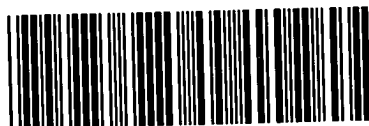


REGISTERED NUMBER: 03887115 (England and Wales)

**Annual Report and
Financial Statements
for the Year Ended 31 December 2022
for
Fourth Limited**

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Fourth Limited (Registered number: 03887115)

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for the year ended 31 December 2022**

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Fourth Limited
Company Information
for the year ended 31 December 2022

DIRECTORS:

C Anderson
C Berthelsen
J Whitmarsh

REGISTERED OFFICE:

Forum St Paul's
33 Gutter Lane
Second Floor
London
EC2V 8AS

REGISTERED NUMBER:

03887115 (England and Wales)

INDEPENDENT AUDITORS:

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
No 1 Spinningfields
1 Hardman Square
Manchester
M3 3EB

Fourth Limited (Registered number: 03887115)

**Strategic Report
for the year ended 31 December 2022**

The directors present their strategic report for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year is that of developing and offering "Software as a Service" products and services to the hospitality industry.

REVIEW OF BUSINESS

Turnover for the year ended 31 December 2022 was £48.4m (2021: £39.8m), an increase of 21.6% on an annualised basis. This is mainly due to a full financial year of customers not being affected by the national lockdowns in the UK which resulted in a large number of customers being unable to operate at normal capacity. In addition to this, consumer demand has increased for our customers who have responded by opening significant amounts of additional sites as well as general confidence increasing across the industry which has led to many new customers joining the brand.

As the economy rebounded from Covid-19, the company faced challenges with rising inflation which it was exposed to at an international level leading to subsequent pressure to increase salaries for its workforce impacting costs year on year. Despite this, the business was able to drive global efficiencies such that gross margin increased by 2% and operating profit for the year increased by 141% to £8.3m (2021: £3.4m). The company took advantage of the Coronavirus Job Retention Scheme in the prior year where appropriate.

At the year end there were net assets of £51.3m (2021: £37.1m).

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's operations expose it to a variety of financial risks that include liquidity risk, foreign exchange risk, interest rate risk and credit risk. The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet its foreseeable commitments and to invest cash assets safely and profitably.

Foreign exchange rate risk arises from transactions when goods and services are bought or sold in currencies other than Sterling. The Company has a strategy of natural hedging to mitigate these risks.

Interest rate risk includes exposure to changes in the UK base rate and LIBOR as interest rates are variable. Whilst the company has not been impacted directly by this the company has experienced increases in costs from suppliers as a result. These have been actively negotiated and forecasted to maintain global liquidity.

The effects of credit risk are controlled as the Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed on a regular basis. The exposure to credit risk has reduced during the year as a result of increased consumer confidence however the Board still receives regular reports on amounts significantly overdue where appropriate.

Despite the challenges faced, management are confident that the Company will continue to grow due to the established brand built in previous years.

SECTION 172(1) STATEMENT

All directors are aware of and understand their responsibilities under Section 172 (1) of the Companies Act 2006 and consider that they act to promote the success of the company for the benefit of its shareholders. Key decisions that are of strategic importance to the company on a long term basis are appropriately informed by s172 factors and supported by external stakeholders and effective financial planning and analysis.

The company is committed to creating value to meet investor expectations such that the future longevity of the business will be secured. The company recognises that its people play a key part in achieving excellence and is determined to attract new talent whilst ensure that existing team members remain motivated and engaged. In doing so, the management team regularly consult on employee opinion and provide regular business updates to create a shared sense of vision and purpose. The company is committed to diversification and provides equal opportunity regardless of colour, race, nationality, ethnic origin, sex, orientation or marital status. Challenges have been faced with converting to hybrid working models which the company has embraced and has looked for alternative ways to maintain the culture previously seen before the pandemic.

