

**Project Balearics TopCo Limited**  
**Annual report and Financial Statements**  
**For the period ended 31 March 2023**

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# Project Balearics Topco Limited

## Company information

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<b>Directors</b>	Mr J Beardmore Mr S D Heath Mr M A Reynolds	(Appointed 30 October 2022) (Appointed 30 October 2022) (Appointed 28 September 2022)
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<b>Company number</b>	14383563
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<b>Registered office</b>	The Glades Festival Way Festival Park Stoke-on-Trent Staffordshire ST1 5SQ
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<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
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# **Project Balearics Topco Limited**

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# **Project Balearics Topco Limited**

## **Strategic report**

### **For the period ended 31 March 2023**

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The directors are proud to present their strategic report for the period ended 31 March 2023.

#### **Review of business**

##### ***The road to DJH Mitten Clarke***

Considering we were born not so long ago in 2021, when DJH Mitten Clarke was founded on a fantastic opportunity - the merger of two of Stoke-on-Trent's leading firms, Mitten Clarke and DJH - we never would have imagined that we would be reporting on the business we are today.

But since then, we've not looked back. It has been one heck of a journey. We've gone from strength to strength with more like-minded firms joining us on our mission to achieve great things together. We're an experienced top 50 accountancy group who share the same values, ambitions, and most importantly, a passion for people.

##### ***Super-charging our journey***

So, what have we done to achieve our growth we hear you say?

We've achieved this amazing progress through a combination of organic growth and acquisition.

##### ***Our organic growth:***

Owner-managed businesses are our sweet spot, so we've remained focused on forging long-lasting partnerships with existing clients and new relationships with business owners across the Midlands, North-West and Yorkshire.

We go beyond the balance sheets, adding value through specialist advice and services. Alongside our core services of accounts, audit and tax advice we've enhanced our offering further by adding new specialist service lines such as capital allowances, R&D, estate planning and HR.

We've invested heavily in recruitment, creating capacity across our teams and a platform to grow our client base.

##### ***Our M&A growth:***

Despite already achieving phenomenal success, we wanted to take the firm much further. To remain on the same trajectory we needed continued investment to transform our business and achieve our vision.

Drum roll please...

By November 2022 we hit a major milestone when we secured a partnership with private equity investor Tenzing. Together we have accelerated our journey.

Since then, we've not looked back. On 31 August 2023, the group agreed a £15m debt facility with the investors, allowing us to borrow additional funds in the form of short-term convertible loan notes to assist with the funding of future acquisitions.

# Project Balearics Topco Limited

## Strategic report (continued)

For the period ended 31 March 2023

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### Continued expansion

Throughout the last year, and continuing into this year, more like-minded businesses have joined DJH Mitten Clarke Group Limited as we completed – wait for it – a total of 7 acquisitions. These acquisitions have built specialisms in healthcare, franchises, academies and the property sector, as well as bringing more owner managed businesses and high net worth individuals as clients.

- **31 January 2023 – Novis Howarth Limited** – we acquired the entire share capital and Novis Howarth became the Leeds office for the Group.
- **8 August 2023 – Innov8 Human Resources Limited** – we then acquired the entire share capital of the HR consultancy firm Innov8, who became a new specialist service line and our internal HR support. The initial payments were financed out of group cashflow.
- **30 August 2023 – Minford Dental** – our Chester office acquired the trade and assets of the dental business of the accountancy practice, Minford Chartered Accountants. This additional client base placed us as clear market leaders within the dental industry. The initial payments were financed out of group cashflow.
- **1 September 2023 – Revell Ward Holdings Ltd and Revell Ward Limited** – we acquired the entire share capital with Revell Ward becoming the Huddersfield office for the Group. The funding raised on 31 August 2023 was partly utilised to satisfy this consideration and also satisfy some of the deferred consideration as shown in note 15.
- **18 September 2023 – Lyon Griffiths Limited** and its investment in Lyon Griffiths (Audit and Accounting) Limited – we acquired the entire share capital with Lyon Griffiths subsequently re-branding and becoming the Nantwich office for the Group. The funding raised on 31 August 2023 was partly utilised to satisfy this consideration and also satisfy some of the deferred consideration as shown in note 15.
- **18 September 2023 – Haines Watts – Altrincham** – we exchanged unconditional contracts for the acquisition of the trade and assets of the Haines Watts Altrincham office. The contract completed on 29 September 2023, with the business rebranding overnight and becoming the Altrincham office for the Group.
- **30 November 2023 – DTE Business Advisers Group Limited** – we acquired the entire share capital of the Greater Manchester practice. With a dedicated Corporate Finance team in place, the acquisition also develops the Group's transactions service line. The funding raised on 31 August 2023 was utilised to satisfy the initial consideration.

These transactions equated to a total consideration £10.8m paid after the balance sheet date. An element of this was paid on completion, along with a portion being deferred over future accounting periods. These acquisitions have delivered more than £10m additional turnover to the Group.

Seven transactions in eleven months – sounds easy right? How do you deliver that? So, what's been our magic ingredient?

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# **Project Balearics Topco Limited**

## **Strategic report (continued)**

### **For the period ended 31 March 2023**

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#### **Our people – the key ingredients**

Our people are our biggest asset, without them we have nothing. They're our #1 priority.

Our aim is to have a people first approach, focusing on each of them to ensure that they love what they do. We want our people to be proud to work with us, continue to develop in all parts of their lives – both personally and professionally – and live and breathe our core values. All of these aspects are key ingredients for a happy and successful team.

Key hires to our senior team have included our Chief Financial Officer, Chief Technology Officer and a Mergers & Acquisitions Director, who are key to driving our growth strategy.

Our business support team has been strengthened to support each office in the day to day management of the business. Hires have included a team of Talent Acquisition Specialists to support on recruitment, a Director of Governance, Risk & Compliance, a Continuous Improvements Manager and an Integrations Manager.

We've also invested heavily in our Finance, Marketing, Business Development and Technology functions. All key pillars that will build our platform for success.

#### **Principal risks and uncertainties**

##### ***Economic climate***

The COVID-19 pandemic caused an unprecedented shock to the global economy which continues to impact both our team and our clients. With increasing interest rates, inflation significantly above the government's target of 2% and the resulting rising cost of living, a wide spectrum of businesses and individuals are still trying to come to grips with the new economic landscape.

We continue to work hand-in-hand with our team, clients and suppliers to ensure they're receiving the appropriate communications to manage and maximise their finances.

##### ***Technology – embracing the future landscape***

Over the last year, we've also transformed the way we work, unlocking a new era of decision-making to provide expert human advice, driven by tech.

Our Chief Technology Officer, embarked on a comprehensive review of our systems and processes. He's upgraded our tech stack allowing the flow of quality data to inform our business decision making, plus enhance our advice.

We took a big and bold move to adopt a fully integrated software approach. This will allow a standardised approach to our working practices and service delivery across the Group and give us a springboard for growth. We strongly feel that this fully integrated approach will result in the best outcome for business performance.

By the end of March 2023, all of the accountancy offices were operating on the same software platform, and as we add new offices, one by one, their data is migrated into the same system.

The alignment of processes used throughout the Group is well-underway. Led by our new Continuous Improvement Manager, our processes are constantly evolving to ensure the best performance for the business, but more importantly, enhance the experience of our team.

