DAVIES GROUP LIMITED

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

REGISTERED NUMBER 06479822

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DIRECTORS AND ADVISERS

DIRECTORS	D Coombes A Debiase D Saulter
COMPANY SECRETARY	A Debiase
REGISTERED OFFICE	5th Floor 20 Gracechurch Street London England EC3V 0BG
INDEPENDENT AUDITOR	BDO LLP Chartered Accountants and Statutory Auditors 3 Hardman Street Manchester M3 3AT

CHIEF EXECUTIVE'S REVIEW

I am pleased to present our financial results for the year ending 30 June 2022.

We achieved total revenues of £392m (2021: £310.2m) and EBITDA (before exceptional costs and M&A integration expenses) of £71m (2021: £62.3m) as we invested in our business, our people, in digital transformation and through expansion in our capability and geographical reach for our clients.

In August 2021, BC Partners, the leading international investment firm, acquired a majority stake in Davies Group Limited ("Davies Group" or "Davies") via a new holding company, Tennessee Topco Limited, which is now the holding company of the Group. This new partnership has diversified and strengthened Davies' shareholder base, as it seeks to drive further global expansion, increase investment in technology and digital transformation, and to continue to partner with complementary businesses via M&A. Existing investors HGGC and AIMCo continue to hold minority ownership stakes in the business, alongside the Davies leadership team and employees.

Today Davies delivers operations, consulting and technology solutions across the risk and insurance value chain, including excellence in claims, underwriting, distribution, regulation, customer experience, human capital, transformation & change management. Davies' core service lines include Claims Solutions, Legal Solutions, Insurance Services and Consulting & Technology, delivered by our 4,500+ strong team of professionals across the UK, Ireland, the US, Canada, Spain, Switzerland & India

ACQUISITION AND DISPOSAL ACTIVITY

In the year to June 2022 we completed four acquisitions, diversifying our offering as well as adding strategic new capabilities and further broadening our geographic reach.

In October 2021 we acquired Insurance Risk Services (IRS), the Florida, US based property & casualty insurance inspection firm that provides a range of tech-enabled residential and commercial inspections to support underwriting decision-making. IRS joined our existing audit & inspections unit in the U.S.

As part of a wider strategy to support further organic and acquisition growth within the North American market, in November 2021, the Group transferred the majority of its U.S. operations, headed by Davies U.S. LLC, to a separate U.S. holding company. The move to create a single integrated U.S. operation, supported by the appointment of the U.S. CEO, is designed to take advantage of the opportunities within the U.S. market that the Group see as an important strategic goal.

We expanded our international Consulting & Technology operations through the acquisition of Sionic, the international consulting and technology firm serving the insurance, banking, and wider highly regulated markets in December 2021. Sionic extended Davies' geographical reach to mainland Europe & Asia with its offices in Spain, Switzerland & India, alongside its headquarters in London, UK, and North American locations.

We completed the acquisition of the UK-based Building Validation Solutions Group (BVS), the leading provider of tech-enabled, end-to-end property claims services for the UK insurance market shortly after we welcomed Sionic to the Group in December 2021. BVS is well known across the insurance market for its web-based claims administration technology, Metrix, which has added important surge management capability to our Claims Solutions operations in the UK & Ireland.

We completed the deal to acquire Worksmart in March 2022, the leading supplier of regulatory technology (RegTech) for people and process management. Worksmart is the number one provider of RegTech for complaints management and feedback in the Lloyd's market and has added exciting new technology to our suite of software as a service (SaaS) solutions which are focused on helping highly regulated organisations tackle their business challenges and reach their commercial goals.

CHIEF EXECUTIVE'S REVIEW (continued)

In July 2022, we completed the acquisition of ProAdjust Limited ("ProAdjust"), the specialist provider of loss adjusting and claims management services to the insurance market in Ireland. ProAdjust joined our UK & Ireland based Claims Solutions business.

We announced the acquisition of Lloyd's managing agent, Asta Capital Limited ('Asta') in September 2021 and completed the deal following regulatory approvals in July 2022. Asta is the market leading third party managing agent at Lloyd's providing a range of solutions to Lloyd's and non-Lloyd's businesses across the insurance life cycle. The deal added significant strength and reach to our global Insurance Services practice by broadening our ability to offer end-to-end insurance management solutions to entrepreneurial underwriters and MGAs, intermediaries, (re)insurers and captives, Lloyd's syndicates, and InsurTechs.

Davies has been recognised for outstanding service and technology by industry peers, winning a number of awards including:

- 'Technology Partner of the Year' at the Insurance Post Claims & Fraud Award
- 'Training Provider/Programme of the Year' at the Sussex apprenticeship awards
- 'Challenger of the Year' at the Insurance Times Awards
- 'Excellence in Technology – Claims (Communication)' at the Insurance Times Awards
- 'Claims Initiative of the Year – Insurance Partner & Technology Award' at the British Insurance Awards
- 'Claims Service Solution of the Year' at the Insurance Times Claims Excellence Awards
- 'Best Conversational Analytics Platform' at the CX Awards

Davies has significantly increased its investment in technology and digital transformation, whilst nurturing new ideas and innovation from its people. Davies' teams have continued to launch new technology to market for its highly regulated clients and their customers, including new features to its electronic claims portals and claims automation.

In 2021, we also launched Season Four of our Disruptive Thinking innovation lab. With 530 ideas from our global workforce, our judges whittled it down to 10 ideas, with the successful applicants then delivering compelling pitches to Davies' investors in February 2022. Following the pitches, both the judges and Davies' investors agreed to invest in two claims automation ideas; one to be plugged in to the Life & Health claims process US & one to help spot additional fraudulent claims. We also invested in an employer supported volunteering programme, which was voted through by Davies employees and will bring immense value to both our people and to our local communities.

Through The Davies Foundation, our registered charity, we have donated more than £128,000 globally to over 220 local community causes chosen by our people.

I am extremely proud of the amazing hard work from our team right across the globe. In what has been a at times achallenging year, our team has continued to deliver for our 750+ clients around the world.

Dan Saulter
Chief Executive
Davies Group
Date: 4 April 2023

STRATEGIC REPORT

The Group has performed well during the year ended 30 June 2022 and confidently looks forward to continued growth in the coming year.

PRINCIPAL ACTIVITY

The principal activity of the Group in the year under review was the provision of operations management, consulting and digital solutions to organisations in highly regulated markets, including insurance, financial services, utilities, communications, and to regulatory bodies.

REVIEW OF BUSINESS

We have continued to invest and add capability and geographies through acquisitions. In the year to June 2022 we completed four deals, adding further capability and service lines for our chosen markets and adding further geographical reach to Davies. For details of these please see the Chief Executive's Review.

In November 2021, the Group transferred the majority of its U.S. operations, headed by Davies U.S. LLC, to a separate U.S. holding company which has resulted in a profit on disposal in the year of £228.5m.

The results for the year and the financial position of the Group and the Company are as shown in the annexed financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The risk factors set forth below reflect material risks associated with the business and readers should consider them in addition to the other information contained in this report as our business, financial condition or results of the operation could be adversely affected if any of these risks were to actually occur.

The Group operates in a competitive marketplace. The Group manages this commercial risk by delivering a high quality, bespoke service to its clients, with most of whom it already enjoys long-standing relationships. Additionally. the business development team conducts regular client meetings and update sessions to ensure that any client concerns are dealt with on a timely basis. This also provides an opportunity to update clients on developments within the business as well as new products and services. Furthermore, the business development team actively engages in a large number of tenders each year to grow the client base to minimise reliance on any single client.

The Group's underlying business is subject to extensive legal and regulatory oversight, including the UK Companies Act and certain companies within the group to the regulations promulgated by the Financial Conduct Authority (FCA). This legal and regulatory compliance is limiting or restricting the products or services we sell, the markets we serve or enter, the methods by which we sell our products and services, the prices we can charge for our services, or by subjecting our business to the possibility of legal and regulatory actions or proceedings. The Group has a robust Compliance department which manages this risk through the controls and procedures that are in place
The results of our operations are generally affected by the level of business activity of our clients, which in turn is *affected by the level of economic activity in the industries and markets these clients serve. Economic downturns,* volatility, or uncertainty in some markets may cause reductions in technology and discretionary spending by our clients, which may result in reductions in the growth of new business or reductions in existing referrals. There are several specific business risks that should be taken into account for the group. The volume of claims referred to the Group, and therefore its revenue, can fluctuate according to the frequency and severity of weather-related events. Additionally, the Group is aiming to specifically grow its liability business to mitigate this risk.

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Operational risks exist as the company operates in a complex and highly regulated environment, and it is essential to have effective processes and governance to be successful, as well as effective oversight of operations. The Group has put in place procedures and controls to mitigate known operational risks to which it believes it is exposed.

The Group successfully operates a mobilised workforce enabling efficient working from home. Therefore the impact of any further social restrictions due to the COVID-19 pandemic are not considered to be a significant risk to the Group. The Group continues to monitor its interest rate exposure due to increasing global rates which affect its holdings company's debt burden. Using the latest available forward rate forecasts the Group estimates its future interest expense regularly which allows the Group to track future cash interest costs. Furthermore our senior debt facilities allow us to PIK up to 2% of the cash interest cost to help manage liquidity as required.