The company recognises that developing relationships with customers allows for high standards of quality to be achieved and create success for both parties. Customers are actively engaged with to ensure that worthwhile feedback is received allowing us to enhance our product offering and quickly focus on issues as they arise.

Simultaneously, crucial relationships with vendors continue to prosper, forming a key part of our overall service offering. The longevity of these partnerships allows for continued success and quality by setting out expectations and providing honest feedback to drive common goals.

The business has reviewed its environmental policy and has committed to reduced travel itineraries and is supportive of flexible working which contributes to a reduced office presence. Consumption of electricity is driven mainly by computer equipment and the hosting of data however hardware is upgraded to ensure that units work efficiently and redundant items are actively recycled.

**Strategic Report
for the year ended 31 December 2022**

FUTURE DEVELOPMENTS

The Directors are continuously assessing the impact of global inflation across all areas of the business and acknowledge that this presents challenges as it strives to balance increasing costs with support for its customer base and the wider hospitality industry. Management are confident that customers will experience growth in 2023 and that demand will continue for our products. Customer requirements continue to evolve and investment in research and development continues to support this.

Investment in R&D is crucial to ensure that the Company can be flexible in meeting the demands of its customers as their requirements change, specifically as they adapt to changes in consumer habits.

KEY PERFORMANCE INDICATORS (KPIs)

The Company's strategy is one of growth with longer term profitability improvements. The directors monitor progress against this strategy by reference to a number of KPI's.

Performance for the period, together with comparative data for the previous year is set out in the table below:

	2022	2021	Definition, method of calculation and analysis
Growth in sales (%)	21.4%	1.8%	Year on year annualised sales growth expressed as a percentage
Gross margin (%)	62.8%	60.8%	Gross profit expressed as a percentage of turnover
ARR	£48.5m	£42.1m	Annualised Recurring Revenue at the Balance Sheet date

ON BEHALF OF THE BOARD:



.....
J Whitmarsh - Director

Date: 26 June 2023

Fourth Limited (Registered number: 03887115)

**Directors' Report
for the year ended 31 December 2022**

The directors present their report with the audited financial statements of the company for the year ended 31 December 2022.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2022 (2021: nil).

EVENTS SINCE THE END OF THE YEAR

There have been no significant events affecting the Company since the financial year end.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

C Anderson
C Berthelsen
J Whitmarsh

DIRECTORS' INDEMNITIES

The Company maintained throughout the period, and at the date of approval of the financial statements liability insurance for its directors and officers. This is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

RESEARCH AND DEVELOPMENT

The Company has maintained its policy of devoting significant internal resources to develop and enhance its product offering. The business invests in research and development so that its product offerings retain their market leadership position.

EMPLOYEE CONSULTATION

The Company maintains a policy of regular consultation and discussion with its employees on a wide range of issues that are likely to affect their interest and ensure that all employees are aware of the financial and economic performance of their business units and of the Company as a whole.

CHARITABLE AND POLITICAL DONATIONS

The Company made charitable contributions during the year of £nil (2021: £3,120). The Company has not made any political donations or incurred any political expenditure during the current or previous year.

GOING CONCERN

The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons. The company has received confirmation from its intra-group creditors that they will not seek repayment of amounts owed to them for a period of at least 12 months from the date of signing these financial statements.

The company is also part of a wider Group which has external bank debt and is required to comply with bank covenants. The directors have prepared projected base case cash flow information for the company and the group, including forecast bank covenant calculations and potential downside scenarios, for the period to 31 December 2024, which include various severe but plausible scenarios modelling different rates of growth. These forecasts show that the company and the group expects to be able to continue to operate within its existing facilities and meet its covenant tests throughout the forecast period.

Based on the financial support provided from its intra-group entities, the directors have a reasonable expectation that the company has adequate resources available to it to continue in operational existence for the foreseeable future for at least 12 months from the date of approval of these financial statements and therefore have prepared these financial statements on a going concern basis.