# Project Balearics Topco Limited

## Strategic report (continued)

For the period ended 31 March 2023

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### Principal risks and uncertainties (cont.)

#### ***Team recruitment and retention – building the team of the future***

As we've already said, our team are our #1 priority. They're at the heart of everything we do.

We've built a fantastically talented and ambitious team of people that pride themselves on having fun, working together and delivering a great service. We have grown at a rapid rate, so making sure they're looked after and supported to grow with us is key. Our aim is to establish a great culture and create the very best place to work.

Our culture is central to our way of working and determines the way in which we recruit and retain talent for the group. Everyone talks about culture, but for us, it's more than talk, it's about creating a culture – Our Culture. The DJH Mitten Clarke Culture. It's not something we can buy, it's something that we must work hard at day-in, day-out.

The market for talent in the accountancy industry is extremely challenging. There's lots of competition and opportunity for talented people to move around in our marketplace.

We're recruiting well based on our values, culture and vision. Growing our team through the ranks plays a big role in our recruitment and people strategy, supporting our team through their professional studies to achieve their ambitions. We are proud to say that we now have 123 members of the team who we are supporting with fully funded study packages throughout all stages of their accountancy career. From AAT, ACCA, ACA (ICAEW), ATT, or CTA, they are supported by our dedicated Learning & Development Coordinator.

#### ***Compliance with regulations – following the rule book***

We take compliance with regulations seriously. Our team fully understand the importance of compliance with the various regulations with annual training. All new recruits undergo training as part of their onboarding programme.

We've also recruited a Director of Governance, Risk and Compliance to further bolster our resource and management of this risk area.

### **Key Performance Indicators**

Our group's main key performance indicators ("KPI's") are those reported in the income statement.

Our Board and Leadership Team review on a regular basis the chargeability of the team and the recovery of the work we undertake for clients. We also focus on cash conversion ("lock in"), monitoring across the group the time in which work is completed by our team to the work turning into cash.

The reported loss for this financial period, since the investment from Tenzing took place, was £2,911,002. This is as a result of accounting entries for the amortisation of goodwill of £1,832,118 and also accruing interest on loan notes provided by investors totalling £1,880,340 – these are non-cash items. Excluding these items our underlying profit before tax was £801,456.

We monitor earnings before interest, tax, depreciation, and amortisation ("EBITDA") and for this period our EBITDA was £1,108,450.

We continue to increase our ability to monitor more specific KPI's such as service line profitability and recoveries as we integrate our offices and systems onto the same operating platform, building dynamic reports to provide the data we need in an instant.

# **Project Balearics Topco Limited**

## **Strategic report (continued)**

**For the period ended 31 March 2023**

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### **Promoting the successes of the company**

#### **Engagement with Stakeholders**

We have a number of key stakeholders, and understanding their views will underpin our strategy, and ultimately our performance.

*This section of the Strategic Report describes how the directors act in line with s172 of the Companies Act 2006 and covers:*

- The likely consequences of decisions in the long-term;
- The group's team;
- Relationships with clients, suppliers and others;
- Our impact on the community and the environment; and
- The group maintaining a reputation for high quality advice.

Our key stakeholders are our team, clients, regulators, suppliers, communities in which we operate and shareholders. We engage with all of our stakeholders and our decisions are made with each of these in mind. In the coming months a materiality assessment will be conducted across our stakeholders to allow us to truly understand just what is important to them.

#### **Team – our #1**

We believe in ensuring a healthy work-life balance. We have a 60/40 Hybrid Working policy, where our team have fixed days to work 60% of their time in the office and 40% at home, and one day a week as an 'Innovation & Collaboration Day', where we all come together. This approach across our offices has been a success and definitely welcomed by our team. Should they wish, our team also have the ability to work full time from an office location and are not required to work remotely if it's not for them.

The development of our team is key to our success. Our strategy is to invest resources, time and money in everyone, tailoring the support to their needs and ambitions.

We regularly review training and development needs, before researching and sampling the best and most effective approach to achieve both the individuals and businesses goals, whether through apprenticeships, professional qualifications, professional membership courses, CPD or tailored content via private training providers.

Our training and development strategy includes:

- Annual apprenticeship (AAT) & graduate (ACA) in-take.
- Funded technical & professional training.
- Bespoke management programmes utilising external experts to deliver - Leadership Academy for aspiring leaders and the Ambition Academy for aspiring managers.
- TSDs (Training, Support & Development) - 1-2-1 mentoring across the business.
- Career ladders to provide steps to progress.
- Regular updates for transparency about the business.
- Annual team conference with guest speaker and team building games.
- Lunch & learns for personal & wellbeing development.

As part of our early careers programme, we have also created two new academies, Launch and Accelerate, that aim to provide our Accounts and Audit trainees with the toolkit to set out on their careers and professional studies.

Our team's feedback is incredibly important, which is why we regularly send out engagement surveys where they can provide open and honest feedback.

Following this transparency, we received recognition as a "Very Good" place to work by the latest Best Companies survey and are currently positioned as one of the top ten accountancy firms to work for in the UK. We are also in the process of rolling out quarterly pulse surveys to gain insight at a rapid pace. Off the back of this working groups are being formed, to support in shaping our future strategy.



# **Project Balearics Topco Limited**

## **Strategic report (continued)**

**For the period ended 31 March 2023**

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### **Clients - our partners in business**

The group are proactive in communicating with clients on a regular basis using various communication methods in a range of methods from face-to-face meetings to social media campaigns.

We enhance our service through expert content and case studies supporting them on their business journey. The content is delivered through our website, newsletters, targeted email campaigns, social media and PR.

All clients have direct contacts in the Group at either Director or Managers level (or both), becoming an extension of their team and their first point of contact.

### **Regulators – our guiding code and principals**

We are regulated by the ICAEW and we work closely with them to ensure compliance with the various regulations we are bound by.

### **Suppliers – supporting our operation**

The group operates a purchasing policy which is believed to be fair with our suppliers. We aim to pay invoices on time and conduct our interactions with suppliers in a professional manner.

### **Communities - at our heart**

Supporting local communities is ingrained in our core values. As a team we've been able to make a real difference to the projects and causes close to our hearts over the years.

We have committed a total fund of £20,000 annually for our 'Great Ideas Grant' program. The team can apply for small one-off grants, to support local charitable causes, community groups, schools and sports teams with fundraising projects, one-off events or capital items such as materials, resources, equipment or kit. The money must be spent supporting the communities which operate and help with environment, education, physical health, mental health, social and community development.

### **Shareholders – our driving force**

The board regularly engages with the majority shareholder, Tenzing Private Equity, and is building transparent and open communications through monthly board and project meetings in order to share relevant information with them. The Group are very fortunate to be working with a supportive partner who are very much aligned in their vision and values.

## **Sustainability & Environment**

### **New Era of business for People, Planet, Profit**

Sustainability is important to us and our team. We are committed to looking after people and leaving the planet in a better state than which we found it. After much research into the best action plan for us, we have committed to achieving B-Corp certification, to holistically tackle our entire environmental and social impact in an approach that aligns with our business plan.

As part of this, we have developed an improvement plan and are working our way through making the improvements across key strands – governance, workers, community, environment and clients.