With regard to the war in the Ukraine, the Group does not consider this to be a material risk. However the Group does recognise that the war has caused significant price inflation in the economy which has impacted the Group's cost base. To offset this impact the Group has focused on increasing its prices to customers across all its product lines. Additionally the Group has engaged external consultants to assist with its pricing work and to provide targeted training.

SECTION 172 STATEMENT

In performing their duties throughout the period, the Directors have promoted the success of the company for the benefit of the members as a whole and, in doing so, they have considered the key stakeholders when making decisions, including:

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

Our colleagues

Why?
Our colleagues are key to the delivery of our services and therefore to the long-term success of the business. It is imperative that we keep them actively engaged and motivated.

How?
Our internal communications strategy is designed to deliver engaging communication to drive the business objectives, as well as develop and enhance the organisational culture through engaging internal communication and employer brand content, through channels including the employee intranet, newsletters, emails, webinars, internal notice boards and posters, which include a variety of key information and events including; performance and business updates, acquisition news, cultural initiatives and incentives, key appointments, industry award wins etc.

STRATEGIC REPORT (continued)

SECTION 172 STATEMENT (continued)

Our colleagues (continued)

We motivate and reward our employees through participation in the Davies Incentive Plan, which is a pool of shares set aside for employees to share in the future success of Davies, all employees who have at least two years' service are eligible to participate in the scheme. During the financial year employee participation in the Davies Incentive Plan more than doubled to over 3,000 colleagues. We focus heavily on our policy of training and developing our staff, promoting internally before we recruit externally.

Our annual Davies Disruptive Thinking is an Innovation Lab that places the power of new ideas in the hands of our people. Our mission is to discover valuable ideas for our clients and our people so that we can reimagine our business, by using technology, to create a culture of innovation. The colleagues with the very best ideas receive seed funding to turn them into a reality. Since its launch in 2017 we have completed four successful seasons with more than 2000 ideas submitted by over 1500 colleagues.

Kudos is a tool to help our employees recognise and reward colleagues from across the business - each month all employees receive 100 Kudos points which they can allocate to someone to say thank you for a job done well, going above and beyond their role, getting involved in CSR and other business initiatives.

Our communities and the environment

Why?
It is a core principle that we make a positive difference to the communities and environments in which we operate.

How?
The Davies Foundation aims to create a positive social impact in the communities globally where Davies operate. Through ongoing fundraising and match funding from the business, the charity provides grant funding to charitable organisations nominated by our employees through our grants programme. The charity has supported 232 causes to date which contribute to its charitable purposes, including family welfare charities, foodbanks, homeless shelters, medical charities, mental health organisations, support groups, environmental charities and community groups. The primary source of fundraising is through internal events & fundraising challenges such as Tough Mudder, LGBTea Mornings, Davies Sleep Out, Winter Foodbank Scheme and a wide-variety of remote events. In addition to our grants programme, we run a series of wellbeing and DEI initiatives, including talks and engagement pieces on topics including, LGBTQ+ inclusion, financial wellbeing, stress management, sustainable living and women's health inequalities. Our CSR work is supported by a team of 60+ volunteers from across the Group who promote initiatives, represent our charity globally, organise fundraisers and provide feedback from Davies employees.

STRATEGIC REPORT (continued)

SECTION 172 STATEMENT (continued)

Our customers

Why?
The Directors recognise that maintaining long term relationships with existing customers, along with securing new customers, is vital to the success of the business.

How?
Our customers are at the heart of our day-to-day activities and decisions. During the year we have broadened the services we are able to offer our customers and other businesses operating across insurance & highly regulated markets both through the development of new product offerings and through new services made available acquired businesses. For example, in the last year we saw a sharp rise in weather related catastrophe events in both the UK & Ireland and in the US. Through our acquisition of BVS in December 2021 we added a fully automated low-value property claims proposition to our claims solutions, which was key to our surge management during the winter months. The approach ensured claims were settled quickly where possible, and kept customers pleasantly surprised with the quick service. The results of the response have been recognised across the industry with several recent award wins including `claims initiative of the year` at Insurance Post's British Insurance Awards, and `claims service solution of the year` at Insurance Times' Claims Excellence awards.

Davies has significantly increased its investment in technology and digital transformation, while nurturing new ideas and innovation from its people. Davies' teams have continued to launch new technology to market for its highly regulated clients and their customers, including new features to its electronic claims portals and claims automation.

Our investors

Why?
It is critical that our investors have confidence in the Group, how it is operated and in its long-term strategic objectives.

How?
We are supported by our external investors, BC Partners, HGGC and Aimco and through regular dialogue, both inside and outside the structure of formal board meetings, we ensure their interests are represented by careful scrutiny of the shareholder benefit of each material decision taken by the business.

Our suppliers

Why?
The main suppliers to the business are essential to our ability to deliver services to our customers to the standards expected by our customers.

How?
We maintain good relations with all key suppliers to the Group, including through prompt payment practices.

STRATEGIC REPORT (continued)

Key decisions
For the key decisions made during the year, we set out below the way in which the interests of key stakeholder groups were considered:

Major acquisitions:
During the year we completed four acquisitions which diversifies our offering and capabilities for the benefit of our customers. Our investors are engaged throughout each acquisition process ensuring their interests are represented through careful analysis and presentation of the shareholder value that is expected to be generated, but also the risks involved. On completion of each acquisition, we make an internal announcement to all our colleagues of the acquisition that has been made and the new services that the Group can now offer, and in many cases have followed this up with webinars to introduce the new team and their business.

GOING CONCERN

The directors continually review and monitor business performance and liquidity of Davies Group. The directors assert that Davies Group is a key subsidiary Group of the wider Tennessee Topco Limited Group. Following review of the wider Group forecasts and receipt of a Letter of Support from the ultimate parent company, Tennessee Topco Limited, which controls the Group financing entities and the relationship with the shareholders, the directors have a reasonable expectation that Davies Group Limited has adequate resources and support to continue in operational existence for the foreseeable future.

Davies Group has performed ahead of expectations since the outbreak of the COVID-19 pandemic and is only slightly behind its budget after the first quarter of the year ending 30 June 2023 despite the challenging economic environment. However despite the slow start to FY23 the Davies Group remains on track to deliver an EBITDA performance in FY23 significantly ahead of last year. The Davies Group also has access to a committed revolver credit facility of £90m should this be required.

The divisions making up Davies Group have seen EBITDA track at 101% against forecast to date in FY 23. This represents an increase of £102% year on year on a proforma basis year on year and supports the directors' assertions that the underlying trading remains profitable.

The Davies Group 's most recent forecasting exercise covers a period from the balance sheet date to 30 June 2024. As part of their forecasting work, the directors undertook detailed sensitivity analysis which showed that Davies Group is highly unlikely to breach its covenant and can meet its liabilities as they fall due. The Davies Group enjoys continued funding support of Tennessee Topco Limited and its shareholders BC Partners, HGGC, and AimCo, having raised an additional £45m in equity in September 2022 to support M&A, with a further £35m expected to follow before the end of the financial year to 30 June 2023. The key mitigant for a covenant breach would be an equity injection from the shareholders which is permitted under the existing banking agreement. Additionally, a further mitigant should Davies Group experience a liquidity issue, would be to drawdown on the £90m RCF which can be accessed for any purpose.

STRATEGIC REPORT (continued)

GOING CONCERN (continued)

In August 2021, Davies Group completed a transaction with BC Partners who have acquired a majority stake in the business following a rigorous due diligence process. As part of this transaction, Blackstone replaced ICG as the wider Group's debt provider and an acquisition facility of £350m was secured alongside a c£90m rolling credit facility. This is a committed facility which can be utilised for any purpose including operational, working capital and M&A requirements and can be drawn down in 5 working days.

Davies Group is continuing its M&A program and during the period ended 30 June 2022 the Group made three acquisitions, for detail, see note 24. In June 2022, the wider Group secured an additional acquisition facility of £350m which underlines Blackstone's confidence in Davies performance. Davies Group has completed two new acquisitions since the year end, adding c£17m of annualised EBITDA before synergies.
Davies Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

RESULTS AND DIVIDENDS
The Group's operating profit is £244.4m (2021: £5.2m) and the profit before tax is £226.9m (2021: loss of £11.7m) for the financial year ended 30 June 2022. The results are stated after amortisation of goodwill and intangibles of £28.4m (2021: £23.4m), an exceptional administrative expense of £7.0m (2021: £8.3m), M&A integration expenses of £10.7m (2021: £17.4m) and profit on the disposal of subsidiary group of £228.5 (2021: £nil). No final dividend is proposed and the profit for the year has been transferred to reserves accordingly.

The Group has generated cash inflow from operating activities of £18.1m (2021: £17.9m) and has total shareholders' funds of £414.7m (2021: £57.1m).

By order of the Board

Dan Saulter
Director

Date: 4 April 2023

DIRECTORS' REPORT

The directors present their report with the audited consolidated financial statements of the Group for the year ended 30 June 2022.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 30 June 2022 is £227.1m. No final dividend is proposed and the profit for the year has been transferred to reserves accordingly.

FUTURE DEVELOPMENTS

The Group remains committed to sustainable, profitable growth and continues its program of strategic activities to meet these objectives. The priority remains to provide a market leading range of high quality and innovative services to customers and to develop our relationships with existing and new customers alike.