STREAMLINED ENERGY AND CARBON REPORTING

Consumption and emissions from electricity arise from the daily business operations within the offices of the company. In some instances, supplies are procured by the landlord and recharged to the company and an average usage rate has been applied. In other cases, direct meter readings have been used. The company does not have any gas usage.

Energy used through transportation is as a result of a small amount of private vehicle usage. Actual mileage amounts are recorded and converted into kWh.

**Directors' Report
for the year ended 31 December 2022**

STREAMLINED ENERGY AND CARBON REPORTING - continued

The company has calculated the following in respect of its carbon reporting:

2022	Total consumption (kWh)	Total emissions (tCO ₂ e) for energy supply
Electricity	278,682	53,891
Transportation	40,095	11,012
Total	318,777	64,903
2021	Total consumption (kWh)	Total emissions (tCO ₂ e) for energy supply
Electricity	187,262	39,761
Transportation	15,567	4,296
Total	202,829	44,057

The energy intensity ratio for the year is 1.34 (2021: 1.11) tCO₂e per £m of turnover.

The company has made efforts to improve their operational energy efficiency and reduce its carbon footprint during recent years. Various measures have been implemented including ensuring that all offices operate on a paperless basis with the majority of invoices and documents stored and received electronically, recycling of any materials received by paper as well as any packaging from employee lunches and delivery of goods. There has also been a considerable effort made to reduce unnecessary travel with a significant emphasis on international journeys. A recent review has been undertaken of office utilities to reduce unnecessary heating of the office spaces to reflect the reduced usage as a result of increased hybrid working.

PRINCIPAL RISKS AND UNCERTAINTIES

The company has set out the principal risks and uncertainties that it faces including financial risks and the impact of COVID-19, within the Strategic Report on pages 2 and 3.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the date of approval of this Annual Report confirms that:

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

INDEPENDENT AUDITORS

The current auditors, PricewaterhouseCoopers LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



J Whitmarsh - Director
26 June 2023

Independent auditors' report to the members of Fourth Limited

Report on the audit of the financial statements

Opinion

In our opinion, Fourth Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2022; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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

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 auditors' 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. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax legislation, and we considered the extent to which non-compliance might have a material effect on the

financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and potential management bias in the selection and application of significant accounting judgements and estimates. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Identifying and testing the validity of journal entries, in particular any journal entries posted with unusual account combinations;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing the financial statement disclosures and agreement to underlying supporting documentation; and
- Challenging assumptions made by management in the selection and application of significant accounting judgements and estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Dev Solanki (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
26 June 2023

Fourth Limited (Registered number: 03887115)

**Statement of Comprehensive
Income
for the year ended 31 December 2022**

	Notes	Year Ended 31.12.22 £'000	Year Ended 31.12.21 £'000
TURNOVER	4	48,354	39,833
Cost of sales		<u>(17,982)</u>	<u>(15,617)</u>
GROSS PROFIT		30,372	24,216
Administrative expenses		(28,595)	(24,757)
Other operating income	5	<u>6,495</u>	<u>3,973</u>
OPERATING PROFIT	7	8,272	3,432
Gain/(loss) on disposal of investments	13	7,277	-
Interest receivable and similar income	8	238	1,494
Interest payable and similar expenses	9	<u>(23)</u>	<u>(180)</u>
PROFIT BEFORE TAXATION		15,764	4,746
Tax on profit	10	<u>(1,567)</u>	<u>(89)</u>
PROFIT FOR THE FINANCIAL YEAR		14,197	4,657
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>14,197</u>	<u>4,657</u>

The notes on pages 12 to 21 form part of these financial statements

Fourth Limited (Registered number: 03887115)

