

Registered number: 09353225

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022



KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

COMPANY INFORMATION

Directors	Thomas Barnds Nigel Bedford Ian Bendelow Jason Klein
Registered number	09353225
Registered office	Unit 2A Herongate Charnham Park Hungerford Berkshire RG17 0YU
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 1st Floor One Valpy 20 Valpy Street Reading RG1 1AR

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

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KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

The directors present their Strategic Report and the financial statements for Kerridge Commercial Systems Group (the Group) and Kerridge Commercial Systems Group Limited (the Company) for the year ended 30 September 2022.

The objectives of this report are to provide shareholders and other users of these financial statements with:

- the appropriate level of background context for these financial statements;
- an analysis of the Group's past performance and future outlook;
- an insight into the Group's main objectives and strategies; and
- the principal risks it faces and how they might affect future prospects.

The Group's Objectives and Strategy

The Board sees the main business objective as delivering sustainable, responsible and profitable business growth in order to deliver:

- exceptional software and systems for the Group's current and future customers in the Distributive Trades and Rental sectors globally;
- excellent levels of innovation and service to our customers;
- challenging yet rewarding careers for the Group's employees; and
- strong growth in shareholder value.

In order to meet its business objectives, the Group's strategy is to:

- maintain proactive customer engagement through the sales and operational teams to ensure customer satisfaction and maintain a strong understanding of customer needs;
- continue to research and develop the Group's software products, tools and services to ensure the most appropriate use of technology and business practice is available to add value to our customers' businesses;
- continue to make appropriate investment in the Group's employees through recruiting the right individuals and then developing staff through clear communication, coaching, mentoring and other training initiatives;
- continue to invest in the Group's business infrastructure, tools, and other resources to ensure efficient delivery of our products and services; and
- deliver mission critical, end to end solutions focused on the distributive trades to help our customers drive efficiencies, productivities, customer services and competitive service and competitive advantage in their own businesses.

The Group provides customers the choice of a fully comprehensive end to end service through its market leading ERP software delivered on premise or as Software as a Service ("SaaS"), including cloud hosting, disaster recovery services, technology advice, training, consultancy, thought leadership, guidance and advice supported by a long term relationship.

Ultimately flexibility, experience and industry focus allows our business to support the customer to "Run Your Business Your Way".

Business review

Acquisitions

In the year the Group acquired Wishside Limited, the reseller of MAM Software Limited's (acquired October 2019) products in Ireland. The acquisition provides critical mass for the Group's business in Ireland and is trading in line with the acquisition business case. We welcome to the Group our new customers and colleagues.

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

During the year, the Group continued to integrate previously acquired businesses. Following acquisition, all acquired businesses are harmonised onto common platforms and systems with consistent levels of technology and security.

Research and development

Our Group's business focus is the design and build of software and supporting IT solutions for our customers to improve our customers' efficiency, control processes, transaction visibility, customer service and financial performance.

This is achieved through continual research and development in modern coding languages and platform technologies, careful consideration of customer business needs, business processes and trends in the market. This is continually reflected in the Group's software functionality and its sales, implementation and supporting services to ensure the best possible complete solution is available in the sector.

Summary of financial performance

We are delighted to report another strong performance for the Group in the financial year ended 30 September 2022.

In the financial year under review the Group generated:

- Turnover of £134.4m (2021: £124.4m); and
- Operating profit before depreciation, goodwill and intangibles amortisation and impairment charges, foreign exchange differences and non-recurring items ("Underlying EBITDA") of £36.6m (2021: £32.6m).

Both turnover and Underlying EBITDA were in line with Board's expectations. The results for the financial year include 11 months of trading from Wishside Limited which contributed revenue of £0.7m and profit after tax of £0.1m to the consolidated Group result.

The Group had cash balances of £23.7m (2021: £24.1m) at the year end. During the year, the Group paid down bank debt of £12.4m (2021: £7.5m).

Business outlook

The business maintains a positive outlook despite the challenging economic climate at large. Its exposure to a wide geographic market, broad range of sub verticals within the distributive trades and significant levels of contractual recurring revenue coupled with the highly mission critical nature of the software and services which the Group provides will enhance its ability to achieve return from investments in its products, staff and infrastructure. The directors continually monitor the social, political and economic climates in the principal jurisdictions in which the Group operates in order to identify business risks and opportunities.

Organic sales growth of contractual recurring revenues continues to be strong and has been achieved from both new and existing customers. The Group continues to offer customers a choice between perpetual, cloud hosted and full SaaS licensing models. In recent years, the Group has seen customer demand shift in favour of cloud hosted and full SaaS licensing models and this has continued during the year ended 30 September 2022 with the majority of new business sold being on a SaaS or subscription basis. This has led to significant growth in recurring revenue in the current financial year and further increased the extent to which total revenue is underpinned by recurring annual contracts.

The Group's solutions are delivered using fast, scalable and resilient platforms. As the Group grows, investment levels are maintained in those platforms, internal systems, people and experienced management to maintain high service levels to our customers and allow them to obtain the most value from their solution.

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

Employees

The Group believes in keeping employees informed and involved in the progression of our business and its performance. Accordingly, the Group maintains regular communications with all staff as well as established consultation processes.

The Group continues to invest in training for employees to support their learning and growth. In the year, the Group has increased spend on training following the lifting of Covid-19 related social distancing rules which made in person training difficult. The Group expects to further invest in training in the year ahead and has budgeted for additional in-house training resources to develop staff and advance careers.

The Group is an equal opportunity employer and gives equal consideration to any application from any background. Any disabled person is considered on an equal basis where they can adequately fulfil the job. When an existing employee becomes disabled, it is the Group's policy, wherever practical to provide continuing employment under normal terms and provide training and career development.

Going concern

The financial statements have been prepared under the going concern basis. The directors have prepared forecasts, including relevant sensitivity and downside scenario analyses, to assess the future financing requirements of the Company, and wider Group. The assumptions used in the forecast are based on current levels of contractual revenues, historical recurring contract renewal rates, non-recurring order run rates, current orders backlog, current sales pipeline, existing and expected employee costs and other operating costs. In arriving at reasonable 'base' case and sensitised cases of the forecasts the directors have adjusted assumptions to take into account the current global economic pressures, including inflation, interest and foreign exchange rates.

More detail around the factors considered by the directors and the key measures tracked are provided in note 2 to the financial statements.

Principal risks and uncertainties

Ukraine Crisis

The crisis in Ukraine has created ongoing global economic uncertainty for all businesses. Inflation and interest rates have increased, though the rate of change in both now appears to be reducing, and there has been a step change in foreign currency exchange rates.

Covid-19 Pandemic

The Covid-19 Pandemic was one of the most significant economic shocks for the global economy in recent history. At the date of approval of these financial statements the day to day disruption to the Group has largely abated, though the economic disruption caused by the virus continues to be felt within the economy as a whole. We continue to monitor residual risk associated with the pandemic.

Brexit

The UK formally left the EU on 31 January 2020 and the transition period ended on 31 December 2020. We continue to monitor Brexit related risks and opportunities. To date Brexit has had limited impact upon our business.

Further and continuing economic deterioration caused by the Ukraine Crisis, Covid-19 and Brexit could increase the risk of counterparty failure. Economic risk is mitigated by the Group's significant proportion of recurring revenue which is typically billed in advance of service delivery and earned from a diversified customer base. The directors review trading results each month and customer retention rates quarterly and adjust the Group's cost base appropriately in line with revenues.

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

Financial risk management objectives and policies

The Group uses a variety of financial instruments including cash, equity investments and various items, such as trade debtors and trade creditors, which arise directly from its operations. The main purpose of these financial instruments is to provide working capital for the Group's operations.

Given the size of the Group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the board of directors are implemented by the Group's finance department. The directors are of the view that the main risks arising from the Group's financial instruments are foreign exchange rate risk, interest rate risk, liquidity risk and credit risk.

The directors set and review policies for managing each of these risks and they are summarised below.