The Group continues to invest in new systems and technology with the focus on improving operational efficiency and flexibility. This is being implemented through a specific project which will reduce the lifecycle of claims, improve customer service, enhance the quality of management information available both internally and to our clients, and drive down the cost of delivering a successful claim outcome.

FINANCIAL RISK MANAGEMENT

The Group's operations expose it to a variety of financial risks that include credit risk, liquidity risk and interest rate risk.

Credit risk is managed, as far as possible, by partnering with financially strong clients, agreeing payment terms in advance and requesting progress payments during the life of a claim. Appropriate credit control procedures are in place to monitor credit taken by clients and mitigate the risk of a material bad debt.

The Group has a dedicated team managing its cashflow operations ensuring outstanding fee invoices are collected on a timely basis and suppliers are paid utilising available credit terms. Additionally, the Group reviews and forecasts its cash requirements on a regular basis and has a £90m revolving credit facility with its main lender to provide an additional source of liquidity to assist with growth and manage seasonal spikes in business.

In accordance with good corporate governance, cash held on behalf of clients are held in segregated trust bank accounts, separately identifiable from the Group's own cash at bank and in hand.

EMPLOYEES

Details of the number of employees and related costs can be found in note 4 to the financial statements.

The Group has continued its commitment to fostering good communication and consultation at all levels with a view to informing and involving staff in the progress of the Group and its future. Elected employee representatives meet with the executive management of the Group to consult on important workplace issues, including but not limited to market conditions, performance of the business, employee issues and any changes in business direction. Communication with all employees is through the intranet, email and staff meetings.

To encourage their involvement in the future performance of the Group, executive management and directors are included in the management share scheme and employees participate in performance related bonus schemes.

EMPLOYMENT OF DISABLED PERSONS

It is the Group's policy to give, wherever possible, equal opportunity of employment and career development to both disabled and able persons according to their suitability to perform the work required. The Group also makes every effort to provide employment for employees who become disabled. All employees are given opportunities for training, career development and promotion consistent with their capabilities whether disabled or able.

DIRECTORS' REPORT (continued)

ENERGY CONSUMPTION AND EMISSION FOR THE YEAR ENDING 30 JUNE 2022

Davies Group understands the critical importance of our environmental responsibilities and as such we are committed to minimising our impact on the environment. We are building a culture to drive improvements and efficiencies across our operations and as part of that we support colleagues wherever possible to make informed decisions around reducing our carbon footprint. Since FY20 we have made material improvements to our Scope 1-3 emissions footprint including increasing the amount of flexible/remote working, propositional developments eliminating the need for travel, and consolidating multiple office sites. We have recently seen an increase in Scope 3 emissions regarding business related travel and commuting due to the lifting of Covid restrictions, however we continue to encourage agile and efficient working practices wherever possible.

This inventory has been prepared in accordance with the requirements of the measure-step of the Toitū carbon marks, which is based on the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) and ISO 14064-1:2018 Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals . Where relevant, the inventory is aligned with industry or sector best practice for emissions measurement and reporting

GHG emissions and energy use for period 01 July 2021 to 30 June 2022 for the UK businesses in the Group

	01 July 2021 to 30 June 2022
Energy consumption used to calculate emissions (kWh)	9,864,964.12
Gas (kWh)	3,285,807.00
Electricity (kWh)	3,313,009.00
Transport fuels (kWh)	1,627,743.98
Other energy sources (Scope 1 & 2) kWh	N/A
Transport fuels (Scope 3) kWh	1,638,404.13
Emissions from combustion of gas tCO_2e (Scope 1)	600.84
Emissions from combustion of fuel for transport purposes tCO_2e (Scope 1)	403.58
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing of the fuel tCO_2e (Scope 3)	388.63
Emissions from purchased electricity tCO_2e (Scope 2, location-based)	672.32
Total gross emissions tCO_2e based on the above	2,065.36
Total gross emissions from above by unit turnover/revenue (tCO_2e/£M)	7.13

[1]Reported scope 1 emissions are limited to emission sources regulated by SECR only (gaseous fuels and transport). Additional scope 1 emissions under the GHG protocol have not been quantified.

DIRECTORS' REPORT (continued)

ENERGY CONSUMPTION AND EMISSION FOR THE YEAR ENDING 30 JUNE 2022 (continued)

	01 July 2021 to 30 June 2022
Methodology	ISO14064 Part 1 2018 and Carbon Reduce
Emissions from other activities which the company owns or controls including operation of facilities tCO_2e (Scope 1)	N/A
Emissions from global electricity use (excluding UK and offshore) tCO_2e (Scope 2)	N/A
Emissions from heat, steam and cooling purchased for own use tCO_2e (Scope 2)	N/A
Emissions from other activities tCO_2e (Scope 3)	846.96
Total other emissions tCO_2e	846.96
Total gross Scope 1, Scope 2 & Scope 3 emissions tCO_2e	2,912.32
Total gross GHG emissions per unit turnover/revenue (tCO_2e/£M)	10.05
Third Party verification	Verified to ISO14064 Part 1 2018 and Carbon Reduce

[1]Reported scope 1 emissions are limited to emission sources regulated by SECR only (gaseous fuels and transport). Additional scope 1 emissions under the GHG protocol have not been quantified.

DIRECTORS' REPORT (continued)

ENERGY CONSUMPTION AND EMISSION REPORTING FOR THE YEAR ENDING 30 JUNE 2021

The Companies Act 2006 (Strategic Report and Directors' Report) Regulation 2018 requires the company to disclose annual UK energy consumption and Greenhouse Gas (GHG) emissions from SECR regulated sources. Energy and GHG emissions have been independently calculated by Envantage Ltd for the reporting period 1st June 2020 to 31st May 2021. Reported energy and GHG emissions data is compliant with SECR requirements and has been calculated in accordance with the GHG Protocol1 and SECR guidelines. Energy and GHG emissions are reported from buildings and transport where operational control is held – this includes electricity, natural gas, and business travel in company-owned or grey-fleet cars.

The table below details the regulated SECR energy and GHG emission sources from the current (and previous) reporting period. The Group only has one reporting entity and the disclosure relates to the energy consumption of Keoghs only.

	1st June 2020 to 31st May 2021 (FY21)	1st June 2019 to 31st May 2020 (FY20)	% Change
Energy (kWh)			
Natural Gas	2,050,464	1,599,811	+28.2%
Electricity	1,738,696	1,860,899	-6.8%
Transport	168,980	493,929	-65.8%
Total Energy (kWh)	3,954,140	3,954,639	-0.01%
Emissions (tCO_2e)			
Natural gas	377.0	294.1	+28.2%
Electricity (location-based)	404.4	475.6	-15.0%
Transport	40.1	118.7	-66.2%
Total SECR emissions	821.6	888.4	+7.5%
Intensity metric			
Emissions intensity (tCO_2e / £m turnover)	7.9	9.2	-14.2%
*Included for comparison only			

The Group is committed to reducing their environmental impact and contribution to climate change through increased energy management, awareness and changes to operational procedures. Keoghs LLP continually look to optimise environmental performance on their energy supplies and, whilst initial plans to procure 100% renewably-sourced energy were put on hold due to COVID, this has been adopted since to reduce utility-related emissions across sites where Keoghs have operational control. The COVID pandemic has also provided increased opportunity for working from home, which has in turn lead to significant reductions in business-related transport emissions from FY20.

Data Records & Methodology

Electricity and natural gas emissions have been calculated using metered kWh consumption taken from supplier fiscal invoices where available. For leased sites, electricity charges were converted to kWh using standard unit rates. For remaining sites where utility charges are rolled into the overall lease charge, the office floor area in m2 was taken and an average kWh/m2 has been applied to estimate annual kWh. Although COVID-19 has influenced office occupancy throughout the year, the standard benchmark has been applied in order to account for office baseload energy consumption and provide a conservative framework for reporting emissions. Associated GHG emissions have been calculated from energy consumption data using factors published by BEIS in 2020.

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[1]Reported scope 1 emissions are limited to emission sources regulated by SECR only (gaseous fuels and transport). Additional scope 1 emissions under the GHG protocol have not been quantified.

DIRECTORS' REPORT (continued)

ENERGY CONSUMPTION AND EMISSION REPORTING FOR THE YEAR ENDING 30 JUNE 2021 (contined)
Transport emissions have been calculated against purchased fuel volumes and mileage expense data. Vehicle information is not held against each mileage expense claim, therefore the average UK split between petrol and diesel was used to determine the fuel split of the transport fleet in mileage claims. Keoghs LLP currently operate no mobile assets through company owned vehicles. Business fuel has been distinguished from personal travel as employee owned vehicle fuel is assigned a % business travel, allowing personal and business travel to be differentiated. Volume and mileage of petrol and diesel vehicles has been converted into energy and GHG emissions using factors published by BEIS in 2020.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS
Davies Topco Limited maintained cover for its directors and officers and those of its subsidiary companies under a directors' and officers' liability insurance policy as permitted by the Companies Act 2006 until 3 August 2022, when the new ultimate holding company, Tennessee Topco Limited assumed these responsibilities. The liability insurance is a qualifying third-party indemnity provision and was in force during the financial year and up to and including the date of the approval of the Annual Report and Financial Statements.