Balance Sheet
31 December 2022

	Notes	31.12.22 £'000	31.12.21 £'000
FIXED ASSETS			
Intangible assets	11	6,794	6,355
Tangible assets	12	405	499
Investments	13	<u>1,980</u>	<u>18,369</u>
		<u>9,179</u>	<u>25,223</u>
CURRENT ASSETS			
Debtors	14	65,087	34,194
Cash at bank and in hand		<u>900</u>	<u>1,206</u>
		65,987	35,400
CREDITORS			
Amounts falling due within one year	15	<u>(22,689)</u>	<u>(23,444)</u>
NET CURRENT ASSETS		<u>43,298</u>	<u>11,956</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		52,477	37,179
CREDITORS			
Amounts falling due after more than one year	16	-	(50)
PROVISIONS FOR LIABILITIES	19	<u>(1,151)</u>	<u>-</u>
NET ASSETS		<u>51,326</u>	<u>37,129</u>
CAPITAL AND RESERVES			
Called up share capital	20	1,432	1,432
Share premium account		12,207	12,207
Retained earnings		<u>37,687</u>	<u>23,490</u>
TOTAL SHAREHOLDERS' FUNDS		<u>51,326</u>	<u>37,129</u>

The financial statements on pages 9 to 21 were approved by the Board of Directors and authorised for issue on 23 June 2023 and were signed on its behalf by:



.....
J Whitmarsh - Director

The notes on pages 12 to 21 form part of these financial statements

Fourth Limited (Registered number: 03887115)

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

	Called up share capital £'000	Retained earnings £'000	Share premium account £'000	Total equity £'000
Balance at 1 January 2021	1,432	18,833	12,207	32,472
Changes in equity				
Profit for the year	-	4,657	-	4,657
Total comprehensive income	-	4,657	-	4,657
Balance at 31 December 2021	<u>1,432</u>	<u>23,490</u>	<u>12,207</u>	<u>37,129</u>
Changes in equity				
Profit for the year	-	14,197	-	14,197
Total comprehensive income	-	14,197	-	14,197
Balance at 31 December 2022	<u>1,432</u>	<u>37,687</u>	<u>12,207</u>	<u>51,326</u>

The notes on pages 12 to 21 form part of these financial statements

**Notes to the Financial Statements
for the year ended 31 December 2022**

1. STATUTORY INFORMATION

Fourth 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 Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

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") and in accordance with the Companies Act 2006. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000. The financial statements have been prepared under the historical cost convention.

The Company is included in the consolidated financial statements of HS4 Acquisitionco, Inc. The consolidated financial statements of HS4 Acquisitionco, Inc are available to the public and may be obtained from the address given in Note 21. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

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 3.

Going concern

The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons. The company has received confirmation from its intra-group creditors that they will not seek repayment of amounts owed to them for a period of at least 12 months from the date of signing these financial statements.

The company is also part of a wider Group which has external bank debt and is required to comply with bank covenants. The directors have prepared projected base case cash flow information for the company and the group, including forecast bank covenant calculations and potential downside scenarios, for the period to 31 December 2024, which include various severe but plausible scenarios modelling different rates of growth. These forecasts show that the company and the group expects to be able to continue to operate within its existing facilities and meet its covenant tests throughout the forecast period.

Based on the financial support provided from its intra-group entities, the directors have a reasonable expectation that the company has adequate resources available to it to continue in operational existence for the foreseeable future for at least 12 months from the date of approval of these financial statements and therefore have prepared these financial statements on a going concern basis.

Turnover

Turnover shown in the statement of comprehensive income represents amounts receivable during the period, exclusive of value added tax.

Turnover in relation to product subscriptions is recognised in the month the rental is provided. System rentals are primarily sold on a contract basis and incentives provided are spread evenly over the term of the contract.

Turnover in relation to payroll bureau services is recognised in the month the service is provided and installation of subscription products is recognised as the quarterly milestones are reached.

Notes to the Financial Statements - continued
for the year ended 31 December 2022

2. ACCOUNTING POLICIES - continued

Intangible assets

Intangible fixed assets represent costs capitalised on the internal development of software which has an estimated useful economic life of five years over which they are amortised on a straight line basis.