As part of our improvement plan, we have started on a journey to become carbon neutral working towards certification with Carbon Neutral Britain. We're accountants not experts in climate change, so we have recently enlisted the help of a consultant to report where we currently are as a business, offset our carbon and set achievable carbon intensity reductions targets for the future.

## **Project Balearics Topco Limited**

### **Strategic report (continued)**

**For the period ended 31 March 2023**

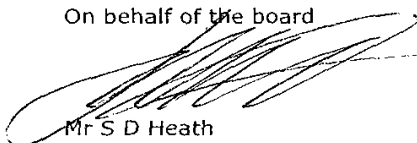
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#### **An exciting future together**

To round up, our journey so far has been incredible! We couldn't ask for anything more. This is all thanks to everyone who's on the journey with us - our team, our clients, our suppliers and our investors.

In our pursuit beyond the numbers, we have big ideas and even bigger plans. We know exactly where we're going, and we can't wait to embark on the next stretch of our journey. Together, we will achieve great things.

On behalf of the board



Mr S D Heath  
**Director**

15 December 2023

# **Project Balearics Topco Limited**

## **Directors' report**

### **For the period ended 31 March 2023**

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The directors present their annual report and the audited group financial statements for the period ended 31 March 2023.

#### **Principal activities**

The principal activity of the company and group continued to be that of accountancy, audit and taxation services.

#### **Results and dividends**

The results for the period are set out on page 16.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

#### **Directors**

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Mr J Beardmore	(Appointed 30 October 2022)
Mr S D Heath	(Appointed 30 October 2022)
Mr M A Reynolds	(Appointed 28 September 2022)

#### **Directors' insurance**

The group maintains insurance policies on behalf of all the directors against liability arising from negligence, breach of duty and breach of trust in relation to the group.

#### **Financial instruments**

##### ***Liquidity risk***

The group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the group has sufficient liquid resources to meet the operating needs of the business.

##### ***Interest rate risk***

The group has a low risk with relation to interest on its financial instruments as the majority of the instruments are at a fixed rate of interest.

##### ***Foreign currency risk***

The group does not transact in any currencies other than GBP and as such the foreign currency risk is trivial.

##### ***Credit risk***

Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

#### **Disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the 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 within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

# **Project Balearics Topco Limited**

## **Directors' report (continued)**

### **For the period ended 31 March 2023**

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#### **Employee involvement**

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

#### **Post reporting date events**

The specifics of the business acquisitions we have completed after the balance sheet date are shown in detail in the Group Strategic Report, however, in summary:

- 8 August 2023 - DJH Mitten Clarke Group Limited acquired the entire share capital of Innov8 Human Resources Limited.
- 30 August 2023 - DJH Mitten Clarke Chester Limited acquired the trade and assets of the dental business of Minford Chartered Accountants.
- 31 August 2023 - Project Balearics MidCo Limited agreed a £15m debt facility with the investors such that it is able to borrow additional funds in the form of short term convertible loan notes to assist with the funding of future acquisitions.
- 1 September 2023 - DJH Mitten Clarke Group Limited acquired the entire share capital of Revell Ward Holdings Ltd and Revell Ward Limited.
- 18 September 2023 - DJH Mitten Clarke Group Limited acquired the entire share capital of Lyon Griffiths Limited and its investment in Lyon Griffiths (Audit and Accounting) Limited.
- 18 September 2023 - DJH Mitten Clarke Limited exchanged unconditional contracts for the acquisition of the trade and assets of the accountancy practice known as Haines Watts - Altrincham. The contract completed on 29 September 2023.
- 30 November 2023 - DJH Mitten Clarke Group Limited acquired the entire share capital of DTE Business Advisers Group Limited.

The total consideration related to the above transactions paid after the balance sheet date was £10.8m. An element of this was paid on completion, along with a portion being deferred over future accounting periods.

#### **Future developments**

The group continues to invest in its team, technology, processes and expansion plans via both organic and acquisitive means.

# **Project Balearics Topco Limited**

## **Directors' report (continued)**

### **For the period ended 31 March 2023**

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#### **Energy and carbon report**

As Project Balearics TopCo Limited is a large group, it is required to report on its emissions, energy consumption and energy efficiency by way of Streamlined Energy and Carbon Reporting in this Directors' report.

The group has consumed more than 40,000 kWh of energy in this reporting period (on a pro-rata basis), and it therefore does not qualify as a low energy user under these regulations.

However, no energy reporting information has been disclosed in these financial statements as the group has taken exemptions available in The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, Part 7A, Paragraph 20E which allows a group to exclude information for subsidiary companies that would not be required to report in their own right. All subsidiaries of Project Balearics TopCo Limited are small or medium sized companies and so are not required to include energy reporting information in their own financial statements. On this basis, no information is required to be included in the group report.

#### **Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 group and company, 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

#### **Strategic Report**

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of discussion of significant post balance sheet events.

#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

## **Project Balearics Topco Limited**

### **Directors' report (continued)**

**For the period ended 31 March 2023**

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#### **Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The directors are aware that the group has reported a loss during this period due to the reasons set out in the strategic report. However, for the reasons in the strategic report, the group continues to be cash generative and continues to meet its obligations as they fall due.

The group's loan notes, totalling £46,336,491, are due for repayment in October 2028 and as such, the net liability position of the group at the period end does not represent the ability of the group to settle its liabilities as and when they fall due.

On behalf of the board



Mr S D Heath  
**Director**

15 December 2023

# **Project Balearics Topco Limited**

## **Independent auditor's report**

### **To the members of Project Balearics Topco Limited**

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#### **Opinion**

We have audited the financial statements of Project Balearics Topco Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 March 2023 which comprise the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including 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 31 March 2023 and of the group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **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 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**

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 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# **Project Balearics Topco Limited**

## **Independent auditor's report (continued)**

### **To the members of Project Balearics Topco Limited**

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#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the directors' report for the financial period 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.

#### **Matters on which we are required to report by exception**

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.

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; or
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a strategic report.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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 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 parent company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these group 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:*



# **Project Balearics Topco Limited**

## **Independent auditor's report (continued)**

### **To the members of Project Balearics Topco Limited**

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#### **How the audit was considered capable of detecting irregularities including fraud**

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we made enquiries of management as to where they considered there was susceptibility to fraud, and their knowledge of actual, suspected and alleged fraud;
- we identified the laws and regulations that could reasonably be expected to have a material effect on the financial statements of the company through discussions with the directors and other management at the planning stage;
- the audit team held a discussion to identify any particular areas that were considered to be susceptible to misstatement, including with respect to fraud and non-compliance with laws and regulations; and
- we focused our planned audit work on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the group and company including the Companies Act 2006, employment legislation and tax legislation.