DIRECTORS
The directors who served during the year and up to the date of signing these financial statements unless otherwise stated are as follows:

D Coombes
A Debiase
D Saulter

DISCLOSURE OF INFORMATION TO AUDITOR
Each of the persons who is a director at the date of approval of this report confirms that:

(1) so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and

(2) each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

DIRECTORS' REPORT (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITES

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

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

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

INDEPENDENT AUDITOR

The auditor, BDO LLP, has indicated its willingness to continue in office and will be proposed for re-appointment at the next annual general meeting.

By order of the Board

A Debiase
Director

Date: 4 April 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAVIES GROUP LIMITED

Opinion on the financial statements

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 June 2022 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Davies Group Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 June 2022 which comprise Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAVIES GROUP LIMITED (continued)

Other information

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

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 Strategic report or the Directors' report.

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

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

Responsibilities of Directors

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAVIES 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries, management bias in accounting estimates and improper revenue recognition associated with year-end cut-off. Our audit procedures included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to recognition of revenue, work in progress, acquisitions/disposals and the use of the going concern assumption;
- Revenue year end cut-off and Work in Progress procedures;
- Identifying and testing journal entries, in particular any journal entries posted with specific unusual narratives, manual journals to revenue and cash and Benford's law;
- Discussions with management; including consideration of known or suspected instances of non-compliance with laws, regulations and fraud, including follow up procedures where required.
- Review of minutes of Board meetings throughout the year;
- Obtaining an understanding of how the Group is complying with those legal and regulatory frameworks by making enquiries to management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and other audit evidence obtained during the audit.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAVIES GROUP LIMITED (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

A further description of our responsibilities is available on the Financial Reporting Council's website at:

https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Julien Rye

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Julien Rye (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Manchester, UK

4 April 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022

	Note	Year ended 30 June 2022 Continuing operations	Discontinued operations	Total	Year ended 30 June 2021 Continuing operations	Discontinued operations	Total
		£000	£000	£000	£000	£000	£000
Turnover	3	332,727	59,393	392,120	250,768	59,436	310,204
Cost of sales		(186,694)	(30,291)	(216,985)	(135,500)	(27,520)	(163,020)
Gross profit		146,033	29,102	175,135	115,268	31,916	147,184
Administrative expenses excluding exceptional items, M&A integration		(88,202)	(15,519)	(103,721)	(68,347)	(18,035)	(86,382)
EBITDA (before exceptional items and M&A integration expenses)		57,831	13,583	71,414	48,398	13,882	62,280
Depreciation		(9,206)	(244)	(9,450)	(7,472)	(396)	(7,868)
Amortisation		(24,004)	(4,359)	(28,363)	(19,283)	(4,162)	(23,445)
Exceptional administrative expenses		(7,040)	-	(7,040)	(8,248)	(100)	(8,348)
M&A integration expenses	5	(8,600)	(2,080)	(10,680)	(13,052)	(4,342)	(17,394)
Total administrative expenses		(137,052)	(22,202)	(159,254)	(116,402)	(27,035)	(143,437)
Profit on disposal of subsidiary		-	228,526	228,526	-	-	-
Other income		-	-	-	1,478	-	1,478
Group operating profit	5	8,981	235,426	244,407	344	4,881	5,225
Profit on ordinary activities before interest and taxation		8,981	235,426	244,407	344	4,881	5,225
Interest receivable and similar incon	6	10,013	-	10,013	-	-	-
Interest payable and similar charges	7	(27,476)	(64)	(27,540)	(9,504)	(7,376)	(16,880)
***Profit /(loss) on ordinary activities* before taxation**		(8,482)	235,362	226,880	(9,160)	(2,495)	(11,655)
Tax credit / (charge) on loss on ordinary activities	9	1,401	(1,173)	228	(1,466)	(79)	(1,545)
Profit / (loss) on ordinary activities after taxation		(7,081)	234,189	227,108	(10,626)	(2,574)	(13,200)
Profit / (loss) for the financial year		(7,081)	234,189	227,108	(10,626)	(2,574)	(13,200)

The notes on pages 26 to 53 form part of these financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Note	Year ended 30 June 2022	Year ended 30 June 2021
		£000	£000
Profit / (loss) for the financial year		**227,108**	(13,200)
Movement in translation reserve		**5,952**	(2,264)
Revaluation of liability		**-**	(33)
Actuarial gain / (loss) recognised in the year	23	**938**	2,660
Movement on deferred tax relating to pension	23	**(235)**	(505)
Recycling of translation reserve on disposal of subsidiary		**(3,172)**	-
Total recognised gains and losses relating to the year		**230,591**	(13,342)

The notes on pages 26 to 53 form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2022

	Note	As at 30 June 2022 £000	As at 30 June 2022 £000	As at 30 June 2021 £000	As at 30 June 2021 £000
ASSETS					
Fixed assets					
Intangible assets	10	382,975		458,294	
Tangible assets	11	20,655		17,561	
Investments	12	1		1	
Debtors		429,111		-	
			832,742		475,856
Current assets					
Debtors	13	205,866		158,348	
Deferred tax	15	1,916		3,072	
Cash at bank and in hand		35,613		30,097	
			243,395		191,517
Total assets			1,076,137		667,373
LIABILITIES AND EQUITY					
Capital and reserves					
Called up share capital	16	-		42,789	
Share premium account		28,954		42,626	
Translation reserve		952		(2,108)	
Profit and loss account		384,839		(26,165)	
Total shareholders' funds			414,745		57,142
Capital employed			414,745		57,142
Other liabilities					
Creditors: amounts falling due within one year	17	157,920		137,503	
Creditors: amounts falling due after more than one year	18	501,751		466,901	
Provisions for liabilities	20	1,722		5,140	
Total other liabilities			661,393		609,544
Total equity and liabilities excluding defined benefit pension liability			1,076,138		666,686
Pension liability	23		-		687
Total equity and liabilities			1,076,138		667,373

The financial statements on pages 21 to 53 were approved by the Board of Directors on 4 April 2023 and were signed on its behalf by:

A Debiase
Director

Company registered number

The notes on pages 26 to 53 form part of these financial statements

COMPANY STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2022

		As at 30 June 2022		As at 30 June 2021	
	Note	£000	£000	£000	£000
ASSETS					
Fixed assets					
Intangible assets	10	4,317		5,117	
Tangible assets	11	8,529		4,968	
Investments	12	352,009		272,870	
Debtors		429,111		-	
			793,966		282,955
Current assets					
Debtors	13	256,340		339,971	
Deferred tax asset	15	-		307	
Cash at bank and in hand		16,525		6,820	
			272,865		347,098
Total assets			1,066,831		630,053
LIABILITIES AND EQUITY					
Capital and reserves					
Called up share capital	16	-		42,789	
Share premium account		28,954		42,626	
Profit and loss account		331,785		(59,187)	
Total shareholders' funds			360,739		26,228
Other liabilities					
Creditors: amounts falling due within one year	17	205,238		140,157	
Creditors: amounts falling due after more than one year	18	499,914		462,303	
Deferred tax liability	15	777		-	
Provisions for liabilities	20	163		1,365	
Total other liabilities			706,092		603,825
Total equity and liabilities			1,066,831		630,053

The financial statements on pages 21 to 53 were approved by the Board of Directors on 4 April 2023 and were signed on its behalf by:

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss after tax of the parent company for the year was profit of £197,737,011 (2021: loss of £14,639,238).

A Debiase
Director

Company registered number

The notes on pages 26 to 53 form part of these financial statements

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

GROUP	**Share capital £000**	**Share premium £000**	**Translation reserve £000**	**Profit and loss account £000**	**Total Equity £000**
Balance as at 1 July 2020	42,789	42,626	156	(15,087)	70,484
Increase in share capital	-	-	-	-	-
Loss for the year	-	-	-	(13,200)	(13,200)
Other comprehensive income /(loss) for the year	-	-	(2,264)	2,122	(142)
Total comprehensive loss for the year	-	-	(2,264)	(11,078)	(13,342)
Balance as at 30 June 2021	**42,789**	**42,626**	**(2,108)**	**(26,165)**	**57,142**
Issue of share capital	-	*127,012*	-	-	*127,012*
Reduction in share capital	(42,789)	(140,684)	-	183,473	-
Reserves Transfer			280	(280)	-
Profit for the year	-	-	-	227,108	227,108
Other comprehensive income /(loss) for the year			2,780	703	3,483
Total comprehensive income for the year	-	-	2,780	227,811	230,591
Balance as at 30 June 2022	**-**	**28,954**	**952**	**384,839**	**414,745**

COMPANY	**Share capital £000**	**Share premium £000**	**Profit and loss account £000**	**Total Equity £000**
Balance as at 1 July 2020	42,789	42,626	(44,548)	40,867
Increase in share capital			-	-
Loss for the year	-	-	(14,639)	(14,639)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(14,639)	(14,639)
Balance as at 30 June 2021	**42,789**	**42,626**	**(59,187)**	**26,228**
Issue of share capital	-	127,012	-	127,012
Reduction in share capital	(42,789)	(140,684)	183,473	-
Profit for the year	-	-	207,499	207,499
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	207,499	207,499
Balance as at 30 June 2022	**-**	**28,954**	**331,785**	**360,739**