Tangible assets

Depreciation is provided to write off the cost less the estimated residual value of tangible assets by equal instalments over their estimated useful economic lives as follows:

Fixtures and fittings	- 25% per annum (straight line)
Computer equipment	- 25% per annum (straight line)
Improvements to property	- Straight line over the life of the related lease (28 months)

Investments in subsidiaries

Investments in subsidiary undertakings are stated at cost, including directly attributable acquisition costs less any accumulated impairment. At the end of each reporting period the company reviews for any indicators of impairment. An impairment is recognised when the carrying value of the investment exceeds the recoverable amount. The recoverable amount is the greater of the asset's net realisable value and value in use.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity or other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income for the period, 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

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. 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.

Research and development

Expenditure on research is written off to the statement of comprehensive income in the period in which it is incurred. Development expenditure is capitalised only where there is a clearly defined project, the expenditure is separately identifiable, the outcome of the project can be assessed with reasonable certainty, aggregate costs are not expected to exceed related future sales and adequate resources exist to enable the project to be completed.

Foreign currencies

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 translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the statement of comprehensive income.

Pension costs and other post-retirement benefits

The Company operates one group personal pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the statement of comprehensive income represents the contributions payable to the scheme in respect of the accounting period.

Share capital

Ordinary shares are classed as equity.

Share premium

Share premium represents the difference between the nominal value of shares issued and the fair value of consideration received.

Notes to the Financial Statements - continued
for the year ended 31 December 2022

2. ACCOUNTING POLICIES - continued

Short term debtors and creditors

Short term debtors and creditors with no stated interest rate are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, cash held within banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Government grants

Government grants relating to costs are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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.

Impairment of fixed asset investments

The company makes an estimate of the recoverable value of fixed asset investments in subsidiary companies. When assessing impairment of fixed asset investments, management considered factors including the financial position, profitability and cash generating position of the subsidiary companies. See note 13 for details of the fixed asset investments and the net carrying amounts.

Capitalisation of development costs

The company capitalises related development costs until such time as the product incorporating the software is commercialised, at which time capitalisation ceases. However, there can be no assurance that such products will complete the development phase or will be commercialised or that market conditions will not change in the future requiring a revision to management's assessment of such future cash flows which could lead to additional amortisation or impairment charges.

In determining the amount of time spent on development activities, estimates are used based on discussions with employees and comparisons against time sheet records. The Company estimates that development work holds value for approximately five years based on technical iterations of the software and therefore amortisation is charged over this period. The Company has capitalised development costs with a net book value of £6,794,000 (2021: £6,354,000).

Recoverability of intercompany receivables from group undertakings

The company makes an estimate of the recoverable amount of intercompany receivables from group undertakings. When performing the assessment, management considered factors which include intention and past history to settle intercompany debts along with the financial position such as liquidity and profitability of the group entities. See note 14 for details of the company's intercompany balances.

There are no critical accounting judgements.

Fourth Limited (Registered number: 03887115)

**Notes to the Financial Statements - continued
for the year ended 31 December 2022**

4. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	Year Ended 31.12.22	Year Ended 31.12.21
	£'000	£'000
Product subscription & payroll	44,308	36,660
Installation & service	<u>4,046</u>	<u>3,173</u>
	<u>48,354</u>	<u>39,833</u>

An analysis of turnover by geographical market is given below:

	Year Ended 31.12.22	Year Ended 31.12.21
	£'000	£'000
United Kingdom	46,220	38,700
United States of America	107	47
Rest of the world	<u>2,027</u>	<u>1,086</u>
	<u>48,354</u>	<u>39,833</u>

5. OTHER OPERATING INCOME

	Year Ended 31.12.22	Year Ended 31.12.21
	£'000	£'000
Management charges	6,263	3,604
RDEC tax credit	<u>232</u>	<u>369</u>
	<u>6,495</u>	<u>3,973</u>

