 2023**13. FIXED ASSET INVESTMENTS - continued**

Under section 479A of the Companies Act 2006 the Group is claiming exemption from audit for the subsidiary companies with an "*" in the table above. The parent undertakings, Sumer Group Holdings Limited, registered number 14256975, guarantees all outstanding liabilities to which the relevant subsidiary company is subject at the end of the financial year (being the period ended 30 June 2023 for each company). The guarantee is enforceable against the parent undertaking by any person to whom the subsidiary company is liable in respect of those liabilities.

All the above subsidiaries are included in the consolidation. All investments are held indirectly except for Sumer Group Nominee Limited and Sumer Group Midco Limited which are held directly by the Company.

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group £	Company £
Trade debtors	2,909,279	-
Amounts owed by group undertakings	-	667,985
Amounts owed by associates	139,827	-
Amounts recoverable on contracts	3,489,430	-
Other debtors	50,976	5,400
Prepayments and accrued income	4,646,854	15,353
	<u>11,236,366</u>	<u>688,738</u>

Included within trade debtors is an impairment provision of £283,895 for bad debt.

The amounts owed by group undertakings are receivable within one year and are interest free.

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group £	Company £
Contingent consideration (see note 17)	2,577,961	-
Trade creditors	868,714	-
Amounts owed to group undertakings	-	728,745
Corporation tax	540,686	-
Social security and other taxes	950,676	105,543
Other creditors	448,918	-
Accruals and deferred income	4,586,586	-
	<u>9,973,541</u>	<u>834,288</u>

Included within other creditors and accruals is £141,828 for pension contributions to be made at the balance sheet date.

Amounts owed to group companies are payable within one year and interest free.

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group £
Contingent consideration (see note 17)	4,453,645
Other loans (see note 17)	21,712,102
	<u>26,165,747</u>

Sumer Group Holdings Limited (Registered number: 14256975)**Notes to the Consolidated Financial Statements - continued**
for the Period 26 July 2022 to 30 June 2023**17. LOANS**

An analysis of the maturity of loans is given below:

	Group £
Amounts falling due within one year or on demand:	
Contingent consideration	2,577,961
Amounts falling due between one and two years:	
Contingent consideration	2,577,963
- 1-2 years	2,577,963
Amounts falling due between two and five years:	
Contingent consideration - 2-5 years	1,875,682
Amounts falling due in more than five years:	
Repayable otherwise than by instalments	
Other loans more 5yrs non-inst	21,712,102

Contingent consideration is contingent on the basis of the entities achieving certain EBITDA growth targets year on year. The payment term is annually with no interest.

18. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Non-cancellable operating leases £
Within one year	275,951
Between one and five years	599,384
	875,335

19. SECURED DEBTS

The following secured debts are included within creditors:

	Group £
Other loans	21,712,102

Individual group companies have secured their borrowing by intercreditor agreements. The repayment term is by non-installments in 8 years with 9% fixed interest rate.

Individual group companies have a facility provided fund which is undrawn at the balance sheet date and secured by intercreditor agreements. The repayment term is by non-installments in 6 years with SONIA plus 6.75% -7.5% margin variable interest rate.

20. PROVISIONS FOR LIABILITIES

	Group £
Deferred tax	5,361

Sumer Group Holdings Limited (Registered number: 14256975)**Notes to the Consolidated Financial Statements - continued**
for the Period 26 July 2022 to 30 June 2023**20. PROVISIONS FOR LIABILITIES - continued**

Group	Deferred tax £
Provided during period	5,361
Balance at 30 June 2023	<u>5,361</u>

21. CALLED UP SHARE CAPITAL

Number:	Class:	Nominal Value:	£
750,000	Ordinary A	0.01	7,500
145,500	Ordinary B1	0.01	1,455
80,000	Ordinary C	0.01	nil
			<u>8,955</u>

750,000 Ordinary A shares of 0.01 each were allotted and fully paid for cash at par during the period.