We assessed the extent of compliance with the laws and regulations identified above through:

- making enquiries of management;
- reviewing legal correspondence throughout the period for any potential litigation or claims; and
- considering the internal controls in place that are designed to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- determined the susceptibility of the group and company to management override of controls by checking the implementation of controls and enquiring of individuals involved in the financial reporting process;
- reviewed journal entries throughout the period to identify unusual transactions;
- performed analytical procedures to identify any large, unusual or unexpected transactions;
- reviewed accounting estimates and evaluated where judgements or decisions made by management indicated bias on the part of the group and company's management, particularly in relation to goodwill amortisation, deferred consideration valuation and recoverability of amounts recoverable on contracts;
- tested the occurrence of turnover by agreeing entries in the nominal ledger to invoices and engagement letters; and
- carried out substantive testing to check the occurrence and cut-off of expenditure.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- reviewing correspondence with the group and company's legal advisors; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error as they may involve *deliberate concealment or collusion*. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

## **Project Balearics Topco Limited**

### **Independent auditor's report (continued)**

#### **To the members of Project Balearics Topco Limited**

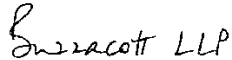
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Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

#### **Use of our report**

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



**Claire Watkins (Senior Statutory Auditor)**  
**For and on behalf of Buzzacott LLP**

15 December 2023

**Statutory Auditor**

130 Wood Street  
London  
EC2V 6DL

# Project Balearics Topco Limited

## Group statement of comprehensive income For the period ended 31 March 2023

	Notes	Period ended 31 March 2023 £
<b>Turnover</b>	<b>3</b>	7,497,945
Cost of sales		(3,933,901)
<b>Gross profit</b>		3,564,044
Administrative expenses		(4,467,349)
Other operating income		27,065
<b>Operating loss</b>	<b>4</b>	(876,240)
Interest receivable and similar income	<b>8</b>	1,074
Interest payable and similar expenses	<b>9</b>	(1,890,578)
<b>Loss before taxation</b>		(2,765,744)
Tax on loss	<b>10</b>	(145,258)
<b>Loss for the financial period</b>	<b>22</b>	(2,911,002)

(Loss)/profit for the financial period is all attributable to the owners of the parent company.  
Total comprehensive income for the period is all attributable to the owners of the parent company.

The group statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the group statement of comprehensive income.

The notes on pages 22 to 48 form part of these financial statements.

# Project Balearics Topco Limited

## Group statement of financial position

As at 31 March 2023

	Notes	2023 £	£
<b>Fixed assets</b>			
Goodwill	11		43,024,068
Other intangible assets	11		3,967
Total intangible assets			43,028,035
Tangible assets	12		1,351,350
			44,379,385
<b>Current assets</b>			
Debtors	14	5,878,004	
Cash at bank and in hand		1,083,713	
		6,961,717	
<b>Creditors: amounts falling due within one year</b>	15	(6,695,066)	
<b>Net current assets</b>			266,651
<b>Total assets less current liabilities</b>			44,646,036
<b>Creditors: amounts falling due after more than one year</b>	16		(47,261,515)
<b>Provisions for liabilities</b>			
Deferred tax liability	19	286,923	(286,923)
<b>Net liabilities</b>			(2,902,402)
<b>Capital and reserves</b>			
Called up share capital	21		8,600
Profit and loss reserves	22		(2,911,002)
<b>Total equity</b>			(2,902,402)

The notes on pages 22 to 48 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 15 December 2023 and are signed on its behalf by:

  
Mr S D Heath  
Director

Company registration number 14383563 (England and Wales)

# Project Balearics Topco Limited

## Company statement of financial position

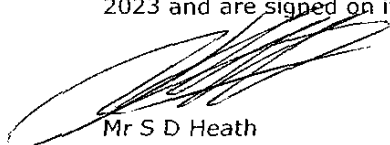
As at 31 March 2023

	Notes	2023 £	£
<b>Current assets</b>			
Debtors	14	8,874	
<b>Creditors: amounts falling due within one year</b>	15	(50,000)	
<b>Net current liabilities</b>			(41,126)
<b>Capital and reserves</b>			
Called up share capital	21		8,600
Profit and loss reserves	22		(49,726)
<b>Total equity</b>			(41,126)

The notes on pages 22 to 48 form part of these financial statements.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £49,726.

The financial statements were approved by the board of directors and authorised for issue on 15 December 2023 and are signed on its behalf by:



Mr S D Heath

Director

Company registration number 14383563 (England and Wales)

## Project Balearics Topco Limited

### Group statement of changes in equity

For the period ended 31 March 2023

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	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 28 September 2022</b>		-	-	-
<b>Period ended 31 March 2023:</b>				
Loss and total comprehensive income		-	(2,911,002)	(2,911,002)
Issue of share capital	<b>21</b>	8,600	-	8,600
<b>Balance at 31 March 2023</b>		<u>8,600</u>	<u>(2,911,002)</u>	<u>(2,902,402)</u>

The notes on pages 22 to 48 form part of these financial statements.

# Project Balearics Topco Limited

## Company statement of changes in equity

For the period ended 31 March 2023

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 28 September 2022</b>		-	-	-
<b>Period ended 31 March 2023:</b>				
Loss and total comprehensive income		-	(49,726)	(49,726)
Issue of share capital	<b>21</b>	8,600	-	8,600
<b>Balance at 31 March 2023</b>		<u>8,600</u>	<u>(49,726)</u>	<u>(41,126)</u>

The notes on pages 22 to 48 form part of these financial statements.

# Project Balearics Topco Limited

## Group statement of cash flows

For the period ended 31 March 2023

	Notes	£	2023 £
<b>Cash flows from operating activities</b>			
Cash absorbed by operations	28		(1,408,405)
Income taxes paid			(516,915)
<b>Net cash outflow from operating activities</b>			(1,925,320)
<b>Investing activities</b>			
Purchase of business		(21,118,397)	
Purchase of intangible assets		(400)	
Purchase of tangible fixed assets		(334,351)	
Purchase of loan notes		(2,818,050)	
Interest received		1,074	
<b>Net cash used in investing activities</b>			(24,270,124)
<b>Financing activities</b>			
Proceeds from issue of shares		5,260	
Proceeds from borrowings		28,737,457	
Repayment of deferred consideration		(988,291)	
Repayment of bank loans		(442,540)	
Payment of finance leases obligations		(24,491)	
Interest paid		(8,238)	
<b>Net cash generated from/(used in) financing activities</b>			27,279,157
<b>Net increase in cash and cash equivalents</b>			1,083,713
Cash and cash equivalents at beginning of period			-
<b>Cash and cash equivalents at end of period</b>			<u>1,083,713</u>

The notes on pages 22 to 48 form part of these financial statements.



# Project Balearics Topco Limited

## Notes to the group financial statements

### For the period ended 31 March 2023

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#### 1 Accounting policies

##### Company information

Project Balearics Topco Limited is a private limited company domiciled and incorporated in England and Wales. The registered office and principal place of business is The Glades, Festival Way, Festival Park, Stoke on Trent, Staffordshire, ST1 5SQ.

The group consists of Project Balearics Topco Limited and all of its subsidiaries.

##### 1.1 Reporting period

The reporting period is from incorporation, 28 September 2022 to 31 March 2023. The trading period reported is from and including 31 October 2022 to 31 March 2023, being the period the group started to trade by acquiring the DJH Mitten Clarke Group Limited.

##### 1.2 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS102") and the requirements of the Companies Act 2006.

The preparation of the financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the group's accounting policies (see note 2).