The notes on pages 26 to 53 form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	As at 30 June 2022	As at 30 June 2021
		£000	£000
Cash flows from operating activities			
Profit / (loss) for the financial year		227,108	(13,200)
Adjustments for:			
Depreciation of fixed assets		9,450	7,844
Disposal of fixed assets		-	25
Amortisation of intangible assets		28,363	23,445
Profit on sale of subsidiary		(228,526)	-
Net interest payable		17,527	16,880
Taxation (credit) / charge		(228)	1,545
Decrease / (increase) in trade and other debtors		(24,123)	(17,744)
Increase in trade and other creditors		(8,109)	(587)
Increase / (decrease) in provisions		(3,348)	(291)
Cash from operations		18,114	17,917
Interest paid		9,663	(14,564)
Taxation paid		(5,419)	(2,722)
Net cash generated from operating activities		22,358	631
Cash flows from investing activities			
Purchases of intangible fixed assets	10	(7,493)	(4,003)
Purchases of tangible fixed assets	11	(13,689)	(8,280)
Proceeds on sale of fixed assets		101	-
Payment of deferred consideration on acquisitions		(9,334)	(4,715)
Net cash consideration for acquisition of subsidiaries	24	(92,676)	(187,899)
Acquisition costs	24	(3,045)	(4,996)
Cash outflow on disposal of subsidiary group		(13,570)	-
Net cash outflow from investing activities		(139,706)	(209,893)
Cash flows from financing activities			
Other loans		(238)	-
Intercompany loan borrowings received		47,645	192,729
Intercompany loan borrowings repaid		-	(15,000)
Loans settled on acquisition		(52,126)	(1,250)
Proceeds from issue of share capital	24	127,012	-
Net cash from financing activities		122,293	176,479
Net (decrease) / increase in cash and cash equivalents		4,945	(32,783)
Cash and cash equivalents at beginning of year		30,097	63,422
Foreign exchange translation		572	(542)
Cash and cash equivalents at end of year		35,614	30,097

The notes on pages 26 to 53 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

Davies Group Limited is a private company limited by shares incorporated in England & Wales under the Companies Act. The address of the registered office is given on the Directors and Advisers page and the nature of the Group's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

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.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the Group and the parent company would be identical;
- No cash flow statement has been presented for the parent company;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the Group as a whole (see note 7);
- Disclosures in respect of the parent company's financial instruments and related party disclosures have not been presented as equivalent disclosures have been provided in respect of the Group as a whole.

Going concern

The directors continually review and monitor business performance and liquidity of Davies Group. The directors assert that Davies Group is a key subsidiary Group of the wider Tennessee Topco Limited Group. Following review of the wider Group forecasts and receipt of a Letter of Support from the ultimate parent company, Tennessee Topco Limited, which controls the Group financing entities and the relationship with the shareholders, the directors have a reasonable expectation that Davies Group Limited has adequate resources and support to continue in operational existence for the foreseeable future.

Davies Group has performed ahead of expectations since the outbreak of the COVID-19 pandemic and is only slightly behind its budget after the first quarter of the year ending 30 June 2023 despite the challenging economic environment. However despite the slow start to FY23 the Davies Group remains on track to deliver an EBITDA performance in FY23 significantly ahead of last year. The Davies Group also has access to a committed revolver credit facility of £90m should this be required.

The divisions making up Davies Group have seen EBITDA track at 101% against forecast to date in FY 23. This represents an increase of £102% year on year on a proforma basis year on year and supports the directors' assertions that the underlying trading remains profitable.

The Davies Group 's most recent forecasting exercise covers a period from the balance sheet date to 30 June 2024. As part of their forecasting work, the directors undertook detailed sensitivity analysis which showed that Davies Group is highly unlikely to breach its covenant and can meet its liabilities as they fall due. The Davies Group enjoys continued funding support of Tennessee Topco Limited and its shareholders BC Partners, HGGC, and AimCo, having raised an additional £45m in equity in September 2022 to support M&A, with a further £35m expected to follow before the end of the financial year to 30 June 2023. The key mitigant for a covenant breach would be an equity injection from the shareholders which is permitted under the existing banking agreement. Additionally, a further mitigant should Davies Group experience a liquidity issue, would be to drawdown on the £90m RCF which can be accessed for any purpose.

In August 2021, Davies Group completed a transaction with BC Partners who have acquired a majority stake in the business following a rigorous due diligence process. As part of this transaction, Blackstone replaced ICG as the wider Group's debt provider and an acquisition facility of £350m was secured alongside a c£90m rolling credit facility. This is a committed facility which can be utilised for any purpose including operational, working capital and M&A requirements and can be drawn down in 5 working days.

Davies Group is continuing its M&A program and during the period ended 30 June 2022 the Group made three acquisitions, for detail, see note 24. In June 2022, the wider Group secured an additional acquisition facility of £350m which underlines Blackstone's confidence in Davies performance. Davies Group has completed two new acquisitions since the year end, adding c£17m of annualised EBITDA before synergies.

The directors therefore believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from this basis of preparation being inappropriate.
The following principal accounting policies have been applied:

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 Accounting policies (continued)

Basis of Consolidation

The consolidated financial statements present the results of Davies Group Limited and its subsidiaries as if they formed 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 acquisition method of accounting. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The consideration for an acquisition is recorded at fair value. The value of the consideration includes a reasonable estimate of the amounts expected to be payable at that time or in the future (where the value depends on future events). Any estimated future amounts are adjusted when the final amount is determined or when revised estimates can be made. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Revenue

Consulting & Technology
Turnover is recognised in line with the period that is covered for the service that is provided.

Claims
Turnover is recognised in line with the estimated stage of completion of each claim which is based on historical data specific to that business unit.

Income accrued in respect of claims in progress at the period end is included within turnover in the profit and loss account and within prepayments and accrued income in the balance sheet. Deferred income is recorded within the balance sheet and excluded from turnover when an interim fee is raised in advance of work performed. The deferred income interim fees net off with the amount held in accrued and released to the profit and loss account on completion of the case. It is a Group policy to hold the accrued and deferred balances separately until completion of the case as the accrued income is an estimate based on stage of completion and the deferred income is the actual invoicing on account.

Insurance Services

Insurance services turnover is recognised as follows:

- Fees receivable in respect of advisory services are recognised when the right to such fees is established and services performed.
- Debt collection fees are recognised when the right to such fees are established through a contract and either the debt has been collected or the services concerned have been performed at the balance sheet date.
- Credit write-back income is recognised when board approval has been obtained, having adhered to regulatory guidelines.

Legal Solutions
Revenue for services represents the fair value of services provided during the year on client assignments. Fair value reflects the amount expected to be recoverable from clients and is based on time spent, expertise and skills provided, and expenses incurred. Legal services provided to clients during the year which, at the balance sheet date, have not been invoiced to clients, have been recognised as fee income, based on an assessment of the fair value of the services provided by the balance sheet date as a proportion of the total value of the engagement.

Unbilled fee income is included within debtors and is stated at fair value where the right to consideration has been obtained. Provision is made against unbilled amounts on those engagements where the right to receive payments is contingent on factors outside the control of the LLP. Contingent fee income (over and above any agreed minimum fee which is recognised as above) is recognised in the period when the contingent event occurs.

A geographical split of turnover is shown at note 3.

Grant income

Grants are accounted for under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Consolidated Profit and Loss Account at the same rate as the depreciation on the assets to which the grant relates. Grants of a revenue nature are recognised in the Consolidated Profit and Loss Account in the same period as the related expenditure.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 Accounting policies (continued)

Goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of the acquisition. Goodwill on acquisitions is included in 'intangible assets'. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight line method to its estimated useful life, which management consider to be 20 years based on the anticipated future cash flows attributable to the acquisitions. Goodwill is assessed for impairment and any impairment is charged to the income statement. Reversals of impairments are recognised when the reasons for the impairment no longer apply.

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.
Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

- Technology asset	-	33.3% straight line
- Customer lists	-	10% straight line

Tangible fixed assets

Tangible fixed assets 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. Repairs and maintenance are charged to the income statement during the period in which they are incurred.

Depreciation

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

Short leasehold	-	over life of lease
Fixtures and fittings and office equip	-	20% straight line
Computer equipment	-	33.3% straight line

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

Valuation of Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 Accounting policies (continued)

Leased assets: Lessee

Where assets are financed by leasing agreements that gave rights approximating to ownership (finance leases), the assets are treated as if had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the income statement over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the income statement over the term of the lease and is calculated so that it represents a constant proportion of the balance sheet of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the income statement on a straight line basis over the term of the lease.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered before the date of transition to the standard (1 July 2014) to continue to be charged over the shorter period to the first market rent review rather than the term of the lease. For leases entered into on or after 1 July 2014, reverse premiums and similar incentives received to enter into operating lease agreements are released to the income statement over the term of the lease.

Where the Group has a legal obligation, a dilapidations provisions is created on inception of a lease. These provisions are a best estimate of the cost acquired to return lease properties to their original condition upon termination of the lease. Where the obligation arises from 'wear and tear', the provision is accrued as the 'wear and tear' occurs.

Onerous lease

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease. This is released over the remaining lease term.

Holiday pay accrual

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

Provisions for liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in 'sterling', which is the company's functional and the Group's presentation currency.
On consolidation, the results of overseas operations are translated into sterling 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 the income statement.