Foreign exchange rate risk

Exchange rate fluctuation represents a risk because some sales are priced in currencies other than sterling. In addition, the Group's overseas operations continue to grow. The directors do not consider that the potential downside associated with this risk at this stage in the Group's development is of sufficient size to require hedging, as cash flows arise in the same currencies as the Group's principal borrowings.

Interest rate risk

The Group has financed its operations through a combination of its own cash generation, bank debt, preference shares and shareholders' funds. The interest rate of the debt funding (which is denominated in sterling, Euro and US Dollar) is variable with relevant inter-bank borrowing rates. The directors are carefully monitoring the outlook for global interest rates and have performed relevant downside forecast analysis. Based on this analysis the directors have not concluded it appropriate to formally hedge interest rate exposure, but whether this is appropriate will continue to be monitored.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The funding for significant new ventures is secured before commitments are made. The cash position of the Group is reviewed regularly and cash flows are monitored at least monthly, the Group also has access to sufficient short term external funding sources.

Credit risk

The Group's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from its trade debtors.

In order to manage credit risk the directors set a policy of monitoring exposure with customers based on a combination of payment history and third party credit references. Exposure levels are reviewed by senior management on a regular basis in conjunction with debt ageing and collection history.

Financial performance of and successful integration of acquisitions

The directors carefully monitor the performance of acquisitions in line with pre-acquisition investment cases. In addition to financial performance, levels of customer and staff retention, customer service, cross selling and migration to common Group systems and processes are also closely monitored.

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022

Financial key performance indicators

The Board uses a range of performance indicators to monitor and manage the business and ensure focus is maintained on the key priorities of the Group.

The Key Performance Indicators ("KPIs"), which are monitored at Board level, have been devised to allow the Board and shareholders to monitor the Group as a whole by focusing on recurring revenue growth and profitability and are as follows:

1. Recurring Revenue growth rate.
2. The proportion of total revenue coming from Recurring Revenue.
3. Direct Gross Margin % - being Total Revenue less third-party external costs expressed as a percentage of Total Revenue.
4. Underlying EBITDA (Note 2) – growth rate.
5. Underlying EBITDA (Note 2) Margin % - being Underlying EBITDA expressed as a percentage of Total Revenue.

The key financials and consolidated KPIs may be summarised as follows:

	Year ended 30 September 2022	Year ended 30 September 2021	Change	Change%	KPI growth target	KPI score
Recurring Revenue	£104.0m	£92.3m	£11.7m	13% (12.2%*)	>10%	✓
Non-recurring Revenue	£30.5m	£32.1m	£(1.7)m	(5)%		
Total Revenue	£134.4m	£124.4m	£10.0m	8%		
Recurring Revenue (Note 1) (% of Revenue)	77.3%	74.2%	3.1%	4%	>0%	✓
Direct Gross Margin	£115.9m	£105.5m	£10.4m	10%		
Direct Gross Margin (% of Revenue)	86.2%	84.8%	1.4%	2%	>0%	✓
Underlying EBITDA (Note 2)	£36.6m	£32.6m	£4.0m	12%	>0%	✓
Underlying EBITDA (Note 2) Margin (% of Revenue)	27.2%	26.2%	1.0%	4%	>0%	✓

Note 1 – Revenue from renewable service contracts.

Note 2 – Operating profit before depreciation, goodwill and intangibles amortisation and impairment charges, foreign exchange differences and non-recurring items

* - Proforma for the Wishside Limited acquisition

Recurring Revenue has increased by £11.7m year on year, an increase of 13% (12.2% if the impact of the Wishside Limited acquisition is excluded) and the directors target of greater than 10% annual Recurring Revenue growth has been achieved. The proportion of Recurring Revenue contributing to total revenue has also increased year on year and is now 77.3% (2021: 74.2%). Direct Gross Margin % of Revenue has increased by 1.4ppt and is now 86.2% (2021: 84.8%). The increasing proportion of Total Revenue from Recurring Revenue contracts and the incremental increase in Direct Gross Margin is attributable to the continuing success of the Group in switching customers to SaaS and the subscription licensing model. Costs are closely controlled and Underlying EBITDA Margin has also increased year on year to 27.2% (2021: 26.2%).

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

Section 172(1) of the Companies Act 2006

The directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so, have regard (amongst other matters) to:

- The likely consequences of any decisions in the long-term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between shareholders of the company.

The following paragraphs summarise how the directors fulfil their duties:

Risk management

We provide business critical software and related services to our clients in an increasingly diverse global market. As we grow, our business and our risk environment becomes more complex.

It is therefore vital that we effectively identify, evaluate, manage and mitigate the risks we face, and that we continue to evolve our approach to risk management.

For details of our principal risks and uncertainties, and how we manage our risk environment, please refer to the 'Principal risks and uncertainties' section of the Group Strategic Report.

Our people

People are at the heart of our service delivery. They are central to the long term success of the business.

For our business to succeed, we need to retain, find, develop and manage talented people while ensuring we operate as efficiently as possible.

We ensure that we share common values that inform and guide our behaviour so we achieve our goals in the right way.

We communicate regularly with all of our staff, together as a group and individually, sharing our successes and seeking solutions to our challenges.

Business relationships

Our strategy prioritises organic growth, driven by servicing, cross-selling and up-selling existing customers and bring new customers to the business. To do this we seek to develop and maintain strong long term relationships with our customers. We value all our suppliers and have strong ongoing relationships with our key suppliers.

Shareholders

The Board actively engages and communicates with the Company's shareholders, whether they are members of the management team or our external investors.

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

Directors' statement of compliance with duty to promote the success of the Group

The directors take full consideration of the principles outlined in Section 172 of the UK Companies Act 2006, including but not limited to the items outlined above, in each and every decision made to ensure the best long term outcome for the Group.

Community and environment

The Group is committed to being a responsible business and our behaviour is aligned with the expectations of our people, customers, investors, communities and society as a whole.

The Group seeks to and encourages its people to engage and interact with the communities around them.

As an environmentally ethical Group we:

- continue to invest in energy efficiency technologies when refurbishing offices;
- encourage employees and customers to travel for work only when it makes work service delivery more efficient;
- have embraced hybrid working policies that balance remote working and in person collaboration and development;
- undertake most of our marketing digitally to reduce waste; and
- support employees through low carbon travel schemes (e.g. cycle to work and tax efficient electronic car leasing plans).

Streamlined Energy and Carbon Report (SECR)

Methodology and approach

Our approach follows the UK Government's Environmental Reporting Guidelines, including streamlined energy and carbon reporting guidance (2019) and the Greenhouse Gas (GHG) Protocol Corporate Standard including the Scope 3 Calculation Guidance (collectively referred to here as the reporting guidelines). In calculating our emissions, we have used the 2021 and 2022 UK Government conversion factors for GHG reporting.

The directors have compiled the data used as the basis of the SECR report from utility bills (Scope 1 & 2) and employee mileage claim data (Scope 3).

Organisational boundary

The financial year ended 30 September 2022 is the first year that a SECR report has been prepared. The Group's principal UK trading subsidiary, Kerridge Commercial Systems Limited, was the only Group entity that exceeded the UK Companies Act 2006 'large' company definition in the year. The directors have elected to report combined GHG emissions and comparatives for all of the Group's UK entities which gives 63% (2021: 64%) coverage of the Group by revenue. The directors will consider expanding the organisational boundary to cover non-UK regions in subsequent reporting periods if practicable.

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022

UK entities GHG emissions

GHG emissions may be summarised as follows:

	Year ended 30 September 2022 (location based)	Year ended 30 September 2021 (location based)
Scope 1 GHG emissions by source (KgCO₂e)		
From direct emissions from burning of fossil fuels	4,067	13,075
Scope 2 GHG emissions by source (KgCO₂e)		
From electricity consumption	166,071	313,866
Scope 3 GHG emissions by source (KgCO₂e)		
From miles travelled on company business in employees' personal vehicles (estimated)	118,083	64,089
Total Scope 1 & 2 emissions (KgCO₂e)	170,138	326,941
Total Scope 1 – 3 emissions (KgCO₂e)	288,222	391,030
 Intensity metric (based on Scope 1 – 3 emissions) - kg CO ₂ e/£100,000 of Revenue	 3.39	 4.87

Notes:

GHG emission figures are expressed in tonnes of carbon dioxide equivalents (tCO₂e) whereby emissions of carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O) are shown in terms of the equivalent emissions from CO₂.