6. EMPLOYEES AND DIRECTORS

	Year Ended 31.12.22	Year Ended 31.12.21
	£'000	£'000
Wages and salaries	13,896	11,517
Social security costs	1,940	1,662
Other pension costs	<u>489</u>	<u>446</u>
	<u>16,325</u>	<u>13,625</u>

The average monthly number of employees during the year was as follows:

	Year Ended 31.12.22	Year Ended 31.12.21
Operations	184	164
Technical support	72	68
Sales and marketing	40	37
Administrative	<u>43</u>	<u>39</u>
	<u>339</u>	<u>308</u>

Fourth Limited (Registered number: 03887115)

**Notes to the Financial Statements - continued
for the year ended 31 December 2022**

6. EMPLOYEES AND DIRECTORS - continued

	Year Ended 31.12.22	Year Ended 31.12.21
	£'000	£'000
Directors' remuneration	346	322
Directors' pension contributions to money purchase schemes	<u>2</u>	<u>2</u>

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

Money purchase schemes	<u>1</u>	<u>1</u>
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Information regarding the highest paid director is as follows:

	Year Ended 31.12.22	Year Ended 31.12.21
	£'000	£'000
Salaries and other short term benefits	346	322
Pension contributions to money purchase schemes	<u>2</u>	<u>2</u>

The company received £nil (2021: £9,000) in respect of the Coronavirus Job Retention Scheme during the year. These are presented within administrative expenses in the Statement of Comprehensive Income.

7. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	Year Ended 31.12.22	Year Ended 31.12.21
	£'000	£'000
Depreciation tangible assets	230	223
Amortisation of intangible assets	1,753	2,144
Loss on disposal of tangible assets	-	7
Operating lease rentals - buildings	580	617
Management recharges	6,066	5,410
Impairment of development costs	-	266
Impairment of amounts owed by group undertakings	-	806
Impairment of investments	283	-
RDEC tax credit	(232)	(369)
Auditors' fees for the audit of the financial statements	133	122
Auditors' fees for non-audit services	<u>108</u>	<u>40</u>

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year Ended 31.12.22	Year Ended 31.12.21
	£'000	£'000
Intercompany loan interest	<u>238</u>	<u>1,494</u>

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year Ended 31.12.22	Year Ended 31.12.21
	£'000	£'000
Intercompany loan interest	<u>23</u>	<u>180</u>

Notes to the Financial Statements - continued
for the year ended 31 December 2022

10. TAX ON PROFIT

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	Year Ended 31.12.22 £'000	Year Ended 31.12.21 £'000
Current tax:		
UK corporation tax	<u>299</u>	<u>-</u>
Deferred tax:		
Origination and reversal of timing differences	327	(28)
Change in tax rate	-	115
Adjustment in respect of previous periods	<u>941</u>	<u>2</u>
Total deferred tax	<u>1,567</u>	<u>89</u>
Tax on profit	<u>1,567</u>	<u>89</u>

Reconciliation of total tax charge included in profit and loss

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

	Year Ended 31.12.22 £'000	Year Ended 31.12.21 £'000
Profit before taxation	<u>15,764</u>	<u>4,746</u>
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2021 – 19%)	2,995	902
Effects of:		
Expenses not deductible for tax purposes	105	192
Income not taxable for tax purposes	(1,371)	-
Adjustment in respect of previous periods	941	2
Change in tax rate	26	115
Group relief claimed	(1,347)	(1,034)
Deferred tax not recognised on losses carried forward	-	-
Notional tax withheld	218	(88)
Total tax charge	<u>1,567</u>	<u>89</u>

In the Budget 2020, the government announced that the corporation tax main rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%. In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. In the Autumn Statement in November 2022, the government confirmed the increase in corporation tax rate to 25% from April 2023 will go ahead.