145,500 Ordinary B1 shares of 0.01 each were allotted as fully paid at a premium of 399p per share during the period.

80,000 Ordinary C shares of 0.01 each were allotted as fully paid at a premium of 199p per share during the period.

In addition, 5,000 Ordinary A Shares of 0.01 each were fully paid for cash in the period but formally issued and allotted after the balance sheet date.

The rights attached to the shares are set out below:

The A Ordinary Shares have full voting entitlement and rights to dividends or distributions. The A Ordinary Shares entitle their holders to a distribution on a winding up or other return of capital and an allocation of the shareholder proceeds on a Realisation Event (a sale of the Company, a substantial part of its assets or a listing).

The B1 Ordinary Shares, to the extent vested in accordance with the Articles of Association, have voting rights. The B1 Ordinary Shares entitle their holders, unless a leaver, to a distribution on a winding up or other return of capital. The B1 Ordinary Shares entitle their holders to an allocation of the shareholder proceeds on a Realisation Event.

The holders of C Ordinary Shares shall not be entitled to receive any dividend or distribution and shall not be entitled to receive notice of, nor to attend, speak or vote at any general meeting of the Company. Other than on a Realisation Event, the holders of C Ordinary Shares shall not be entitled to receive any distribution on a winding up or other return of capital.

In the event of a Realisation Event, the C shares receive a prior share based on 8% of the equity value attributable to the businesses introduced by the holders of the C Shares. At 30 June 2023, the fair value of the liability was £nil, and accordingly the full value of the C shares subscribed for has been treated as finance income.

22. RESERVES

Group	Retained earnings £	Share premium £	Shares to be issued reserve £	Totals £
Deficit for the period	(3,677,645)			(3,677,645)
Issue of share capital	-	580,545	20,000	600,545
At 30 June 2023	<u>(3,677,645)</u>	<u>580,545</u>	<u>20,000</u>	<u>(3,077,100)</u>

Sumer Group Holdings Limited (Registered number: 14256975)**Notes to the Consolidated Financial Statements - continued**
for the Period 26 July 2022 to 30 June 2023**22. RESERVES - continued****Company**

	Retained earnings £	Share premium £	Shares to be issued reserve £	Totals £
Deficit for the period	(353,271)			(353,271)
Issue of share capital	-	580,545	20,000	600,545
At 30 June 2023	<u>(353,271)</u>	<u>580,545</u>	<u>20,000</u>	<u>247,274</u>

23. NON-CONTROLLING INTERESTS

	£
Acquisition of non-controlling interest	1,441,003
Share of profit of subsidiaries for the year	<u>364,722</u>
As at 30 June 2023	<u>1,805,725</u>

A feature of the business model is the equity interest the management of the hubs retain in their businesses. Under the terms of the sale agreements, there is a put & call option, controlled by the Group board, which enables these minority interests to be acquired by the Group, triggered by an exit event. No value has been attributed to the put & call options at the balance sheet date.

Sumer Group Holdings Limited (Registered number: 14256975)**Notes to the Consolidated Financial Statements - continued**
for the Period 26 July 2022 to 30 June 2023**24. RELATED PARTY DISCLOSURES**

Transactions between group companies, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Amounts owed by group undertakings are repayable on demand, unsecured and with a mixture of interest bearing and interest free. Amounts owed to group undertakings are payable on demand and interest free.

Management charges of £1,263,402 were paid to Sumer Auditco Limited by the Group, an associated company. Sales of £1,245,297 and recharges of £7,210 were charged to Sumer Auditco Limited. At 30 June 2023, Sumer Auditco Limited owed £139,827. It is repayable on demand and interest free.

Charges of £133,454 for the provision of directors and £82,282 for the provision of pre-incorporation costs were paid to Penta Capital LLP by the Group, the ultimate parent company. At 30 June 2023, £20,000 was included within accruals.