Energy usage:

	Year ended 30 September 2022 MWh	Year ended 30 September 2021 MWh	Methodology
Natural gas	22.3	71.4	Metered data
Grid electricity	858.8	1,478.2	Metered data
Energy used by employees' personal vehicles on company business	473.9	262.3	Employee mileage claims

Energy efficiency action take in the year

The UK entities' Scope 1 & 2 emissions have reduced 48% year on year and Scope 3 emissions have increased 84%. Overall emissions have reduced by 26% and our chosen measure for emission intensity has also reduced to 3.39 kg CO₂e/£100,000 of Revenue (2021: 4.87).

The principal reason for the reduction in Scope 1 & 2 emissions were due to the conclusion of the Group's UK rationalisation programme in FY22; this has led to a substantial reduction in emissions as our estate has been 'right-sized' in response to changing requirements post-Covid and as we integrate acquired businesses

Covid-19 travel restrictions had a more limited impact on FY22 employee travel patterns and therefore Scope 3 emissions increased in the year as we spend more time face to face with our existing and prospective customers.

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

This report was approved by the board and signed on its behalf.

Ian Bendelow

Ian Bendelow
Director

Date: 20/3/2023

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

The directors present their report and the financial statements for the year ended 30 September 2022.

Results and dividends

The profit for the year, after taxation, amounted to £10,123,000 (2021: loss £12,758,000).

The directors do not recommend a dividend for the year (2021: £Nil).

Directors

The directors who served during the year were:

Thomas Barnds
Nigel Bedford
Ian Bendelow
Jason Klein

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and the Group for that period. In preparing these financial statements, the directors are required to:

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

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

Future developments

Future developments have been discussed in the 'Business Outlook' section of the Group Strategic Report.

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Recruitment and employee relations

Recruitment policies are designed to ensure equal opportunity of employment regardless of age, race or sex.

Appropriate consideration is given to disabled applicants in offering employment.

Good communications and relations with employees are maintained, mainly by practices within each operating unit appropriate for its own particular circumstances. Senior management in each entity are kept informed of Group developments in certain financial, commercial, strategic and personnel matters as needed and are thereby enabled to inform and discuss with employees as appropriate at the individual units.

Parental guarantee

A parental guarantee has been provided for the year ended 30 September 2022 by Kerridge Commercial Systems Group Limited for certain entities within the Group, these entities are exempt from audit under s479A-479C of the Companies Act 2006.

Details of the entities covered by this guarantee can be found in note 14.

Matters covered in the Strategic Report and SECR reporting

Principal risks and uncertainties for the year ended 30 September 2022 are disclosed in the Strategic Report as required by S414C (11) of Companies Act 2006.

The Group Strategic Report also includes the Streamlined Energy and Carbon Reporting (SECR).

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Ian Bendelow

Ian Bendelow
Director

Date: 20/3/2023



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KERRIDGE COMMERCIAL SYSTEMS
GROUP LIMITED**

Opinion

We have audited the financial statements of Kerridge Commercial Systems Group Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2022, which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 September 2022 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Group's and of the parent Company's business model including effects arising from macro-economic uncertainties such as the cost of living crisis, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Group's and of the parent Company's financial resources or ability to continue operations over the going concern period.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KERRIDGE COMMERCIAL SYSTEMS
GROUP LIMITED (CONTINUED)**

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 of the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KERRIDGE COMMERCIAL SYSTEMS
GROUP LIMITED (CONTINUED)**

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

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 Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KERRIDGE COMMERCIAL SYSTEMS
GROUP LIMITED (CONTINUED)**

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the parent Company and the Group and sector in which it operates through our commercial and sector experience; making enquiries of management and those charged with governance; and inspection of the parent Company's and the Group's relevant external correspondence. We corroborated our enquiries through inspection of board minutes and other relevant information obtained during the course of the audit.
- Through the understanding that we obtained, we determined the most significant legal and regulatory frameworks which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks including United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; the Companies Act 2006; and the relevant taxation legislation.
- We assessed the susceptibility of the parent Company's and the Group's financial statements to material misstatement, including how fraud might occur, by considering management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to the estimation and judgemental areas with a risk of fraud including potential management bias in relation to improper revenue recognition as well as through management override of controls.
- Our audit procedures included:
 - Gaining an understanding of the controls that management has in place to prevent and detect fraud;
 - Journal entry testing, with a focus on journals indicating large or unusual transactions or account combinations based on our understanding of the business;
 - Gaining an understanding of and testing significant identified related party transactions; and
 - Performing audit procedures to consider the compliance of disclosures in the financial statements with the applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KERRIDGE COMMERCIAL SYSTEMS
GROUP LIMITED (CONTINUED)**

- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - Understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
 - Knowledge of the sector in which the parent Company and the Group operates;
 - Understanding of the relevant legal and regulatory frameworks specific to the Company including, the provisions of the applicable legislation and the applicable statutory provisions.
- Communications within the audit team in respect of potential non-compliance with laws and regulations and fraud included the estimation and judgemental areas with a risk of fraud, including potential management bias in relation to improper revenue recognition as well as through management override of controls in the preparation of the financial statements.

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

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.

Grant Thornton UK LLP

Paul Holland BSc BFP FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Reading
Date: 20/3/2023

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Note	2022 £000	2021 £000
Turnover	4	134,435	124,390
Cost of sales		(18,499)	(18,935)
Gross profit		115,936	105,455
Administrative expenses		(86,741)	(98,312)
Other operating expense		(33)	-
Operating profit	5	29,162	7,143
Interest receivable and similar income	9	34	26
Interest payable and similar expenses	10	(15,295)	(15,041)
Profit/(loss) before tax		13,901	(7,872)
Tax on profit/(loss)	11	(3,778)	(4,886)
Profit/(loss) for the financial year		10,123	(12,758)
Profit/(loss) for the year attributable to:			
Owners of the parent		10,123	(12,758)
		10,123	(12,758)

The notes on pages 27 to 58 form part of these financial statements.

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	2022 £000	2021 £000
Profit/(loss) for the financial year	10,123	(12,758)
Other comprehensive income/(loss)		
Currency translation differences	3,128	(427)
Employee Benefit Trust Expenses	(84)	-
Actuarial loss on defined benefit pension scheme	(175)	-
Deferred tax attributable to defined benefit pension scheme	44	-
Other comprehensive income/(loss) for the year	2,913	(427)
Total comprehensive income/(loss) for the year	13,036	(13,185)
Profit/(loss) for the year attributable to:		
Owners of the parent Company	10,123	(12,758)
	10,123	(12,758)
Total comprehensive income/(loss) attributable to:		
Owners of the parent Company	13,036	(13,185)
	13,036	(13,185)

The notes on pages 27 to 58 form part of these financial statements.