Fourth Limited (Registered number: 03887115)

Notes to the Financial Statements - continued
for the year ended 31 December 2022

11. INTANGIBLE ASSETS

	Other intangible assets £'000	Development costs £'000	Totals £'000
COST			
At 1 January 2022	63	30,792	30,855
Additions	-	2,192	2,192
At 31 December 2022	63	32,984	33,047
ACCUMULATED AMORTISATION			
At 1 January 2022	62	24,438	24,500
Amortisation for year	1	1,752	1,753
At 31 December 2022	63	26,190	26,253
NET BOOK VALUE			
At 31 December 2022	-	6,794	6,794
At 31 December 2021	1	6,354	6,355

The directors have assessed the value of the underlying projects included within Development costs with respect to their recoverable amounts and impaired one project in 2021 that became redundant during the year. An impairment charge of £nil (2021: £266,000) has been expensed to the statement of comprehensive income.

12. TANGIBLE ASSETS

	Improvements to property £'000	Fixtures and fittings £'000	Computer equipment £'000	Totals £'000
COST				
At 1 January 2022	90	400	1,041	1,531
Additions	-	9	127	136
At 31 December 2022	90	409	1,168	1,667
ACCUMULATED DEPRECIATION				
At 1 January 2022	20	366	646	1,032
Charge for year	39	12	179	230
At 31 December 2022	59	378	825	1,262
NET BOOK VALUE				
At 31 December 2022	31	31	343	405
At 31 December 2021	70	34	395	499

Fourth Limited (Registered number: 03887115)

**Notes to the Financial Statements - continued
for the year ended 31 December 2022**

13. INVESTMENTS

	Shares in group undertakings £'000
COST	
At 1 January 2022	18,369
Disposals	(16,106)
Impairments	(283)
At 31 December 2022	<u>1,980</u>
NET BOOK VALUE	
At 31 December 2022	<u>1,980</u>
At 31 December 2021	<u>18,369</u>

The Company's subsidiary undertakings at the period-end are as follows:

Subsidiary undertaking	Registered office address	Country of incorporation	Principle activity	Class and percentage of shares held
Team Hours Limited	Note 1	Republic of Ireland	Software services	100% Ordinary
Fourth Bulgaria EOOD	Note 2	Bulgaria	Software services	100% Ordinary
Fourth Software Trading LLC	Note 3	UAE	Software services	49% Ordinary
Octane Communication Studio Limited	Note 4	UK	Dormant	100% Ordinary

Note 1 - 29 Earlsfort Terrace, Dublin 2, D02 AY28

Note 2 - c/o Tsvetkova Bebov Komarevski, Attorneys-at-Law, 9-11 Maria Louisa Boulevard, 1000 Sofia, Bulgaria

Note 3 - Office #2016, Churchill Tower, Business Bay, Dubai, U.A.E.

Note 4 - Forum St Paul's, 33 Gutter Lane, Second Floor, London, England, EC2V 8AS

On 31 December 2022, the company transferred 100% of the share capital in Fourth Holdings Inc and its respective subsidiaries to HS4 AcquisitionCo, Inc, a fellow group company. The consideration was in the form of intercompany debt amounting to £23,383,000 which resulted in a gain on disposal of £7,277,000. This is presented within administrative expenses in the Statement of Comprehensive Income.

Management have assessed the value of the remaining investments at the year end and have impaired the investment in Octane Communication Studio Limited by £283,000. This is also presented within administrative expenses in the Statement of Comprehensive Income.

14. DEBTORS

	31.12.22 £'000	31.12.21 £'000
Trade debtors	5,310	4,249
Amounts owed by group undertakings	58,189	28,144
Other debtors	11	361
Corporation tax	310	774
Deferred tax asset	-	116
Accrued income	103	-
Prepayments	<u>1,164</u>	<u>550</u>
	<u>65,087</u>	<u>34,194</u>

Amounts owed from group undertakings are repayable on demand. Interest is charged at 6% on £2,904,000 (2021: £25,099,000) of the group debt and is presented within the group balance.