Tosca Penta Accountants Limited Partnership, the majority shareholder in the company and managed by Penta Capital LLP, has provided secured loan notes to Sumer Group Midco Limited amounting to £22.7m (including arrangement fees of £1m) to fund the first three acquisitions.

Introducer fees of £142,115 were paid to Capital and Trust the trading name of MVP Capital Limited by the Group, a Company which some shareholders of Sumer Group Holdings Limited are directors of.

Rent of £46,417 is paid on certain properties where the landlords are connected to Sumer as the properties are part owned by current Hub partners.

Accountancy, tax and software support charges of £12,924 were recognised during the year by Sumer Group Holdings Limited, the parent company with subsidiary company Monahans Professional Services Limited. At 30 June 2023, £12,924 was included within accruals.

Management charges of £276,000 were recognised during the year by Monahans Professional Services Limited, a subsidiary company with parent company Sumer Group Holdings Limited. At 30 June 2023, £331,200 was included within intercompany loans.

Management charges of £166,000 were recognised during the year by RMT Accountants & Business Advisors Limited, a subsidiary company with parent company Sumer Group Holdings Limited. At 30 June 2023, £199,200 was included within intercompany loans.

Management charges of £110,000 were recognised during the year by R T Marke & Co Limited, a subsidiary company with parent company Sumer Group Holdings Limited. At 30 June 2023, £132,000 was included within intercompany loans.

Key management personnel are the directors. Refer to note 4 for detail.

25. POST BALANCE SHEET EVENTS

Since the balance sheet date, the Group has made eight further investments which generate £65.5m of annualised revenue by 85 partners and 740 staff across 20 offices:

- Jerroms Group	70% investment on 21 November 2023 (based in the Midlands)
- Simmons Gainsford	75% investment on 6 December 2023 (based in London)
- Carpenter Box	75% investment on 11 December 2023 (based in Sussex)
- Scrutton Bland (1)	75% investment on 24 November 2023 (based in Suffolk)
- EQ Accountants	75% investment on 5 January 2024 (based in Scotland)
- McCowies	100% investment on 26 September 2023 (based in Newcastle)
- David Starbucks	100% investment on 31 October 2023 (based in Swindon)
- Jones Avens	100% investment on 12 December 2023 (based in Chichester)
- Cowgills	75% investment on 5 February 2024 (based in the North West)

Note 1: the investment in Scrutton Bland has yet to complete as it is conditional on regulatory approval.

The total value of the stakes acquired was £123.5m with deferred consideration of £40.0m

In making the above investments, the Group utilised £76.4m of its committed borrowing facilities and £17.6m of its committed funding from TPALP.

Sumer Group Holdings Limited (Registered number: 14256975)**Notes to the Consolidated Financial Statements - continued
for the Period 26 July 2022 to 30 June 2023****26. ULTIMATE CONTROLLING PARTY**

The ultimate controlling party of the Group is Tosca Penta Accountants Limited Partnership, a Scottish limited partnership, whose registered address is 300 Bath Street, 1st Floor, Glasgow, Scotland, G2 4JR. Penta Capital LLP, an FCA regulated firm, acts as investment manager of the partnership and also provides directors to the company as well as exercising rights over certain voting matters through its holding of shares in the partnership. Sumer Group Holdings Limited is the smallest and largest group to consolidate the results of the group.

27. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	£
Loss before taxation	(3,312,923)
Depreciation charges	81,315
Amortisation	650,326
Finance costs	991,293
Finance income	(162,128)
	(1,752,117)
Increase in trade and other debtors	(4,528,366)
Increase in trade and other creditors	4,097,131
Cash generated from operations	(2,183,352)

28. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Period ended 30 June 2023