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED
REGISTERED NUMBER:09353225

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

	Note	2022 £000	2021 £000
Fixed assets			
Intangible assets	12	263,320	251,709
Tangible assets	13	4,103	3,990
		<u>267,423</u>	<u>255,699</u>
Current assets			
Stocks	15	167	212
Debtors: amounts falling due after more than one year	16	5,501	7,690
Debtors: amounts falling due within one year	16	40,445	28,760
Cash at bank and in hand	17	23,708	24,147
		<u>69,821</u>	<u>60,809</u>
Creditors: amounts falling due within one year	18	(64,234)	(52,471)
Net current assets		<u>5,587</u>	<u>8,338</u>
Total assets less current liabilities		<u>273,010</u>	<u>264,037</u>
Creditors: amounts falling due after more than one year	19	(190,108)	(193,529)
Defined benefit pension liability	26	(148)	-
Provisions for liabilities			
Deferred taxation	22	(12,047)	(12,763)
		<u>(12,047)</u>	<u>(12,763)</u>
Net assets		<u><u>70,707</u></u>	<u><u>57,745</u></u>

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED
REGISTERED NUMBER:09353225

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 SEPTEMBER 2022

	Note	2022 £000	2021 £000
Capital and reserves			
Called up share capital	23	54	54
Share premium account	24	85,926	85,863
Capital redemption reserve	24	2	2
Other reserves	24	35	119
Merger reserve	24	24,235	-
Profit and loss account	24	(39,545)	(28,293)
Equity attributable to owners of the parent Company		<u><u>70,707</u></u>	<u><u>57,745</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by

Ian Bendelow

Ian Bendelow
Director

Date: 20/3/2023

The notes on pages 27 to 58 form part of these financial statements.

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED
REGISTERED NUMBER:09353225

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

	Note	2022 £000	2021 £000
Fixed assets			
Investments	14	56,273	56,273
		<u>56,273</u>	<u>56,273</u>
Current assets			
Debtors: amounts falling due after more than one year	16	35,045	33,132
Debtors: amounts falling due within one year	16	86	290
Cash at bank and in hand	17	127	32
		<u>35,258</u>	<u>33,454</u>
Creditors: amounts falling due within one year	18	(3,836)	(3,033)
Net current assets		<u>31,422</u>	<u>30,421</u>
Total assets less current liabilities		<u>87,695</u>	<u>86,694</u>
Net assets		<u><u>87,695</u></u>	<u><u>86,694</u></u>
Capital and reserves			
Called up share capital	23	54	54
Share premium account	24	85,926	85,863
Capital redemption reserve	24	2	2
Profit and loss account	24	1,713	775
		<u>87,695</u>	<u>86,694</u>

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The Company's profit for the year £1,075,000 (2021: £372,000).

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Ian Bendelow

Ian Bendelow

Director

Date: 20/3/2023

The notes on pages 27 to 58 form part of these financial statements.

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Employee benefit trust reserve £000	Merger reserve £000	Profit and loss account £000	Total equity £000
At 1 October 2021	54	85,863	2	119	-	(28,293)	57,745
Comprehensive income for the year							
Profit for the year	-	-	-	-	-	10,123	10,123
Foreign exchange differences on translation of foreign subsidiaries	-	-	-	-	-	3,128	3,128
Total comprehensive income for the year	-	-	-	-	-	13,251	13,251
Contributions by and distributions to owners							
Shares issued during the year	1	63	-	-	-	-	64
Movement in merger reserve	-	-	-	-	24,235	(24,235)	-
EBT distribution	-	-	-	(84)	-	-	(84)
Purchase of own shares	(1)	-	-	-	-	(137)	(138)
Actuarial loss on defined benefit pensions scheme	-	-	-	-	-	(175)	(175)
Deferred tax attributable to defined benefit pension scheme	-	-	-	-	-	44	44
Total transactions with shareholders	-	63	-	(84)	24,235	(24,503)	(289)
At 30 September 2022	54	85,926	2	35	24,235	(39,545)	70,707

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Employee benefit trust reserve £000	Profit and loss account £000	Total equity £000
At 1 October 2020	55	85,863	-	84	(8,670)	77,332
Comprehensive loss for the year						
Loss for the year	-	-	-	-	(12,758)	(12,758)
Foreign exchange differences on translation of foreign subsidiaries	-	-	-	-	(427)	(427)
Total comprehensive loss for the year	-	-	-	-	(13,185)	(13,185)
Contributions by and distributions to owners						
Lakeview EBT	-	-	-	35	(35)	-
Purchase of own shares	(1)	-	2	-	(6,403)	(6,402)
Total transactions with shareholders	(1)	-	2	35	(6,438)	(6,402)
At 30 September 2021	54	85,863	2	119	(28,293)	57,745

The notes on pages 27 to 58 form part of these financial statements.

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 October 2021	54	85,863	2	775	86,694
Comprehensive income for the year					
Profit for the year	-	-	-	1,075	1,075
Other comprehensive income for the year	-	-	-	-	-
Contributions by and distributions to owners					
Shares issued during the year	1	63	-	-	64
Purchase of own shares	(1)	-	-	(137)	(138)
Total transactions with owners	-	63	-	(137)	(74)
At 30 September 2022	54	85,926	2	1,713	87,695

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 October 2020	55	85,863	-	6,806	92,724
Comprehensive income for the year					
Profit for the year	-	-	-	372	372
Other comprehensive income for the year	-	-	-	-	-
Contributions by and distributions to owners					
Purchase of own shares	(1)	-	2	(6,403)	(6,402)
Total transactions with owners	(1)	-	2	(6,403)	(6,402)
At 30 September 2021	54	85,863	2	775	86,694

The notes on pages 27 to 58 form part of these financial statements.

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	2022	2021
	£000	£000
Cash flows from operating activities		
Profit/(loss) for the financial year	10,123	(12,758)
Adjustments for:		
Amortisation and impairment of intangible assets	18,005	17,404
Depreciation of tangible assets	1,657	1,532
Impairments of fixed assets	592	-
Profit on disposal of tangible assets	-	(441)
Interest payable	15,295	15,041
Interest receivable	(34)	(26)
Taxation charge	3,778	4,886
Decrease/(increase) in stocks	70	(44)
(Increase) in debtors	(6,219)	(1,874)
Increase/(decrease) in creditors	3,820	(950)
Corporation tax (paid)	(4,990)	(5,257)
Foreign exchange movement	(13,582)	3,209
Movement on EBT reserve	(84)	-
Net cash generated from operating activities	28,431	20,722
Cash flows from investing activities		
Purchase of subsidiaries	(1,442)	1,421
Cash acquired with subsidiaries	496	-
Purchase of tangible fixed assets	(1,405)	(2,367)
Fixed assets acquired with subsidiaries	(216)	-
Sale of tangible fixed assets	31	1,912
Purchase of intangible fixed assets	(5)	(170)
Interest received	33	26
Interest payable - non-financing	(3)	(5)
Net cash (used in)/from investing activities	(2,511)	817

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022

	2022	2021
	£000	£000
Cash flows from financing activities		
Issue of ordinary shares	64	-
New secured loans/(loan repayments)	(12,368)	(7,619)
Interest paid	(13,918)	(13,914)
Purchase of own shares	(137)	(6,399)
Net cash used in financing activities	(26,359)	(27,932)
Net (decrease) in cash and cash equivalents	(439)	(6,393)
Cash and cash equivalents at beginning of year	24,147	30,540
Cash and cash equivalents at the end of year	23,708	24,147
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	23,708	24,147
	23,708	24,147

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

1. General information

Kerridge Commercial Systems Group Limited is a private company limited by shares and incorporated in England and Wales. The registered office is located at Unit 2A Herongate, Charnham Park, Hungerford, Berkshire, RG17 0YU.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company's and Group's financial statements are presented in sterling and all values are rounded to the nearest thousand (£'000) except when otherwise stated.

The preparation of financial statements in compliance with FRS 102 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 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income Statement in these financial statements.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions - company only

The Company has taken advantage of the following disclosure exemptions in preparing financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

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

This Company only information is included in these consolidated financial statements of Kerridge Commercial Systems Group Limited as at 30 September 2022.

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)

2.3 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Income Statement from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.4 Going concern

The financial statements have been prepared under the going concern basis. The directors have prepared forecasts, including relevant sensitivity and downside scenario analyses, to assess the future financing requirements of the Company, and wider Group. The assumptions used in the forecast are based on current levels of contractual revenues, historical recurring contract renewal rates, non-recurring order run rates, current orders backlog, current sales pipeline, existing and expected employee costs and other operating costs. In arriving at reasonable 'base' case and sensitised cases of the forecasts the directors have adjusted assumptions to take into account the current global economic pressures, including inflation, interest and foreign exchange rates.