Fourth Limited (Registered number: 03887115)

**Notes to the Financial Statements - continued
for the year ended 31 December 2022**

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.22	31.12.21
	£'000	£'000
Trade creditors	1,924	1,660
Amounts owed to group undertakings	14,912	16,261
Taxation and social security	1,917	1,704
Other creditors	95	79
Accruals & deferred income	<u>3,841</u>	<u>3,740</u>
	<u>22,689</u>	<u>23,444</u>

Amounts owed to group undertakings are unsecured, have no fixed date of redemption and are repayable on demand. Interest is charged at 6% on £811,000 (2021: £1,132,000) of the group debt and is presented within the group balance.

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

	31.12.22	31.12.21
	£'000	£'000
Accruals & deferred income	<u>-</u>	<u>50</u>

17. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.12.22	31.12.21
	£'000	£'000
Within one year	482	539
Between one and five years	<u>763</u>	<u>1,226</u>
	<u>1,245</u>	<u>1,765</u>

18. SECURED DEBTS

A cross guarantee is provided containing a fixed and floating charge over the assets of the company. This is in relation to debt held by HS4 Acquisitionco, Inc, a fellow group entity.

19. PROVISIONS FOR LIABILITIES

Deferred tax

	31.12.22	31.12.21
	£'000	£'000
Accelerated capital allowances	1,620	546
Provisions	(49)	(9)
Research & development expenditure credit – Step 2 amounts carried forward	<u>(420)</u>	<u>(653)</u>
	<u>1,151</u>	<u>(116)</u>

	Deferred tax £'000
Balance at 1 January 2022	(116)
Charge to Statement of Comprehensive Income during year	327
Adjustment to prior years	<u>940</u>
Balance at 31 December 2022	<u>1,151</u>

Fourth Limited (Registered number: 03887115)

**Notes to the Financial Statements - continued
for the year ended 31 December 2022**

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value: £0.01	31.12.22 £'000 <u>1,432</u>	31.12.21 £'000 <u>1,432</u>
Number:	Class:			
143,216,299	Ordinary			

There are no restrictions on the distribution of dividends or on the repayment of capital.

21. ULTIMATE PARENT COMPANY

The immediate parent company is Nimbus Acquisitions Holdings Limited, a company registered in the United Kingdom, whose registered office is Forum St Paul's, 33 Gutter Lane, London, EC2V 8AS.

The ultimate parent company is HS4 Topco LLC, a company registered in Delaware, USA, whose registered office is National Registered Agents, Inc., 160 Greentree Dr STE 101, Dover, Kent 19904.

The smallest group in which the results of the company are consolidated is that headed by HS4 Acquisitionco, Inc. The largest group in which the results of the company are consolidated is that headed by HS4 Topco LLC. Both companies are registered in Delaware, USA, whose registered offices are of National Registered Agents, Inc., 160 Greentree Dr STE 101, Dover, Kent, 19904.

The ultimate controlling party is Marlin HS4 Aggregator, L.P. by virtue of its majority shareholding.

22. RELATED PARTY DISCLOSURES

During the year, the company received £80,000 (2021: £Nil) and advanced cash of £209,000 (2021: £300,000) to Fourth Software Trading LLC, a fellow group company. Professional services invoices were received in the year amounting to £343,000 (2021: £306,000). At the Balance Sheet date, £51,000 (2021: £2,000 due from) was owed to the company after charging interest at 6% of £1,400 (2021: £23,000 charged).

23. PENSION SCHEME

The Company contributes to one personal pension scheme and two group personal pension schemes for the benefit of employees. The assets of the schemes are administered by trustees in funds independent from those of the Group.

The pension charge for the period was £489,000 (2021: £446,000).