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

# **Project Balearics Topco Limited**

## **Notes to the group financial statements (continued)**

**For the period ended 31 March 2023**

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### **1 Accounting policies**

**(Continued)**

#### **1.3 Business combinations**

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, *plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.*

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

#### **1.4 Basis of consolidation**

The consolidated group financial statements consist of the financial statements of the parent company Project Balearics Topco Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 March 2023. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

# Project Balearics Topco Limited

## Notes to the group financial statements (continued)

For the period ended 31 March 2023

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### 1 Accounting policies

(Continued)

#### **DJH Mitten Clarke Audit Limited**

The board of directors have carefully considered the basis of control and inclusion within the consolidation of DJH Mitten Clarke Audit Limited within these financial statements. The group only have voting rights which represent 49% of the rights in that company, with the remaining 51% held by a Director of DJH Mitten Clarke Audit Limited.

The underlying rights of the shares held by the third party are voting rights only, to enable the individual to properly and independently govern the audit regulated activities of the group, in accordance with ICAEW regulations. All equity and other rights vest completely with the group.

The board have carefully considered the accounting standard FRS102 and have identified three main reasons why inclusion of DJH Mitten Clarke Audit Limited is appropriate as follows -

- FRS102 paragraph 9.6A considers the parent and the undertaking being managed on a unified basis. The director who owns the 51% of the voting rights is also a director of other group companies and they work closely in aligning group policies and procedures. The group fully benefit from the equity rights in the shares held in DJH Mitten Clarke Audit Limited, and audit regulations permitting, the group is run strategically on a unified basis for the benefit of the group.
- All work undertaken by DJH Mitten Clarke Audit Limited is supplied to customers of the group, and all the team that deliver the work on behalf of DJH Mitten Clarke Audit Limited is supplied by group companies to DJH Mitten Clarke Audit Limited. Operationally the group is aligned and DJH Mitten Clarke Audit Limited is an integral part of the combined group.
- The group has a call option over the shares held by the third party individual, to the extent that the group can replace the voting right shareholder with another individual who has the appropriate audit qualification. The board has considered the call option in light of FRS102 para 9.5(c), which refers to the power to appoint or remove the board of Directors of DJH Mitten Clarke Audit Limited. The board acknowledge that it can not control more than 49% of the voting rights of DJH Mitten Clarke Audit Limited due to the restrictions in the articles of DJH Mitten Clarke Audit Limited, which enable audit regulated activities to be controlled by an individual who possesses the appropriate audit qualification.

On the basis of the above, the board believe that the full consolidation of DJH Mitten Clarke Audit Limited is required in order to show a true and fair view of the group as a whole.

#### **1.5 Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The directors are aware that the group has reported a loss during this period due to the reasons set out in the strategic report. However, for the reasons in the strategic report, the group continues to be cash generative and continues to meet it's obligations as they fall due.

The group's loan notes, totalling £46,336,491, are due for repayment in October 2028 and as such, the net liability position of the group at the period end does not represent the ability of the group to settle it's liabilities as and when they fall due.

# Project Balearics Topco Limited

## Notes to the group financial statements (continued)

For the period ended 31 March 2023

### 1 Accounting policies

(Continued)

#### 1.6 Turnover

Turnover represents net invoiced fees for the provision of accountancy and taxation services and is derived from the ordinary activities of the company and stated net of value added tax.

Revenue is earned from the provision of accountancy and taxation services under a variety of contracts. Revenue is recognised as earned when, and to the extent that, the company obtains a right to consideration in exchange for its performance under these contracts. It is measured at the fair value of the right to consideration, which represents amounts chargeable to clients excluding value added tax.

In general revenue is recognised as contract activity progresses. For incomplete contracts, revenue reflects the partial performance of the contractual obligations. For such contracts the amount of revenue reflects the accrual of the right to consideration, by reference to the value and completeness of the work performed.

#### 1.7 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

#### 1.8 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Trademarks	5 years straight line from when the asset is used by the business
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#### 1.9 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

# Project Balearics Topco Limited

## Notes to the group financial statements (continued)

For the period ended 31 March 2023

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### 1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	10 years straight line
Plant and equipment	4 years straight line
Fixtures and fittings	8 years straight line
Computers	3 years straight line
Motor vehicles	4 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

#### 1.10 Fixed asset investments

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.11 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

#### 1.12 Cash and cash equivalents

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

#### 1.13 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including amounts recoverable on contracts are measured based on work performed against the contract by the business and reviewed for impairment on a regular basis. See note 2 for further information around these estimates.

# **Project Balearics Topco Limited**

## **Notes to the group financial statements (continued)**

**For the period ended 31 March 2023**

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### **1 Accounting policies**

**(Continued)**

#### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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 asset's 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.

#### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

#### ***Basic financial liabilities***

Basic financial liabilities, including creditors 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

### **1.14 Equity instruments**

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

### **1.15 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

# Project Balearics Topco Limited

## Notes to the group financial statements (continued)

For the period ended 31 March 2023

---

### 1 Accounting policies

(Continued)

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

#### **1.16 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.17 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.18 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

# Project Balearics Topco Limited

## Notes to the group financial statements (continued)

For the period ended 31 March 2023

### 1 Accounting policies

(Continued)

#### 1.19 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### 1.20 Audit exemption of subsidiaries

The following subsidiaries are exempt from the requirements of the UK Companies Act 2006 relating to the audit of individual accounts by virtue of s479A of the Act.

Name	Registered Number
Project Balearics Midco Limited	14383752
The Great Things Together Group Limited	14384374
DJH Mitten Clarke Group Limited	13871316
Lloyd Piggott Holdings Limited	11857281
Capital Allowance Review Service Limited	08737153
DJH Mitten Clarke Walsall Limited	04646657
DJH Mitten Clarke Leeds Limited	05794139
DJH Mitten Clarke Manchester Limited	03413916
DJH Mitten Clarke Limited	03451690
DJH Mitten Clarke Chester Limited	07531287

The outstanding liabilities at 31 March 2023 of the above named subsidiaries have been guaranteed by the Company pursuant to s479A to s479C of the Act.

### 2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.



# Project Balearics Topco Limited

## Notes to the group financial statements (continued)

For the period ended 31 March 2023

### 2 Judgements and key sources of estimation uncertainty

(Continued)

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Useful economic life of goodwill

In October 2022 a significant business combination occurred on which significant goodwill was recognised. The useful economic life of this goodwill has been considered by the directors and in their judgement an estimate of 10 years is considered to be reasonable.

The directors believe that medium to long term client relationships, a strong technology roadmap and ongoing client regulatory and advisory requirements to support this longer term view.

#### Amounts recoverable on contracts

Amounts recoverable on contracts represent the recoverable time costs of incomplete matters at the year end, including any profit element, excluding any matters where the right to consideration is contingent and the contingency has not been fulfilled at the balance sheet date. Included within amounts recoverable on contracts is £366,825 relating to contingent fees. The directors have assessed the valuation based on the probability of a successful outcome, the firm's history of similar matters and the stage of completion of each matter.

### 3 Turnover and other revenue

	2023
	£
<b>Turnover analysed by class of business</b>	
Professional services	7,497,945
	<u><u>          </u></u>
	2023
	£
<b>Other revenue</b>	
Interest income	1,074
Commissions received	178
Grants received	4,146
	<u><u>          </u></u>

The group does generate income from overseas but the amount is insignificant and not disclosed.