In addition, the directors have considered the net current liability position of the Group (when debtors falling due after more than one year are taken into account). The net current liability position arises as a result of deferred income. Deferred income does not represent a cash outflow and relates to revenue amortised over the 12 month period from year end and on that basis the directors are satisfied that the Group has sufficient resources to meet the current liabilities as they fall due.

Based on the work undertaken, the directors are satisfied that sufficient cash facilities are secured from cash on hand, available borrowing facilities and cash inflows from forecast trading to meet the Company's and Group's working capital requirements for a period ending at least 12 months after the signature of these financial statements. The directors therefore consider it appropriate for the financial statements to be prepared on a going concern basis.

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)

2.5 Foreign currency translation

Functional and presentation currency

The Group and Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Income Statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into GBP at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.6 Revenue

Revenue represents services supplied during the year after deduction of trade discounts and value added tax.

Revenue from ordinary activities includes sales of software licenses, installation, consultancy, support, training services and maintenance.

Revenues from software licence sales are recognised on delivery to a customer, when there are no significant vendor obligations remaining and the collection of the resulting receivable is considered probable. In instances where significant vendor obligations exist, revenue recognition is delayed until the obligation has been satisfied. Revenues from maintenance contracts are recognised on a straight line basis over the period of the contract. Revenues from installation, training services and consultancy support are recognised when the services are performed. Revenue from subscription agreements contain a mix of software license, hosting and maintenance, and these are recognised over a straight line basis across the term of the contract.

2.7 Research and development

Research and development costs are recognised as an expense in the Statement of Comprehensive Income when they are incurred.

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)

2.8 Pensions

The Group operates both defined contribution and defined benefit pension schemes. The premiums relating to defined contribution schemes are charged to the Consolidated Income Statement in the period in which they accrue.

The Group's net obligation in respect of its defined benefit pension scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of the scheme assets is deducted. The calculation is performed by a qualified actuary using the projected unit credit method.

Remeasurement gains and losses arising from changes in actuarial assumptions, plan experience and differences between the expected and actual return on plan assets are recognised in "other comprehensive income" in the Consolidated Statement of Comprehensive Income in the period in which they occur. All other movements in the pension asset or liability are recognised in the Consolidated Income Statement for the relevant period.

A surplus of scheme assets may be recognised to the extent it is recoverable through reduced employer contribution in the future or through refund from the scheme. If the scheme surplus is not deemed recoverable, an asset limit adjustment is applied to restrict the balance to zero.

2.9 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.10 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.11 Finance costs

Finance costs are charged to the Consolidated Income Statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)

2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)

2.13 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Consolidated Income Statement over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Goodwill	-	10 to 20 years
Software	-	15 years
Customer relationships	-	15 to 20 years
Brand	-	15 years
Trademarks	-	5 years from date of granting

2.14 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)

2.14 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 50 years
Long-term leasehold property	- Length of lease
Motor vehicles	- 2 to 5 years
Office equipment	- 2 to 10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.15 Impairment of fixed assets, goodwill and other intangibles

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.16 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.17 Inventories

Stocks are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.18 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)

2.19 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with no significant risk of change in value.

2.20 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Income Statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.21 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)

2.22 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Income Statement in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are made, they are charged to the provision carried in the Statement of Financial Position.

2.23 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

2.24 Employee benefit trust

FRS 102 Section 9 requires the recognition of the assets and liabilities of the Employee Benefit Trust on the Statement of Financial Position of the sponsoring company as if those assets and liabilities were its own. The Company's own shares held in the Employee Benefit Trust are accounted for as a deduction from shareholders' funds. No gains or losses are reported in the Consolidated Income Statement or the Consolidated Statement of Comprehensive Income on the purchase, sale, issue or cancellation of the Company's own shares.

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

3. Judgements in applying accounting policies and key sources of estimation uncertainty

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Estimates are based on historical experience and current knowledge to support assumptions that are considered reasonable in the circumstances. The actual amount or values may vary in certain instances from the assumptions and estimates made. Changes will be recorded, with corresponding effect in the Statement of Comprehensive Income, when, and if, better information is obtained.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment within the next financial year are included below.

Critical judgements that management has made in the process of applying accounting policies disclosed herein and that have a significant effect on the amounts recognised in the financial statements relates to the following:

Estimated impairment of intangible assets, goodwill and investments in subsidiaries

The Company and Group tests, when there are indicators of impairment, whether goodwill, intangible assets or investments have suffered any impairment, in accordance with its accounting policies. The recoverable amounts of cash generating units have been determined by discounting estimated future cash flows for the time value of money to arrive at estimates of value in use. Each of the components of the value in use calculation (the cash flow, the duration of the cash flow, the discount rate) requires the use of estimates. Because of this, in concluding upon the reasonableness of the final estimate of value in use, the directors use sensitivity analysis to consider the impact of variability in inputs to the calculation. See notes 12 and 14.

Estimated useful economic life of intangible assets and goodwill

When capitalising intangible assets and goodwill the directors consider the contractual and commercial nature of the underlying revenue and profit streams within a cash generating unit to determine an appropriate estimate of useful economic life. The continued appropriateness of estimated useful economic life is reconsidered annually. The effect can be seen in note 12.

Defined benefit pension scheme

The calculation of the deficit or surplus on the Group's defined benefit pension scheme is based on a number of actuarial assumptions including discount rate, future rate of inflation and future changes in mortality rates. These assumptions are reviewed regularly by the Directors with the scheme actuary. Details of the key actuarial assumptions are provided in note 26.

Impairment of trade, inter-company and other debtors

The Group and Company makes an estimate of the recoverable value of trade, inter-company and other debtors. When assessing the impairment of trade, inter-company and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 16.

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

4. Turnover

An analysis of turnover by class of business is as follows:

	2022	2021
	£000	£000
Rendering of services	126,037	113,599
Licensing of intellectual property	4,983	8,453
Sale of goods	1,216	780
Other revenues	2,199	1,558
	134,435	124,390

Analysis of turnover by country of destination:

	2022	2021
	£000	£000
United Kingdom	63,266	61,701
Rest of the world	71,169	62,689
	134,435	124,390

5. Operating profit

The operating profit is stated after charging:

	2022	2021
	£000	£000
Depreciation of tangible assets	1,679	1,532
Profit on disposal of tangible fixed assets	8	(441)
Amortisation of intangible assets, including goodwill	18,005	17,404
Other operating lease rentals	2,801	2,543
Defined contribution pension cost	2,772	2,594
Defined benefit pension employer contribution	-	133
Forex gains and losses - realised	358	(221)
Forex gains and losses - unrealised	(15,063)	4,549

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

6. Auditor's remuneration

	2022	<i>2021</i>
	£000	<i>£000</i>
Fees payable to the Company's auditor and its associates for the audit of the consolidated and parent Company's financial statements	25	<i>21</i>
Fees payable to the Company's auditor and its associates in respect of:		
The auditing of accounts of associates of the Company	360	<i>251</i>
Taxation compliance services	40	<i>40</i>
All other services	30	<i>33</i>
	=====	<i>=====</i>

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group	<i>Group</i>
	2022	<i>2021</i>
	£000	<i>£000</i>
Wages and salaries	51,408	<i>49,321</i>
Social security costs	5,111	<i>5,202</i>
Cost of defined benefit scheme	-	<i>133</i>
Cost of defined contribution scheme	2,772	<i>2,594</i>
	=====	<i>=====</i>
	59,291	<i>57,250</i>
	=====	<i>=====</i>

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

	2022	<i>2021</i>
	No.	<i>No.</i>
Sales and administration staff	247	<i>242</i>
Operations staff	476	<i>435</i>
Technical staff	373	<i>340</i>
	=====	<i>=====</i>
	1,096	<i>1,017</i>
	=====	<i>=====</i>

The Company has no employees (2021: £Nil).

The directors were remunerated through one of the wider group companies, Kerridge Commercial Systems (Bidco) Limited.