Foreign currency transactions are translated into the Group entity's functional currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 Accounting policies (continued)

Current and deferred taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

- 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 timing differences relate to interests in subsidiaries and the Group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of timing 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 deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Pensions

Farradane Limited, a subsidiary of Davies Group Limited, operates a defined benefit pension scheme, the Davies Loss Adjusters Life Assurance and Pension Scheme, the assets of which are held separately from those of the company in an independently administered fund. The scheme was closed to new members in 1998 and no further benefits are accruing under the scheme.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the Group's defined benefit pension scheme expected to arise from employee service in the period is charged to operating profit. The net expected return on the schemes' assets and the increase during the period in the present value of the schemes' liabilities arising from the passage of time are included in either other finance income or other finance charge. Actuarial gains and losses are recognised in the Group statement of comprehensive income. The resulting pension asset or liability is recognised on the statement of financial position, net of deferred tax. Where there is a surplus, the asset is only recognised to the extent that it can be recorded through reduced contributions by the Group.

The Group makes contributions under a defined contribution scheme, the assets of which are held in a separately-administered fund. All pension contributions are charged to the profit and loss in the period in which they fall due.

Exceptional administrative expenses

The separate reporting of exceptional administrative expenses, which are presented as exceptional and on the face of the Income Statement, helps provide an indication of the Group's ongoing business performance. The principal items which are included in this category are the costs of related directly in response to Covid-19.

M&A integration expenses

M&A integration expense includes (i) the costs of undertaking M&A deal work: salaries and ongoing costs of the M&A team; (ii) the costs of agreed integration projects programs for completed M&A deals, and (iii) the costs of realising agreed synergies from deals. Management do not consider such costs to be part of the recurring and ongoing operational business of the Group and therefore present these costs separately on the face of the Income Statement.

Reserves

The Group and Company's reserves are as follows:
- Called up share capital represents the nominal value of the shares issued.
- The share premium account includes the premium on issue of equity shares, net of any costs.
- Translation reserve represents the translation of investments held in subsidiaries.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 Accounting policies (continued)

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transactions costs) and subsequently held at cost, less any impairment.

Financial liabilities

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Associates and joint ventures

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions. An entity is treated as a joint venture where the Group is party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control. In the consolidated accounts, interests in associated undertakings and joint ventures are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investor's share of the profit or loss, other comprehensive income and equity of the associate, or joint venture. The consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the consolidated balance sheet, the interests in associated undertakings and joint ventures are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.
Any premium on acquisition is dealt with in accordance with the goodwill policy.

2 Significant judgements and estimates

In preparing these financial statements, the directors have made the following judgements:
- Work in progress is recorded in revenue based on percentage completion on each case in the cabinet. The percentage is calculated differently depending on the type of claim to give the most accurate valuation based on proportion of work performed.
- Determine whether leases entered into by the Group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lease on a lease by lease basis.

- Determine whether there are indicators of impairment of the Group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

Pension

The cost of defined benefit pension plans and other post-employment medical benefits determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details are given in note 21.

Goodwill

The Group establishes a reliable estimate of the useful life of goodwill arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected usual life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 Significant judgements and estimates (continued)

Customer lists

Customer lists, are amortised over their useful life taking into account residual values, where appropriate. The actual life of the asset and residual value is assessed annually and may vary depending a number of factors. In re-assessing the asset life, factors such as loss of major customers and customer life cycles are taken into account.

Tangible assets

Tangible fixed assets, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and life maintenance programmes are taken into account.

3 Turnover

All turnover is derived from the Group's principal activity, a geographic split of revenue can be found below.

	£000	
United Kingdom	314,635	80.2%
Ireland	11,206	2.9%
Canada	312	0.1%
USA	65,967	16.8%
Bermuda	-	0.0%
	392,120	

In the current and prior year there were no customers who individually had more than 10% of Group turnover.

4 Staff costs and employee information

	Year ended 30 June 2022 £000	Year ended 30 June 2021 £000
Wages and salaries	**193,103**	163,488
Social security costs	**15,788**	8,759
Other pension costs	**5,899**	5,304
Total	**214,790**	177,551

The average monthly number of employees during the year (including directors service contracts) was:

	Year ended 30 June 2022 Number	Year ended 30 June 2021 Number
Technical	**3,345**	3,071
Support	**1,345**	1,208
Total	**4,690**	4,279

At 30 June 2022, the Group employed 4,501 (30 June 2021: 4,680) employees.

Company	**Year ended 30 June 2022 £000**	Year ended 30 June 2021 £000
Wages and salaries	**8,411**	6,845
Social security costs	**845**	643
Other pension costs	**387**	323
Total	**9,643**	7,811

NOTES TO THE FINANCIAL STATEMENTS (continued)

4 Staff costs and employee information (continued)

The average monthly number of employees during the year (including directors service contracts) was:

	Year ended 30 June 2022 Number	Year ended 30 June 2021 Number
Technical	**152**	123
Support	**87**	90
Total	**239**	213

At 30 June 2022, the company employed 220 (30 June 2021: 194) employees.

5 Operating profit

Operating profit is stated after charging/(crediting):

Group	**Year ended 30 June 2022 £000**	Year ended 30 June 2021 £000
Other income	**-**	(1,478)
Operating lease rentals - Land & Buildings	**6,668**	6,757
Operating lease rentals - other	**1,486**	1,495
Depreciation - owned assets	**9,450**	7,868
Goodwill amortisation	**28,363**	23,445
Exceptional administrative expenses	**7,040**	8,348
M&A integration expenses	**10,680**	17,394
Services provided by the Group's auditors		
Services provided by the Group's auditors:		
Group audit services	**660**	435
Company audit services	**20**	12
Corporate finance services	**0**	55
Tax services	**253**	110
Other services	**21**	95

The M&A integration expenses of £10,680,000 (2021: £17,394,000) relate to M&A salary costs, one off non-capitalised transaction expenses, aborted acquisition expenses and integration and other expenses as a result of the legal entities & trade and assets acquisitions undertaken in the financial year. Such costs will include associated office closure, redundancy costs and advisory fees, as well as the ongoing integration costs relating to the acquisitions in the prior year.

The exceptional administrative expenses of £7,040,000 (2021: £8,348,000) mainly comprise cost containment plans; rationalisation and restructuring projects; margin-enhancing initiatives, and other significant one-off projects

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 Interest receivable and similar income

Group	Year ended 30 June 2022 £000	Year ended 30 June 2021 £000
Loan interest	10,013	-
Total	**10,013**	-

Loan interest is interest payable from Group undertakings.

7 Interest payable and similar charges

Group	Year ended 30 June 2022 £000	Year ended 30 June 2021 £000
Loan interest	27,540	16,880
Total	**27,540**	16,880

Loan interest is interest payable to Group undertakings.

8 Directors' emoluments

Group	Year ended 30 June 2022 £000	Year ended 30 June 2021 £000
Aggregate emoluments	1,298	790

	Year ended 30 June 2022 Number	Year ended 30 June 2021 Number
The number of directors to whom retirement benefits were accruing was as follows:		
Accruing under money purchase schemes	2	2

Highest paid director	Year ended 30 June 2022 £000	Year ended 30 June 2021 £000
Aggregate emoluments excluding pension contributions	693	375
Total	**693**	375

NOTES TO THE FINANCIAL STATEMENTS (continued)

9 Tax on profit on ordinary activities

a) Analysis of the tax payment in the year

The tax payment on the profit on ordinary activities for the year was as follows:

Group	Year ended 30 June 2022 £000	Year ended 30 June 2021 £000
Current tax:		
UK corporation tax on profits for the year		-
Foreign tax	**1,592**	2,718
Adjustments in respect of previous years	**206**	817
Total current tax	**1,798**	3,535
Deferred tax:		
Origination and reversal of timing differences	**1,401**	(2,523)
Adjustments in respect of previous years	**(3,427)**	608
Changes in tax rate	**-**	(75)
Total deferred tax	**(2,026)**	(1,990)
Total tax charge / (credit) on profit on ordinary activities	**(228)**	1,545

b) Factors affecting the tax credit

The tax assessed for the period is lower than (year 2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The difference is explained below:

	Year ended 30 June 2022 £000	Year ended 30 June 2021 £000
Profit/(loss) on ordinary activities before taxation	**226,880**	**(11,655)**
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19%	**43,107**	**(2,214)**
Tax effects of:		
Expenses not deductible for tax purposes	**7,471**	5,899
Income not deductible for tax purposes	**(43,133)**	(328)
Depreciation in excess of capital allowances	**-**	41
Other timing differences	**136**	-
Tax losses utilised	-	-
Group relief surrendered	**(5,651)**	(3,090)
Deferred tax not recognised	**-**	91
Adjustment to prior periods	**(3,222)**	1,626
Changes in tax rates	**514**	(217)
Items charged elsewhere	-	-
Overseas tax rate difference	**550**	(263)
Total current tax charge / (credit)	**(228)**	**1,545**

NOTES TO THE FINANCIAL STATEMENTS (continued)

10 Intangible fixed assets

	Group				Company
	Other Intangible Asset	Goodwill	Customer lists	Total	Goodwill
	£000	£000	£000	£000	£000
Cost					
At 1 July 2021	22,963	481,754	16,708	**521,425**	**16,010**
Additions	7,493	-	-	**7,493**	-
Acquisitions	1,919	146,337	4,796	**153,052**	-
Adjustment to consideration	-	8,596	-	**8,596**	-
Disposals	(2)	-	-	**(2)**	-
Disposal of Davies US group	(6,816)	(231,998)	(923)	**(239,737)**	-
Exchange adjustments	288	8,850	92	**9,230**	-
At 30 June 2022	**25,845**	**413,539**	**20,673**	**460,057**	**16,010**
Accumulated amortisation					
At 1 July 2021	(12,878)	(42,690)	(7,564)	**(63,132)**	**(10,893)**
Amortisation for year	(4,307)	(22,035)	(2,020)	**(28,363)**	**(800)**
Disposal of Davies US group	4,808	9,235	923	**14,966**	-
Exchange adjustments	(195)	(340)	(19)	**(554)**	-
At 30 June 2022	**(12,572)**	**(55,830)**	**(8,680)**	**(77,082)**	**(11,693)**
Net book value					
At 30 June 2022	**13,273**	**357,709**	**11,993**	**382,975**	**4,317**
At 30 June 2021	10,085	439,064	9,144	458,293	5,117

The additions to goodwill relate to the acquisitions deals completed in the year, details of which can be found in note 22. Adjustment to consideration relates to changes in the estimate of contingent deferred consideration to be paid in the future.