# Project Balearics Topco Limited

## Notes to the group financial statements (continued)

For the period ended 31 March 2023

### 4 Operating loss

2023

£

Operating loss for the period is stated after charging/(crediting):

Government grants for training	(4,146)
Depreciation of owned tangible fixed assets	127,221
Depreciation of tangible fixed assets held under finance leases	25,404
Loss on disposal of tangible fixed assets	27,012
Amortisation of intangible assets	1,832,118
Operating lease charges	259,479

### 5 Auditor's remuneration

2023

£

Fees payable to the company's auditor and associates:

#### For audit services

Audit of the financial statements of the group and company	50,000
--	--------

### 6 Employees

The average monthly number of persons (including directors) employed by the group and company during the period was:

	Group 2023 Number	Company 2023 Number
Fee earning	174	-
Administration	85	-
Group Support	20	-
Directors	2	-
Total	281	-

Their aggregate remuneration comprised:

	Group 2023 £	Company 2023 £
Wages and salaries	4,026,195	-
Social security costs	388,351	-
Pension costs	209,978	-
	4,624,524	-

# Project Balearics Topco Limited

## Notes to the group financial statements (continued)

For the period ended 31 March 2023

### 7 Directors' remuneration

	2023 £
Remuneration for qualifying services	123,750
Company pension contributions to defined contribution schemes	13,590
	<u>137,340</u>

Key management includes the directors therefore the compensation paid or payable to key management for employee services is shown above.

### 8 Interest receivable and similar income

	2023 £
<b>Interest income</b>	
Interest on bank deposits	676
Other interest income	398
	<u>1,074</u>
Total income	<u>1,074</u>

### 9 Interest payable and similar expenses

	2023 £
Interest on bank overdrafts and loans	4,367
Other interest on financial liabilities	1,882,340
Interest on finance leases and hire purchase contracts	2,834
Other interest	1,037
	<u>1,890,578</u>
Total finance costs	<u>1,890,578</u>

### 10 Taxation

	2023 £
<b>Current tax</b>	
UK corporation tax on profits for the current period	87,040
Adjustments in respect of prior periods	(45)
	<u>86,995</u>
Total current tax	<u>86,995</u>
<b>Deferred tax</b>	
Origination and reversal of timing differences	58,263
	<u>58,263</u>
Total tax charge	<u>145,258</u>

## Project Balearics Topco Limited

### Notes to the group financial statements (continued)

For the period ended 31 March 2023

#### 10 Taxation

(Continued)

The actual charge for the period can be reconciled to the expected credit for the period based on the profit or loss and the standard rate of tax as follows:

	2023 £
Loss before taxation	(2,765,744)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00%	(525,491)
Tax effect of expenses that are not deductible in determining taxable profit	181,430
Adjustments in respect of prior years	(45)
Effect of change in corporation tax rate	68,862
Amortisation on assets not qualifying for tax allowances	348,102
Other non-reversing timing differences	91,458
Super deduction	(19,058)
Taxation charge	145,258

#### Factors that may affect future tax charges

With effect from 1 April 2023 the rate of corporation tax increased. From this date, the rate will taper from 19% for businesses with profits of less than £50,000 to 25% for businesses with profits over £250,000. The deferred tax has been calculated at the rate of 25% as this is the rate expected to be in operation when the majority of the deferred tax liability will be realised.

# Project Balearics Topco Limited

## Notes to the group financial statements (continued)

### For the period ended 31 March 2023

#### 11 Intangible fixed assets

Group	Goodwill	Trademarks	Total
	£	£	£
<b>Cost</b>			
At 28 September 2022	-	-	-
Additions - separately acquired	-	400	400
Additions - business combinations	44,856,186	3,567	44,859,753
At 31 March 2023	44,856,186	3,967	44,860,153
<b>Amortisation and impairment</b>			
At 28 September 2022	-	-	-
Amortisation charged for the period	1,832,118	-	1,832,118
At 31 March 2023	1,832,118	-	1,832,118
<b>Carrying amount</b>			
At 31 March 2023	43,024,068	3,967	43,028,035

The company had no intangible fixed assets at 31 March 2023.

## Project Balearics Topco Limited

### Notes to the group financial statements (continued)

For the period ended 31 March 2023

#### 12 Tangible fixed assets

Group	Leasehold improvements £	Plant and equipment £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
<b>Cost</b>						
At 28 September 2022	-	-	-	-	-	-
Additions	86,783	95,471	86,092	66,005	-	334,351
Business combinations	536,996	70,670	691,199	1,057,392	90,160	2,446,417
Disposals	(67,351)	-	-	(18,900)	-	(86,251)
At 31 March 2023	556,428	166,141	777,291	1,104,497	90,160	2,694,517
<b>Depreciation and impairment</b>						
At 28 September 2022	-	-	-	-	-	-
Depreciation charged in the period	12,569	9,445	35,118	86,101	9,392	152,625
Eliminated in respect of disposals	(40,339)	-	-	(18,900)	-	(59,239)
Business combinations	335,069	35,450	181,758	694,033	3,471	1,249,781
At 31 March 2023	307,299	44,895	216,876	761,234	12,863	1,343,167
<b>Carrying amount</b>						
At 31 March 2023	249,129	121,246	560,415	343,263	77,297	1,351,350

The company had no tangible fixed assets at 31 March 2023.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2023 £	Company 2023 £
Motor vehicles	77,297	-
Computers	85,541	-
	162,838	-

## **Project Balearics Topco Limited**

### **Notes to the group financial statements (continued)**

**For the period ended 31 March 2023**

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#### **13 Subsidiaries**

Details of the company's subsidiaries at 31 March 2023 are as follows:

# Project Balearics Topco Limited

## Notes to the group financial statements (continued)

For the period ended 31 March 2023

### 13 Subsidiaries

(Continued)

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held DirectIndirect
Project Balearics MidCo Limited	The Glades, Festival Way, Festival Park, Stoke-on-Trent, ST1 5SQ, UK	Sub-holding company	Ordinary shares	100.00 -
DJH Mitten Clarke Limited	The Glades, Festival Way, Festival Park, Stoke-on-Trent, ST1 5SQ, UK	Full accountancy service provider	Ordinary shares	- 100.00
DJH (1) Realisations Limited	The Glades, Festival Way, Festival Park, Stoke-on-Trent, ST1 5SQ, UK	Dormant company	Ordinary shares	- 100.00
DJH (2) Realisations Limited	The Glades, Festival Way, Festival Park, Stoke-on-Trent, ST1 5SQ, UK	Dormant company	Ordinary shares	- 100.00
DJH Mitten Clarke Audit Limited	The Glades, Festival Way, Festival Park, Stoke-on-Trent, ST1 5SQ, UK	Audit company	Ordinary shares	- 100.00
Lloyd Piggott Holdings Limited	2nd Floor St George's House, 56 Peter Street, Manchester, M2 3NQ, UK	Sub-holding company	Ordinary shares	- 100.00
DJH Mitten Clarke Group Limited	The Glades, Festival Way, Festival Park, Stoke-on-Trent, ST1 5SQ, UK	Sub-holding company	Ordinary shares	- 100.00
DJH Mitten Clarke Manchester Limited	2nd Floor St George's House, 56 Peter Street, Manchester, M2 3NQ, UK	Full accountancy service provider	Ordinary shares	- 100.00
DJH Mitten Clarke Walsall Limited	3rd Floor, International House, Hatherton Street, Walsall, WS4 2LA, UK	Full accountancy service provider	Ordinary shares	- 100.00
DJH Mitten Clarke Chester Limited	Chester House, Lloyd Drive, Cheshire Oaks Business Park, Ellesmere Port, CH65 9HQ, UK	Full accountancy service provider	Ordinary shares	- 100.00
DJH Mitten Clarke Leeds Limited	1 Victoria Court, Bank Square, Morley, Leeds, West Yorkshire, LS27 9SE, UK	Full accountancy service provider	Ordinary shares	- 100.00
Capital Allowance Review Service Limited	Highpoint, Festival Way, Festival Park, Stoke-on-Trent, ST1 5SH, UK	Tax advisory	Ordinary shares	- 100.00
The Great Things Together Group Limited	The Glades, Festival Way, Festival Park, Stoke-on-Trent, ST1 5SQ, UK	Group management services company	Ordinary shares	- 100.00