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

8. Directors' remuneration

	2022	2021
	£000	£000
Directors' emoluments	733	486
Company contributions to defined contribution pension schemes	18	17
	<u>751</u>	<u>503</u>

During the year retirement benefits were accruing to one director (2021: one) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £441,000 (2021: £301,000).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2021: £Nil).

The directors consider that there are no (2021: Nil) Key Management other than the directors.

9. Interest receivable and similar income

	2022	2021
	£000	£000
Bank interest receivable	25	8
Other interest receivable	7	18
Net interest on the defined benefit liability	2	-
	<u>34</u>	<u>26</u>

10. Interest payable and similar expenses

	2022	2021
	£000	£000
Bank interest payable	13,791	13,576
Other interest payable	3	5
Amortisation of loan issue costs	1,501	1,460
	<u>15,295</u>	<u>15,041</u>

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

11. Taxation

	2022	2021
	£000	£000
Corporation tax		
Current tax on profits/(losses) for the year	3,881	3,114
Adjustments in respect of previous periods	(401)	(151)
	<u>3,480</u>	<u>2,963</u>
Foreign tax		
Foreign tax on income for the year	1,480	640
Foreign tax in respect of prior periods	297	(89)
	<u>5,257</u>	<u>3,514</u>
Deferred tax		
Origination and reversal of timing differences for the year	(1,489)	1,573
Origination and reversal of timing differences in respect of prior periods	10	(201)
	<u>(1,479)</u>	<u>1,372</u>
Taxation on profit/(loss) on ordinary activities	<u>3,778</u>	<u>4,886</u>

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

11. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2021: *higher than*) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022	2021
	£000	£000
Profit/(loss) on ordinary activities before tax	13,901	(7,872)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	2,641	(1,496)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(4,056)	3,206
Capital allowances for year in excess of depreciation	2	(163)
Adjustments to tax charge in respect of prior periods	(94)	(441)
Foreign GAAP differences	953	1,069
Foreign tax rate differences	203	(238)
Change in tax rate for deferred tax	178	3,037
Deferred tax asset not recognised	(159)	(56)
Other differences	98	(32)
Amortisation and impairment	3,885	-
Tax losses utilised in period	127	-
Total tax charge for the year	3,778	4,886

Factors that may affect future tax charges

The Finance Bill 2021 was substantively enacted 10 June 2021, as a result the main rate of corporation tax will rise from 19% to 25% from 1 April 2023.

On this basis deferred tax has been calculated at the future rate of 25%.

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

12. Intangible assets**Group**

	Software £000	Customer Relation- ships £000	Brand £000	Goodwill £000	Trademarks £000	Total £000
Cost						
At 1 October 2021	27,984	47,297	3,929	241,120	102	320,432
Additions	-	-	-	585	5	590
Foreign exchange movement	1,469	1,660	143	31,071	-	34,343
At 30 September 2022	<u>29,453</u>	<u>48,957</u>	<u>4,072</u>	<u>272,776</u>	<u>107</u>	<u>355,365</u>
Amortisation						
At 1 October 2021	11,680	15,150	2,142	39,751	-	68,723
Charge for the year on owned assets	2,031	2,396	212	13,366	-	18,005
Foreign exchange movement	631	526	141	4,019	-	5,317
At 30 September 2022	<u>14,342</u>	<u>18,072</u>	<u>2,495</u>	<u>57,136</u>	<u>-</u>	<u>92,045</u>
Net book value						
At 30 September 2022	<u>15,111</u>	<u>30,885</u>	<u>1,577</u>	<u>215,640</u>	<u>107</u>	<u>263,320</u>
At 30 September 2021	<u>16,304</u>	<u>32,147</u>	<u>1,787</u>	<u>201,369</u>	<u>102</u>	<u>251,709</u>

Company

No intangible fixed assets are held by Kerridge Commercial Systems Group Limited.

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

13. Tangible fixed assets**Group**

	Freehold & leasehold property £000	Office equipment £000	Total £000
Cost			
At 1 October 2021	991	7,754	8,745
Additions	355	1,312	1,667
Disposals	-	(211)	(211)
Asset reclassification	(38)	38	-
Exchange adjustments	8	331	339
At 30 September 2022	<u>1,316</u>	<u>9,224</u>	<u>10,540</u>
Depreciation			
At 1 October 2021	503	4,252	4,755
Charge for the year on owned assets	139	1,540	1,679
Disposals	-	(203)	(203)
Asset reclassification	(24)	24	-
Exchange adjustments	9	197	206
At 30 September 2022	<u>627</u>	<u>5,810</u>	<u>6,437</u>
Net book value			
At 30 September 2022	<u>689</u>	<u>3,414</u>	<u>4,103</u>
At 30 September 2021	<u>488</u>	<u>3,502</u>	<u>3,990</u>

Company

No tangible fixed assets are held by Kerridge Commercial Systems Group Limited.

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

14. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost	
At 1 October 2021	56,273
At 30 September 2022	<u>56,273</u>
Net book value	
At 30 September 2022	<u><u>56,273</u></u>
At 30 September 2021	<u><u>56,273</u></u>

Subsidiary undertakings

30 September 2022

All subsidiary undertakings are controlled by the Group and their results are fully consolidated within these financial statements.

Investments held directly by Kerridge Commercial Systems Group Limited with 100% voting rights. Capital comprises of ordinary shares or common stock.

Name	Country of incorporation / registered office address key (i)
Kerridge Commercial Systems (Midco) Limited	United Kingdom/A
Kerridge Commercial Systems US Holdco Inc	United States/B

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

14. Fixed asset investments (continued)**Subsidiary undertakings**

Investments held indirectly by Kerridge Commercial Systems Group Limited with 100% voting rights. Capital comprises of ordinary shares, common stock or local equivalent.

Name	Country of incorporation / registered office address key (i)
Kerridge Commercial Systems Corporation	United States/C
MAM Software Limited	United Kingdom/A
Kerridge Commercial Systems (Bidco) Limited	United Kingdom/A
Kerridge Commercial Systems Limited	United Kingdom/A
inspHire Limited	United Kingdom/A
inspHire International BV	The Netherlands/D
inspHire Australia Pty Ltd	Australia/E
Eagle Bidco 2018 Limited	United Kingdom/A
Kerridge Commercial Systems (KSH) Limited	United Kingdom/A
Kerridge Commercial Systems (Ireland) Limited	Ireland/F
Kerridge Commercial Systems (Nederland) BV	The Netherlands/D
Kerridge Commercial Systems (KNG) BV	The Netherlands/G
Kerridge Commercial Systems (KNV) BV	The Netherlands/G
Kerridge Commercial Systems (KNR) BV	The Netherlands/D
Kerridge Commercial Systems Belgium NV	Belgium/H
Infomat NV	Belgium/H
Infomat BV	The Netherlands/D
Kerridge Commercial Systems (KNW) BV	The Netherlands/D
Kerridge Commercial Systems (Canada) Ltd	Canada/I
Kerridge Commercial Systems South Africa Pty Limited	South Africa/J
Kerridge Commercial Systems (KIR) Pty Limited	South Africa/J
IQ Retail Proprietary Limited	South Africa/K
Kerridge Commercial Systems (KKE) Limited	Kenya/L
Kerridge Commercial Systems Trustee Company Limited	United Kingdom/A
MAM Software (Ireland) Ltd (formally Wishside Ltd) ^(a)	Ireland/I
Kerridge Commercial Systems (KSE) Limited ^(b,e) 05824170	United Kingdom/A
Kerridge Commercial Systems (KNE) Limited ^(b,e) 01509879	United Kingdom/A
Kerridge Commercial Systems (KBE) Limited ^(b,e) 01540180	United Kingdom/A
Vecta Sales Solutions Limited ^(b,e) 04077932	United Kingdom/A
Origin Software Solutions Limited ^(b,e) 08581904	United Kingdom/A
Current-RMS Limited ^(c,e) 10648973	United Kingdom/A
BML (Office Computers) Limited ^(d)	United Kingdom/M
BCT Software Solutions Limited ^(d)	United Kingdom/M
Disys Associates Limited ^(d)	United Kingdom/M
Smartpoint Technologies Limited ^(d)	United Kingdom/M