The other intangible assets comprise technology assets relating to an internally generated development asset comprising staff and contractor costs, and an acquired intangible asset relating to technology assets.

Management have considered its annual EBITDA and cash budgets in its initial review of goodwill and have concluded that there are no triggers for impairment of goodwill. Refer to the section on Going Concern within the Accounting Policies.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11 Tangible fixed assets

Group	Short leasehold £000	Fixtures & fittings and office equipment £000	Computer equipment £000	Total £000
Cost or valuation				
At 1 July 2021	2,241	3,635	29,147	**35,023**
Additions	2,642	848	10,199	**13,689**
Acquisitions	193	133	523	**849**
Disposals	(22)	(563)	(1)	**(586)**
Disposal of Davies US group	(680)	(4,912)	(1,615)	**(7,207)**
Exchange adjustment	35	402	190	**627**
At 30 June 2022	**4,409**	**(457)**	**38,443**	**42,395**
Accumulated depreciation				
At 1 July 2021	(1,759)	(1,524)	(14,179)	**(17,462)**
Charge for period	(1,339)	(720)	(7,391)	**(9,450)**
Disposals	-	489	1	**490**
Disposal of Davies US group	276	3,581	1,241	**5,098**
Exchange adjustment	(14)	(342)	(60)	**(416)**
At 30 June 2022	**(2,836)**	**1,484**	**(20,388)**	**(21,740)**
Net book value				
At 30 June 2022	**1,573**	**1,027**	**18,055**	**20,655**
At 30 June 2021	482	2,111	14,968	17,561

Fixed assets are stated at historical cost.

Company	Short leasehold £000	Fixtures and fittings and office equipment £000	Computer equipment £000	Total £000
Cost or valuation				
At 1 July 2021	1,383	1,467	8,515	**11,365**
Additions	175	345	6,479	**6,998**
At 30 June 2022	**1,558**	**1,811**	**14,994**	**18,363**
Accumulated depreciation				
At 1 July 2021	(1,054)	(844)	(4,499)	**(6,397)**
Charge for period	(407)	(216)	(2,814)	**(3,437)**
At 30 June 2022	**(1,462)**	**(1,060)**	**(7,313)**	**(9,834)**
Net book value				
At 30 June 2022	**96**	**752**	**7,681**	**8,529**
At 30 June 2021	329	623	4,016	4,968

Fixed assets are stated at historical cost.

12 Investments

<u>Group</u>	Investments £000
Cost	
At 1 July 2021 and 30 June 2022	**1**

<u>Company</u>	Shares in Group undertakings £000	Listed investments £000	Total £000
Cost			
At 1 July 2021	272,869	1	272,870
Additions	277,413	-	277,413
Disposals	(198,274)	-	
At 1 July 2021 and 30 June 2022	**352,008**	**1**	**352,009**

The company's investment in the share capital of subsidiary undertakings which are held at 30 June 2022 comprises:

Name	Country	Year ended 30 June 2022 Proportion of shares held	Year ended 30 June 2021 Proportion of shares held
Davies Construction and Engineering Limited	UK	100%	100%
Davies Managed Systems Limited	UK	100%	100%
Eastwell Contractor Management and Claim Care Limited	UK	100%	100%
Farradane Limited	UK	100%	100%
Ufton Associates Limited	UK	100%	100%
* Davies Assist Limited	UK	100%	100%
* Garwyn Group Limited	UK	100%	100%
Garwyn Limited	UK	100%**	100%**
Garwyn Ireland Limited	Ireland	100%**	100%**
* Garwyn EBT Limited	UK	100%**	100%**
Associated Loss Adjusters Limited	Ireland	100%	100%
Managed Fleet Services Limited	UK	100%	100%
Surveyorship Limited	UK	100%	100%
Core Insurance Services Limited	UK	100%	100%
Davies Resourcing Limited	UK	100%	100%
Claims Management Services Limited	UK	100%	100%
Davies Broking Services Limited	UK	100%	100%
Davies MGA Services Limited	UK	100%**	100%**
Davies Technology Solutions Limited	UK	100%	100%
Total Loss Settlement Services Limited	UK	100%	100%
JMD SISG Limited	UK	100%	100%
JMD SIS Limited	UK	100%**	100%**
JMD MS Limited	UK	100%**	100%**
Requiem Limited	UK	100%	100%
A.M Associates Insurance Services Limited	Canada	100%	100%
John Heath & Company Inc.	USA	100%	100%
Quest Bermuda Holdings Limited	Bermuda	100%	100%
Quest Intermediaries (Bermuda) Limited	Bermuda	100%**	100%**
Quest Management Services Limited	Bermuda	100%**	100%**
Quest Captive Management Limited	USA	100%**	100%**
Direct Group Property Services Limited	UK	100%	100%
Direct Inspection Solution Limited	UK	100%**	100%**
Direct Validation Services Limited	UK	100%**	100%**

NOTES TO THE FINANCIAL STATEMENTS (continued)

12 Investments (continued)

Name	Country	Year ended 30 June 2022 Proportion of	Year ended 30 June 2021 Proportion of
Davies Consulting and Managed Services Limited	UK	100%	100%
Ember Services Limited	UK	100%**	100%**
Ember Search Limited	UK	100%**	100%**
Davies Learning Experiences Limited	UK	100%**	100%**
Ember (Canada) Inc.	Canada	100%**	100%**
Veriphy Limited	UK	100%	100%
Topmark Claims Management Limited	UK	100%	100%
GBB (UK) Holdings Limited	UK	100%	100%
GBB (UK) Limited	UK	100%**	100%**
Banwell & Associates Ltd	UK	100%**	100%**
FWD Training & Consultancy Limited	UK	100%	100%
Thornpart Adjustors Limited	Ireland	100%	100%
Desk Expert Limited	Ireland	100%**	100%**
Techno Marine Limited	Ireland	100%**	100%**
Liability Claims Appraisers Limited	Ireland	100%	100%
Claims Settlement Services International Ltd	Ireland	100%	100%
Keoghs Topco Limited	UK	100%	100%
Keoghs Midco Limited	UK	100%**	100%**
Keoghs Acquisition Limited	UK	100%**	100%**
Keoghs LLP	UK	100%**	100%**
Keoghs Services Limited (dormant	UK	100%**	100%**
Codebase8 Limited	UK	100%	100%
Citadel Management Bermuda Limited	USA	100%**	100%**
Cedar Consulting LLC	USA	100%**	100%**
ContactPartners	UK	100%**	100%**
Vehicle Replacement Group Limited (VRG)	UK	100%	100%
Davies (SAC) Limited (formerly Quest SAC)	USA	100%**	100%**
Davies Insurance Limited (formerly Quest Insurance)	USA	100%**	100%**
Davies Intermediary Services (Malta) Limited	Malta	100%**	100%**
Nationwide Property Assistance Limited (NPA)	UK	100%	100%
Davies Insurance Management LLC	USA	100%**	100%**
Davies Management Service (Guernsey) Limited	Guernsey	100%**	100%**
Grovelands Resourcing Limited	UK	100%	100%
Sionic Global (CTL) Limited	UK	100%**	-
Sionic Global (CBL) Limited	UK	100%**	-
Catalyst Holdco Limited	UK	100%**	-
Catalyst Debtco Limited	UK	100%**	-
Catalyst Nominee Limited	UK	100%**	-
Sionic Bidco Limited	UK	100%**	-
Sionic UK Subco Limited	UK	100%**	-
Sionic Advisors Europe Limited	UK	100%**	-
Sionic European Holdings Limited	UK	100%**	-
Sionic Global (CDHL) Limited	UK	100%**	-
Sionic Global (CDL) Limited	UK	100%**	-
Sionic Global (KL) Limited	UK	100%**	-
Sionic Advisors Global Holdings LLP	UK	100%**	-
Sionic Advisors (European Branches) LLP	UK	100%**	-
Sionic Advisors (UK) LLP	UK	100%**	-
Sionic Advisors (Singapore) LLP	UK	100%**	-
Sionic Advisors (Canada) LLP	UK	100%**	-
Sionic Advisors (US) LLP	UK	100%**	-
Catalyst (US) Bidco Inc.	USA	100%**	-
SAGP LLC	USA	100%**	-
Sionic Advisors LLP	USA	100%**	-
Sionic Advisors LP	USA	100%**	-
Sionic Advisors Inc.	Canada	100%**	-
Sionic Advisors India Private Limited	India	100%**	-