# **Project Balearics Topco Limited**

## **Notes to the group financial statements (continued)**

### **For the period ended 31 March 2023**

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#### **13 Subsidiaries**

**(Continued)**

The majority voting rights of DJH Mitten Clarke Audit Limited are held by a third party (in order to satisfy ICAEW audit requirements) but all economic rights of the shares are held by the company and as such the company is shown as a 100% subsidiary of the company. Please refer to note 1.4 regarding the basis of consolidation.

Following the year end, DJH (1) Realisations Ltd and DJH (2) Realisations Limited were placed into a members voluntary liquidation. Both companies were dormant at the period end date.

# Project Balearics Topco Limited

## Notes to the group financial statements (continued)

For the period ended 31 March 2023

### 14 Debtors

	Group 2023 £	Company 2023 £
<b>Amounts falling due within one year:</b>		
Trade debtors	3,473,429	-
Amounts owed by group undertakings	-	8,874
Other debtors	18,141	-
Prepayments and accrued income	2,386,434	-
	<u>5,878,004</u>	<u>8,874</u>

Amounts recoverable on contracts of £1,810,400 is included within prepayments and accrued income.

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

	Notes	Group 2023 £	Company 2023 £
Obligations under finance leases	18	64,906	-
Trade creditors		562,287	-
Corporation tax payable		475,980	-
Other taxation and social security		951,524	-
Other creditors		3,996,803	-
Accruals and deferred income		643,566	50,000
		<u>6,695,066</u>	<u>50,000</u>

Included in other creditors is a balance of £3,899,691 which relates to the deferred consideration on the acquisition of subsidiaries.

### 16 Creditors: amounts falling due after more than one year

	Notes	Group 2023 £	Company 2023 £
Obligations under finance leases	18	97,688	-
Other borrowings	17	46,336,491	-
Other creditors		827,336	-
		<u>47,261,515</u>	<u>-</u>

Included in other creditors is a balance of £827,336 which relates to the deferred consideration on the acquisition of subsidiaries.

# Project Balearics Topco Limited

## Notes to the group financial statements (continued)

For the period ended 31 March 2023

### 16 Creditors: amounts falling due after more than one year (Continued)

Amounts included above which fall due after five years are as follows:

Payable other than by instalments	46,327,447	-
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### 17 Loans and overdrafts

	Group 2023 £	Company 2023 £
Other loans	46,336,491	-
Payable after one year	46,336,491	-

The other loans are secured by a debenture over the assets of The Great Things Together Group Limited. The loans accrue interest at a rate of 10% compounded quarterly and are due for repayment (along with accrued interest) on 30 October 2028.

### 18 Finance lease obligations

	Group 2023 £	Company 2023 £
Future minimum lease payments due under finance leases:		
Within one year	64,906	-
In two to five years	97,688	-
	162,594	-

The finance leases (hire purchase agreements) are secured against the asset to which they relate.

### 19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

Group	Liabilities 2023 £
Accelerated capital allowances	299,423
Other timing differences	(12,500)
	286,923

The company has no deferred tax assets or liabilities.

# Project Balearics Topco Limited

## Notes to the group financial statements (continued)

### For the period ended 31 March 2023

#### 19 Deferred taxation

(Continued)

	Group 2023 £	Company 2023 £
<b>Movements in the period:</b>		
Asset at 28 September 2022	-	-
Charge to profit or loss	69,619	-
Other	217,304	-
	<u>286,923</u>	<u>-</u>
Liability at 31 March 2023	286,923	-

The deferred tax liability set out above is expected to reverse after 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

In the above table, other relates to the acquisition of subsidiaries in the period.

#### 20 Retirement benefit schemes

	2023 £
<b>Defined contribution schemes</b>	
Charge to profit or loss in respect of defined contribution schemes	<u>209,978</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

#### 21 Share capital

Group and company	2023	2023
<b>Ordinary share capital</b>	<b>Number</b>	<b>£</b>
<b>Issued and fully paid</b>		
A Ordinary of 1p each	501,000	5,010
B Ordinary of 1p each	274,000	2,740
C1 Ordinary of 1p each	85,000	850
	<u>860,000</u>	<u>8,600</u>

A Ordinary shares are entitled to one vote per share, are entitled to dividends and the distribution of capital. A Ordinary shares have preferential voting rights should certain event occur.

B Ordinary shares are entitled to one vote per share, are entitled to dividends and the distribution of capital.

C1 Ordinary shares are not entitled to vote, are entitled to dividends and the distribution of capital.

# Project Balearics Topco Limited

## Notes to the group financial statements (continued)

### For the period ended 31 March 2023

#### 21 Share capital

(Continued)

246,913 B Ordinary shares and 60,000 C1 Ordinary shares were allotted and issued in part consideration for the acquisition of the entire share capital of DJH Mitten Clarke Group Limited during the year.

27,087 B Ordinary shares were allotted and issued in part consideration for the acquisition of the consideration loan notes of DJH Mitten Clarke Group Limited during the year.

All other shares were allotted and issued for cash.

#### 22 Profit and loss reserves

	Group 2023 £	Company 2023 £
At the beginning of the period	-	-
Loss for the period	(2,911,002)	(49,726)
At the end of the period	<u>(2,911,002)</u>	<u>(49,726)</u>

#### 23 Acquisition of a business

On 30 October 2022 the group acquired 100 percent of the issued capital of DJH Mitten Clarke Group Ltd.

	Book Value £	Adjustments £	Fair Value £
<b>Net assets acquired</b>			
Intangible assets	3,567	-	3,567
Property, plant and equipment	1,171,846	-	1,171,846
Trade and other receivables	5,328,694	-	5,328,694
Cash and cash equivalents	269,126	-	269,126
Borrowings	(6,593,872)	-	(6,593,872)
Obligations under finance leases	(187,085)	-	(187,085)
Trade and other payables	(4,488,936)	-	(4,488,936)
Tax liabilities	(858,420)	-	(858,420)
Deferred tax	(222,463)	-	(222,463)
Total identifiable net assets	<u>(5,577,543)</u>	<u>-</u>	<u>(5,577,543)</u>
Goodwill			43,380,631
Total consideration			<u>37,803,088</u>

## Project Balearics Topco Limited

### Notes to the group financial statements (continued)

For the period ended 31 March 2023

#### 23 Acquisition of a business

(Continued)

The consideration was satisfied by:	£
Cash	20,273,357
Issue of shares	3,069
Deferred consideration	3,363,684
Issue of loan notes	14,162,978
	<u>37,803,088</u>

Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:

	£
Turnover	7,306,107
Profit after tax	<u>595,603</u>

In addition to the acquisition of the entire share capital of DJH Mitten Clarke Group Limited as described above, the group also acquired £4,372,037 of loan notes that were issued by DJH Mitten Clarke Group Limited and this liability is included within borrowings of the net assets acquired as disclosed above.