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

14. Fixed asset investments (continued)**Subsidiary undertakings**

Entities which merged with Kerridge Commercial Systems Corporation during the year:

Name	Country of incorporation / registered office address key (i)
inspHire Inc. ^(f)	United States/C
MAM Software Group, Inc. ^(f)	United States/C
Kerridge Commercial Systems (KTX) Corporation ^(g)	United States/C
MAM Software, Inc. ^(h)	United States/C

(a) Entity acquired by Kerridge Commercial Systems Ltd 18 November 2021

(b) Hived up into parent 6 October 2021 (effective 30 September 2021)

(c) Hived into inspHire Ltd 6 October 2021 (effective 30 September 2021)

(d) Entered member's voluntary liquidation on 14 July 2020 as part of a group rationalisation project

(e) Entities covered by a parental guarantee provided by Kerridge Commercial Systems Group Limited and

exempt from audit under s479A-479C of the Companies Act 2006

(f) Merged with Kerridge Commercial Systems Corporation 11 October 2021 (effective 1 October 2021)

(g) Merged with Kerridge Commercial Systems Corporation 12 October 2021 (effective 1 October 2021)

(h) Merged with Kerridge Commercial Systems Corporation 30 June 2022

(i) Registered office:

A: 2a Herongate, Charnham Park, Hungerford, Berkshire, RG17 0YU

B: 2711 Centerville Road, Suite 400, Wilmington, New Castle, DE 19808, USA

C: 2000 Centregreen Way, Cary, NC 27513, USA

D: Nieuwe Gouwe Oostzijde (OZ) 2j, 2801 SB Gouda, The Netherlands

E: 225 Fullarton Road, Eastwood SA 5063, Australia

F: 209, Unit 3013, Lake Drive, Citywest Business Campus, Dublin 24, Ireland

G: De Amert 160, 5462 GH Veghel, The Netherlands

H: Laarstraat 16B, Garden Square Blok AB, 2610 Wilrijk, Belgium

I: 1200 Waterfront Centre, 200 Burrard Street, PO Box 48600, Vancouver BC, V7X 1T2, Canada

J: Building 4, Culross on Main, 34 Culross Road, Bryanston, 2195, South Africa

K: 25 Quantum Street, Technopark, Stellenbosch, 7600, South Africa

L: Regus, 13th Floor, Tower 2, Delta Corner Towers, Chiromo Road, Westlands, Nairobi, Kenya

M: C/O Milsted Langdon LLP Freshford House, Redcliffe Way, Bristol BS1 6NL

15. Stocks

	Group 2022 £000	Group 2021 £000
Finished goods and goods for resale	167	212

The difference between purchase price or production cost of stocks and their replacement cost is not material.

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

16. Debtors

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Due after more than one year				
Amounts owed by group undertakings	-	-	35,045	33,132
Deferred tax asset (note 22)	5,501	7,690	-	-
	5,501	7,690	35,045	33,132

Amounts owed by group undertakings due in more than one year are formal loan agreements with the same terms and conditions as the Group's debt.

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Due within one year				
Trade debtors	26,893	19,838	-	-
Amounts owed by group undertakings	-	-	30	279
Other debtors	222	259	56	11
Prepayments and accrued income	8,845	7,395	-	-
Tax recoverable	1,431	1,268	-	-
Deferred tax asset (note 22)	3,054	-	-	-
	40,445	28,760	86	290

Trade debtors are stated after provisions for impairment of £2,731,000 (2021: £2,125,000).

17. Cash and cash equivalents

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Cash at bank and in hand	23,708	24,147	127	32

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

18. Creditors: Amounts falling due within one year

	Group 2022 £000	<i>Group 2021 £000</i>	Company 2022 £000	<i>Company 2021 £000</i>
Bank loans	-	116	-	-
Trade creditors	4,700	4,589	18	86
Amounts owed to group undertakings	-	-	3,302	2,651
Corporation tax	1,688	1,412	45	-
Other taxation and social security	5,239	4,375	366	-
Other creditors	4,275	3,896	-	-
Accruals and deferred income	48,332	38,083	105	296
	64,234	<i>52,471</i>	3,836	<i>3,033</i>

19. Creditors: Amounts falling due after more than one year

	Group 2022 £000	<i>Group 2021 £000</i>	Company 2022 £000	<i>Company 2021 £000</i>
Bank loans	190,108	193,529	-	-

20. Loans

	Group 2022 £000	<i>Group 2021 £000</i>
Amounts falling due within one year		
Bank loans	-	116
Amounts falling due 2-5 years		
Bank loans	190,108	193,529
	190,108	<i>193,645</i>

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

20. Loans (continued)

At 30 September 2022 the Group had the following outstanding loan balances:

- GBP Nil (2021: GBP 116,000) repayable within one year. Interest was chargeable on this borrowing up to 3.00% plus GBP LIBOR
- GBP 95,406,000 (2021: GBP 104,189,000) repayable on 25 January 2026. Interest is chargeable on this borrowing at 6.25% (2021: up to 6.25%) plus GBP SONIA (2021: LIBOR)
- USD 74,936,000 (2021: USD 76,936,000) repayable on 25 January 2026. Interest is chargeable on this borrowing at 6.25% (2021: up to 6.25%) plus SOFR (2021: USD LIBOR)
- EUR 38,944,000 (2021: EUR 41,252,000) repayable on 25 January 2026. Interest is chargeable on this borrowing at 6.25% (2021: up to 6.25%) plus EUR LIBOR

Included within bank loans at 30 September 2022 is £6,865,000 (2021: £3,343,000) of capitalised issue and arrangement fees.

The bank loans are secured on the assets of the Group.

21. Analysis of net debt

	At 1 October 2021 £000	Cash flows £000	Other non- cash changes £000	At 30 September 2022 £000
Cash at bank and in hand	24,147	(439)	-	23,708
Debt due after 1 year	(193,529)	12,255	(8,834)	(190,108)
Debt due within 1 year	(116)	113	3	-
	<u>(169,498)</u>	<u>11,929</u>	<u>(8,831)</u>	<u>(166,400)</u>

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

22. Deferred taxation

Group

Deferred tax asset

	2022	2021
	£000	£000
At the beginning of year	7,690	6,928
Credited to profit or loss	239	975
Credited to other comprehensive income	44	-
Hive up assets transferred to liability	-	(22)
Foreign currency movement	582	(191)
	<u>8,555</u>	<u>7,690</u>

The provision for deferred taxation asset is made up as follows:

	2022	2021
	£000	£000
Business combinations	3,694	3,892
Short term timing differences	4,861	3,798
	<u>8,555</u>	<u>7,690</u>

The deferred tax asset includes amounts recoverable after more than one year of £5,501,000.

Deferred tax liability

	2022	2021
	£000	£000
At beginning of year	(12,763)	(10,483)
Charged to profit or loss	1,240	(2,347)
Foreign currency movement	(524)	45
Asset hived up into liability	-	22
At end of year	<u>(12,047)</u>	<u>(12,763)</u>

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

22. Deferred taxation (continued)

The provision for deferred taxation liability is made up as follows:

	Group 2022 £000	<i>Group 2021 £000</i>
Business combinations	(11,870)	(12,495)
Short term timing differences	(177)	(268)
	<u>(12,047)</u>	<u>(12,763)</u>

23. Share capital

	Company 2022 £000	<i>Company 2021 £000</i>
Allotted, called up and fully paid		
267,724 (2021: 267,724) A Ordinary shares of £0.1 each	27	27
132,605 (2021: 132,698) B Ordinary shares of £0.1 each	13	14
68,706 (2021: 71,206) C Ordinary shares of £0.1 each	7	7
1,094 (2021: 1,094) D Ordinary shares of £1.0 each	1	1
33,065 (2021: 33,065) E Ordinary shares of £0.1 each	3	3
18,450 (2021: 13,500) F Ordinary shares of £0.1 each	2	1
54,835,796 (2021: 54,835,796) A Preference shares of £0.00001 each	1	1
23,792,848 (2021: 23,816,615) B Preference shares of £0.00001 each	-	-
	<u>54</u>	<u>54</u>

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

23. Share capital (continued)

The shares have the following rights:

Preference shares

The holders of the A Preference and B Preference shares are entitled to receive, on the occurrence of an exit event, a premium over and above the issued share price of the preference shares settled by way of allocation of sales proceeds. On a winding up of the Company, the holders are entitled to receive any accrued dividends, plus an amount equal to the issue price of the shares. The shares do not carry voting rights and are not redeemable.