	30.6.23 £	26.7.22 £
Cash and cash equivalents	2,557,435	-

29. ANALYSIS OF CHANGES IN NET DEBT

	At 26.7.22 £	Cash flow £	Acquisition of business £	Other non-cash changes £	At 30.6.23 £
Net cash					
Cash at bank and in hand	-	19,820,472	(17,263,037)		2,557,435
	-	19,820,472	(17,263,037)		2,557,435
Debt					
Debts falling due within 1 year	-	-	-	(2,577,961)	(2,577,961)
Debts falling due after 1 year	-	(21,816,029)	-	(4,349,718)	(26,165,747)
	-	(21,816,029)	-	(6,927,679)	(28,743,708)
Total	-	(1,995,557)	(17,263,037)	(6,927,679)	(26,186,273)

30. ACQUISITION OF BUSINESS

The net cashflows for the acquisition of the subsidiaries was £17,263k (see business combination note 32)

Sumer Group Holdings Limited (Registered number: 14256975)**Notes to the Consolidated Financial Statements - continued**
for the Period 26 July 2022 to 30 June 2023**31. ANALYSIS OF DEBT COSTS**

	At 26.7.22 £	Cash flow £	Non-cash movement £	At 30.6.23 £
Loan notes	-	(21,656,029)	*(56,073)	(21,712,102)
C-Shares issued	-	(160,000)	160,000	-
Contingent consideration	-	-	(7,031,606)	(7,031,606)
	-	(21,816,029)	(6,927,679)	(28,743,708)

* Other non-cash changes represent interest expense determined using amortised cost accounting.

Sumer Group Holdings Limited (Registered number: 14256975)**Notes to the Consolidated Financial Statements - continued
for the Period 26 July 2022 to 30 June 2023****32. BUSINESS COMBINATIONS**

During the year, the Group acquired three businesses in the UK. Total consideration was £25,200k, comprising £16,541k in cash, contingent consideration of £7,032k, and costs of £1,627k. Control of all these businesses were acquired with stakes of 70%, 75% and 70% respectively.

The acquisitions contributed aggregate revenues of £6,284k and a profit before tax of £78k for the period between the dates of acquisition and 30 June 2023.

The fair value of net assets acquired (requiring no fair value adjustments), and cash consideration paid in respect of the acquisition of businesses for the year ended 30 June 2023 are as follows:

	Monahans Accountants £'000	RMT Accountants & Business Advisors Ltd £'000	R T Marke & Co Ltd £'000	Total £'000
Identifiable assets and liabilities				
Fixed assets	346	32	9	387
Debtors	3,363	2,843	502	6,708
Cash at bank and in hand	16	889	-	905
Creditors	(1,162)	(1,162)	(404)	(2,728)
Net identifiable assets and liabilities	2,563	2,602	107	5,272
Non-controlling interest	(769)	(640)	(32)	(1,441)
Group share of fair value of net assets	1,794	1,962	75	3,831
Goodwill	9,198	7,719	4,452	21,369
Total consideration	10,992	9,681	4,527	25,200
Satisfied by:				
Cash consideration	7,317	6,457	2,767	16,541
Contingent consideration	3,045	2,633	1,354	7,032
Costs of business combination	630	591	406	1,627
	10,992	9,681	4,527	25,200
Net cash				
Cash consideration	7,317	6,457	2,767	16,541
Cash at bank and in hand	(16)	(889)	-	(905)
Costs of business combination	630	591	406	1,627
	7,931	6,159	3,173	17,263

Contingent consideration

Contingent consideration relates to additional payments that will be made if certain profit growth targets are met by the acquired businesses in the three-year period following acquisition. The valuation of contingent consideration is based on managements' best estimates of the future financial performance of the acquired businesses.

Each of the acquisitions included an element of contingent consideration, which are capped at a fixed amount. The range of possible liability payments on these acquisitions was nil and £7,032k and the carrying amount at 30 June 2023 was £7,032k.

Sumer Group Holdings Limited (Registered number: 14256975)

Notes to the Consolidated Financial Statements - continued
for the Period 26 July 2022 to 30 June 2023

Goodwill

Goodwill arose in the acquisitions disclosed above because the cost of the combinations included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefits of revenue growth, future market development and from the value of the assembled workforce of the target acquisitions. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.