The consideration for these loan notes was £4,372,037 and was satisfied as follows -

Cash	£2,818,050
Issue of shares	£271
Issue of loan notes	£1,553,716

# Project Balearics Topco Limited

## Notes to the group financial statements (continued)

For the period ended 31 March 2023

### 23 Acquisition of a business

(Continued)

On 31 January 2023 the group acquired 100 percent of the issued capital of DJH Mitten Clarke Leeds Limited.

	Book Value £	Adjustments £	Fair Value £
<b>Net assets acquired</b>			
Property, plant and equipment	24,790	-	24,790
Trade and other receivables	374,997	-	374,997
Cash and cash equivalents	317,695	-	317,695
Trade and other payables	(135,161)	-	(135,161)
Tax liabilities	(47,480)	-	(47,480)
Deferred tax	(6,197)	-	(6,197)
Total identifiable net assets	528,644	-	528,644
Goodwill			1,475,555
Total consideration			2,004,199

The consideration was satisfied by:

	£
Cash	1,431,861
Deferred consideration	572,338
	2,004,199

Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:

	£
Turnover	191,837
Profit after tax	29,179

# Project Balearics Topco Limited

## Notes to the group financial statements (continued)

For the period ended 31 March 2023

### 24 Operating lease commitments

#### Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2023 £	Company 2023 £
Within one year	515,808	-
Between two and five years	1,349,424	-
In over five years	363,277	-
	<u>2,228,509</u>	<u>-</u>

### 25 Events after the reporting date

On 8 August 2023, DJH Mitten Clarke Group Limited acquired the entire share capital of Innov8 Human Resources Limited. The initial payments were financed out of group cashflow.

On 30 August 2023, DJH Mitten Clarke Chester Limited acquired the trade and assets of the dental business of the accountancy practice known as Minford Chartered Accountants, based in York. The initial payments were financed out of group cashflow.

On 31 August 2023, Project Balearics MidCo Limited agreed a debt facility with the investors such that it is able to borrow additional funds in the form of short term convertible loan notes to assist with the funding of future acquisitions.

On 1 September 2023, DJH Mitten Clarke Group Limited acquired the entire share capital of Revell Ward Holdings Ltd and Revell Ward Limited. The funding raised on 31 August 2023 was partly utilised to satisfy this consideration and also satisfy some of the deferred consideration as disclosed in note 15.

On 18 September 2023, DJH Mitten Clarke Group Limited acquired the entire share capital of Lyon Griffiths Limited and its investment in Lyon Griffiths (Audit and Accounting) Limited. The funding raised on 31 August 2023 was partly utilised to satisfy this consideration and also satisfy some of the deferred consideration as disclosed in note 15.

On 18 September 2023, DJH Mitten Clarke Limited exchanged unconditional contracts for the acquisition of the trade and assets of the accountancy practice known as Haines Watts - Altrincham. The contract completed on 29 September 2023.

On 30 November 2023, DJH Mitten Clarke Group Limited acquired the entire share capital of DTE Business Advisers Group Limited. The funding raised on 31 August 2023 was utilised to satisfy this consideration.

The total consideration related to the above transactions paid after the balance sheet date was £10.8m. An element of this was paid on completion, along with a portion being deferred over future accounting periods.



# Project Balearics Topco Limited

## Notes to the group financial statements (continued)

For the period ended 31 March 2023

### 26 Related party transactions

#### Transactions with related parties

During the period the group entered into the following transactions with related parties that impacted the group statement of comprehensive income:

	Sales 2023 £	Purchases 2023 £
<b>Group</b>		
Other related parties	5,025	14,164
	<u>5,025</u>	<u>14,164</u>

	Leasing of real estate 2023 £	Management charge income 2023 £
<b>Group</b>		
Other related parties	138,272	22,083
	<u>138,272</u>	<u>22,083</u>

Other related parties relates to directors of the group (and its subsidiaries) or entities controlled by directors of the group (and its subsidiaries).

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2023 £
<b>Group</b>	
Other related parties	113,415
	<u>113,415</u>

Other related parties relates to directors of the group (and its subsidiaries) or entities controlled by directors of the group (and its subsidiaries).

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2023 Balance £
<b>Group</b>	
Other related parties	1,800
	<u>1,800</u>

Other related parties relates to directors of the group (and its subsidiaries) or entities controlled by directors of the group (and its subsidiaries).

#### Other information

## Project Balearics Topco Limited

### Notes to the group financial statements (continued)

For the period ended 31 March 2023

#### 26 Related party transactions

(Continued)

On 30 October 2022, the group acquired the entire share capital of DJH Mitten Clarke Group Limited from various directors and employees ("the managers") of the group. The investor also introduced funds into the group as borrowings.

At the period end, the investor was owed £29,954,299 including accrued interest and the managers were owed £16,382,192 including accrued interest. This amount is included in other borrowings in note 16 of the notes to the financial statements. The managers were also due £2,587,094 in deferred consideration.

On 31 January 2023, the group acquired the entire share capital of DJH Mitten Clarke Leeds Limited from a director of the group. At the period end, the director was also due £558,127 in deferred consideration.

Information regarding the above transactions can be found in note 23.

#### 27 Controlling party

The group is controlled by Tenzing Private Equity LLP, which is a limited liability partnership which manages the investments of Tenzing Private Equity II LP. There is no one investor of Tenzing Private Equity II LP which owns over 10% of the fund.

#### 28 Cash absorbed by group operations

	2023 £
Loss for the period after tax	(2,911,002)
<b>Adjustments for:</b>	
Taxation charged	145,258
Finance costs	1,890,578
Investment income	(1,074)
Loss on disposal of tangible fixed assets	27,012
Amortisation and impairment of intangible assets	1,832,118
Depreciation and impairment of tangible fixed assets	152,625
<b>Movements in working capital:</b>	
Increase in debtors	(174,316)
Decrease in creditors	(2,369,604)
<b>Cash absorbed by operations</b>	<u>(1,408,405)</u>

## Project Balearics Topco Limited

### Notes to the group financial statements (continued)

#### For the period ended 31 March 2023

29 Analysis of changes in net debt - group	28 September 2022	Cash flows £	Acquisitions and disposals £	Acquisition of loan notes £	Other non- cash changes £	Interest not paid £	31 March 2023 £
Cash at bank and in hand	-	496,892	586,821	-	-	-	1,083,713
Borrowings excluding overdrafts	-	(28,294,917)	(4,814,577)	4,372,037	(15,716,694)	(1,882,340)	(46,336,491)
Obligations under finance leases	-	24,491	(187,085)	-	-	-	(162,594)
	-	(27,773,534)	(4,414,841)	4,372,037	(15,716,694)	(1,882,340)	(45,415,372)