Ordinary shares

Ordinary shares are divided into 6 classes, A to F. Shares are not redeemable and, in any circumstances save for written resolutions, the voting rights are as follows:

Holders of A Ordinary Shares, B Ordinary shares, C Ordinary shares and E ordinary shares are entitled to one vote;

Holders of the D Ordinary Shares have enhanced voting rights and are entitled to eight votes for each share held;

Holders of F ordinary share do not have voting rights.

All ordinary shareholders are entitled to discretionary dividends. On a winding up they carry equal rights to the remaining assets of the Company once its liabilities have been settled and the holders of the A Preference shares and B Preference shares have been paid the amounts to which they are entitled.

Repurchase and cancellation of shares

In November 2021, the Company repurchased and then cancelled a total of 1,800 F shares.

In April 2022, the Company issued a total of 6,750 F shares.

In July 2022, the Company repurchased and then cancelled a total of 23,767 B Preference shares, 93 B Ordinary shares and 2,500 C Ordinary shares.

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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24. Reserves

Share premium

Share premium is the amount above the nominal value received for shares sold, less transaction costs.

Employee Benefit Trust Reserve

The employee benefit trust (EBT) reserve reflects two EBTs set up for the benefit of employees and directors, Lakeview EBT and Kerridge Commercial Systems EBT.

During the year, Kerridge Commercial Systems Limited exercised its authority under the Trust Deed, by bringing forward the end of the trust period, to terminate the KCS EBT.

Cash assets of £114,000 (2021: £114,000) held by KCS EBT, including £30,000 (2021: £30,000) held on behalf of Lakeview EBT, were transferred to Kerridge Commercial Systems Limited (KCSL).

Cash assets of £30,000 held by KCSL on behalf of Lakeview EBT are reported within the financial statements of KCSL for the year ended 30 September 2022.

Capital redemption reserve

A non-distributable reserve, following the redemption or purchase of the Company's own shares.

Merger Reserve

As part of an ongoing group rationalisation project certain US entities merged together during the period (see note 14 Subsidiary undertakings).

The merger reserve represents the undistributed profit or loss of the merged entities at the date of merger, less outstanding share capital.

Profit and loss account

Profit and Loss account includes all current and prior periods retained profits and losses.

25. Contingent liabilities

The Company and all of its material subsidiaries are part of a Group cross guarantee in respect of bank loans held by Kerridge Commercial Systems (Bidco) Ltd and Kerridge Commercial Systems US Holdco Inc. The total amount due at 30 September 2022 by the Group is £95,406,000, \$74,936,000 and €38,944,000 (2021: £104,189,000, \$76,936,000 and €41,252,000).

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

26. Pension commitments

The Group operates both defined benefit and defined contribution pension schemes.

Defined contribution pension scheme

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge representing contributions paid and payable by the Group to the fund amounted to £2,772,000 (2021: £2,594,000). Contributions totaling £319,000 (2021: £154,000) were payable to the fund at the reporting date.

Defined benefit pension scheme

The Group operates a defined benefit pension scheme. Details of the Group's defined benefit pension scheme, based on the most recent actuarial valuation dated 30 September 2022, can be found below.

Future contributions are settled in line with the signed schedule of contributions which requires the employer to contribute £83,000 per year.

Reconciliation of present value of plan liabilities:

	2022	2021
	£000	£000
Reconciliation of present value of plan liabilities		
At the beginning of the year	10,914	11,797
Interest expense	215	186
Actuarial gains	(3,400)	(685)
Benefits paid	(339)	(384)
At the end of the year	7,390	10,914

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

26. Pension commitments (continued)

Reconciliation of present value of plan assets:

	2022	2021
	£000	£000
At the beginning of the year	10,914	11,797
Employer contributions	33	133
Interest income	217	189
Actuarial losses	(3,665)	(862)
Benefits paid	(339)	(384)
Administrative expenses	(8)	-
Effect of asset limit	90	41
At the end of the year	7,242	10,914

Composition of plan assets:

	2022	2021
	£000	£000
Group funding policy	2,104	3,618
Insured pensioners	5,104	7,385
Cash	34	1
Total plan assets	7,242	11,004

None of the fair values of the assets shown above include any direct investments in the Group's own financial instruments or any property occupied by, or other assets used by, the Group.

	2022	2021
	£000	£000
Fair value of plan assets	7,242	10,914
Present value of plan liabilities	(7,390)	(10,914)
Net pension scheme liability	(148)	-

The Group took the conservative position of not recognising a defined pension scheme surplus of £90,000 at 30 September 2021.

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

26. Pension commitments (continued)

Defined benefit costs recognised in other comprehensive income is as follows:

	2022	2021
	£000	£000
Return on plan assets (excluding amounts included in net interest cost - gain)	3,665	862
Experience gains and losses arising on the plan liabilities	163	(56)
Effects of changes in the demographic and financial assumptions	(3,563)	(629)
Effect of asset limit	(90)	(177)
Total cost recognised in other comprehensive income	175	-

Defined benefit costs recognised in profit or loss:

	2022	2021
	£000	£000
Administrative expenses	8	-
Net interest income	(2)	-
Total recognised in profit or loss	6	-

	2022	2021
	%	%
Discount rate	5.30	2.00
Price inflation rate (RPI)	3.70	3.50
Price inflation rate (CPI)	3.30	2.95
Mortality rates		
- for a male aged 65 now	21.90	21.80
- at 65 for a male aged 45 now	23.20	23.10
- for a female aged 65 now	23.80	23.70
- at 65 for a female member aged 45 now	25.30	25.30

No employees of the parent company were members of the defined benefit scheme.

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

27. Commitments under operating leases

At 30 September 2022 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £000	<i>Group 2021 £000</i>
Not later than 1 year	2,326	2,399
Later than 1 year and not later than 5 years	6,516	5,188
Later than 5 years	1,309	1,270
	<hr/> 10,151 <hr/>	<hr/> 8,857 <hr/>

Company

The Company had no operating leases at 30 September 2022 or 30 September 2021.

28. Related party transactions

During the year, the parent company was charged £220,000 (2021: £220,000) by Accel KKR Management Company LLC in respect of management charges and travel expenses.

Transactions between wholly owned group companies are exempt from the requirements of Financial Reporting Standard 102 section 33.

29. Controlling party

The ultimate controlling party is considered to be funds managed by Accel KKR Management Company LLC.

KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

30. Business combinations

On 18th November 2021 the Group, via Kerridge Commercial Systems Limited, acquired the entire issued share capital of MAM Ireland Limited (formally Wishside Limited).

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £000	Fair value adjustments £000	Fair Value £000
Fixed Assets			
Tangible	224	-	224
Current Assets			
Debtors	306	18	324
Cash at bank and in hand	515	-	515
Total Assets	1,045	18	1,063
Creditors			
Due within one year	(419)	-	(419)
Total Identifiable net assets	626	18	644
Goodwill			585
Total purchase consideration			1,229

The results of MAM Ireland Limited (formally Wishside Limited) since acquisition are as follows:

	Current period since acquisition £000
Turnover	836
Intercompany revenue	(159)
Revenue contribution to consolidation	677
Net profit after tax	188
Contribution to consolidation	57