* Non trading company. ** Indirect Holding. All holdings shown above are of ordinary share capital.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12 Investments (continued)

Name	Country	June 2022 shares held	June 2021 shares held
Sionic Advisors LLP	USA	100%**	-
Sionic Advisors LP	USA	100%**	-
Sionic Advisors Inc.	Canada	100%**	-
Sionic Advisors India Private Limited	India	100%**	-
Sionic Advisors Singapore Pte Ltd	Singapore	100%**	-
Sionic Jersey Limited	Jersey	100%**	-
Building Validation Solutions Limited	UK	100%	-
BVS Subsidence Ltd	UK	100%	-
PJ Web Solutions Limited	UK	100%	-
Verso Damage Management Solutions Ltd	UK	100%	-
Worksmart Ltd	UK	100%	-
Davies US LLC.	USA	-	100%
Frontier Adjusters Inc.	USA	-	100%**
Frontier Adjusters Co., Ltd	USA	-	100%**
Davies Claims Solutions, LLC	USA	-	100%**
Alternative Service Concepts of Tennessee	USA	-	100%**
TriPlus Administrative Services, Inc.,	USA	-	100%**
TriPlus Services, Inc.,	USA	-	100%**
Johnson Claim Service, Inc.	USA	-	100%**
WA Consulting LLC	USA	-	100%**
Northshore International Insurance Services, Inc.	USA	-	100%**
Disability Management Services, Inc.	USA	-	100%**
Psychiatric Disability Consultants, Inc.	USA	-	100%**
The Littleton Group Western Division, Inc.	USA	-	100%**
The Littleton Group Eastern Division, Inc.	USA	-	100%**
IAS Services Group	USA	-	100%**

** Indirect Holding. All holdings shown above are of ordinary share capital.

Registered Offices:

Area	
England and Wales	- 5th Floor, 20 Gracechurch Street, London, EC3V 0BG
	- 2 The Parklands, Bolton, Lancashire, BL6 4SE
Scotland	- 2nd Floor, The Forsyth Building, 5 Renfield Street, Glasgow, Scotland, G2 5EZ
Guernsey	- Heritage Hall, PO Box 144, Le Marchant Street, St Peter Port, Guernsey GY1 3HY
Jersey	- De Carteret House, Castle Street, St Helier, Jersey, JE2 EBT
Ireland	- The Mall, Tuam, Co Galway, Ireland
	- Greenhills Retail Park, Greenhill Road, Dublin 24, D24 VY31, Ireland
	- Block 10B, Beckett Way, Park West Business Park, Nangor Road, Dublin 12.
Canada	- 2425 Matheson Blvd. E., 8th Floor Mississauga, Ontario L4W 5K4 - Suite 1300- 1969 Upper
USA	- Cogency Glocal Inc., 115 North Calhoun St., Suite 4, Tallahassee, FL 32301
Bermuda	- Crawford House, 50 Cedar Avenue, Hamilton, Bermuda HM11
Singapore	- 8 Wilkie Road, #03-01, Wilkie Edge, Singapore 228095
India	Wing, 215 Atrium

The directors believe that the value of the investments is supported by the future economic benefits the subsidiaries will provide to the Company and Group.

NOTES TO THE FINANCIAL STATEMENTS (continued)

13 Debtors due within one year

Group	As at 30 June 2022	As at 30 June 2021
	£000	£000
Trade debtors	127,608	109,519
Amounts owed by parent companies	30,199	6,781
Corporation tax	2,036	-
Other debtors	11,494	14,830
Prepayments and accrued income	34,529	27,218
	205,866	158,348

Company	As at 30 June 2022	As at 30 June 2021
	£000	£000
Trade debtors	13,416	11,751
Amounts owed by Group undertakings	231,904	324,325
Corporation tax	1,739	144
Other debtors	4,531	108
Prepayments and accrued income	4,750	3,643
	256,340	339,971

Amounts owed by Group undertakings are unsecured, have no fixed date of repayment and attract an interest charge of 0%-8%.

14 Debtors due after one year

Group and company	As at 30 June 2022	As at 30 June 2021
	£000	£000
Loan note from group company	429,111	-
	429,111	-

The loan note of £429m is due from a group undertaing and is redeemable at the group undertaking's behest. If not already redeemed it will be repaid after 10 years. The interest rate is 4% and interest receivable is included in debtors due within one year.

15 Deferred tax

The movements on deferred tax are as follows:

Group	Year ended 30 June 2022	Year ended 30 June 2021
	£000	£000
At the beginning of year	3,072	327
Acquired balances	(1,193)	755
Disposal of Davies US	(1,989)	-
Deferred tax credit in income statement for the year	2,026	1,990
At the end of year	1,916	3,072

The deferred tax comprises:	Year ended 30 June 2022	Year ended 30 June 2021
	£000	£000
Depreciation in excess of capital allowances	(364)	756
Acquisition	(1,998)	(2,347)
Losses	5,251	3,200
Short term timing differences	(973)	1,463
	1,916	3,072

The Group has a deferred tax asset on losses of £771,000 (30 June 2021: £821,000) which is not recognised.

NOTES TO THE FINANCIAL STATEMENTS (continued)

15 Deferred tax (continued)

Company	Year ended 30 June 2022	Year ended 30 June 2021
	£000	£000
At the beginning of year	307	123
Depreciation in excess of capital allowances	(1,084)	205
Short term timing differences	-	(21)
At the end of year	(777)	307

The company has a deferred tax asset on losses of £315,000 (30 June 2021: £315,000) which is not recognised.

Deferred tax asset on pension liability

Group		Year ended 30 June 2022	Year ended 30 June 2021
		£000	£000
At the beginning of year		229	742
Deferred tax on pension asset	23	6	(8)
Deferred tax asset on pension liability charged through other comprehensive income	23	(235)	(505)
At the end of year - deferred tax asset on pension liability	23	-	229

16 Called up share capital

Allotted, issued and fully paid	As at 30 June 2022 £000	As at 30 June 2021 £000
Group and Company		
85,216,387 (2021 - nil) A Ordinary Shares of £0.00000001 each	-	-
163,636 (2021 - nil) B Ordinary Shares of £0.00001 each	-	-
36,363 (2021 - nil) C Ordinary Shares £0.00001 each	-	-
nil (2021 - 85,216,387) A Ordinary Shares of £0.50 each	-	42,608
nil (2021 - 163,636) B Ordinary Shares of £1 each	-	163
nil (2021 - 36,363) C Ordinary Shares £0.50 each	-	18
	-	42,789

All classes of ordinary shares rank pari passu for the payment of dividends and assets on wind up of the company. The A ordinary shares and the B ordinary shares carry the right of one vote per share. The C ordinary shares do not carry any voting rights.

On 3 December 2021, the Company purchased Sionic Limited, as part of this purchase it issued one A Ordinary Shares with a nominal value of £0.05 share with a value of £80.8m to its immediate holding company, Daisycove Limited, as a step in a wider equity funding programme throughout the wider group.On 17 December 2021, the Company purchased Building Validation Solutions Limited, PJ Web Solutions Limited, BVS Subsidence Limited and Verso Damage Management Solutions Limited as part of this purchase it issued one A Ordinary Share with a nominal value of £0.5 share with a value of £17.3m to its immediate holding company, Daisycove Limited, as a step in a wider equity funding programme throughout the wider group.

On 22 March 2022 the Company undertook a capital reduction of its share capital where it created new classifications of ordinary shares and this resulted in the cancellation of £183.4m of share capital and share premium which was transferred against reserves.

On 31 March 2022, the Company purchased Worksmart limited, as part of this purchase it issued one A Ordinary Shares with a nominal value of £0.00000001 share with a value of £29.0m to its immediate holding company, Daisycove Limited, as a step in a wider equity funding programme throughout the wider group.

The value of the share capital outstanding at 30 June 2022 is £3.

NOTES TO THE FINANCIAL STATEMENTS (continued)

17 Creditors: amounts falling due within one year

Group	As at 30 June 2022	As at 30 June 2021
	£000	£000
Trade creditors	37,247	28,552
Amounts owed to Group undertakings	38,885	15,724
Corporation tax	-	1,309
Other taxation and social security	9,394	15,923
Other creditors	27,134	30,248
Accruals and deferred income	45,260	45,747
	157,920	137,503

Company	As at 30 June 2022	As at 30 June 2021
	£000	£000
Trade creditors	7,432	5,195
Amounts owed to Group undertakings	177,304	124,654
Other creditors	13,660	4,376
Accruals and deferred income	6,842	5,932
	205,238	140,157

Amounts owed to Group undertakings are repayable on demand. They are unsecured, interest free and have no fixed date of repayment. Included within this balance for both Group and Company are 9,371,000 redeemable preferences shares denominated in US Dollars due on demand to a Group undertaking. The value at 30 June 2022 was £7,719,111 (2021: £6,609,000).

18 Creditors: amounts falling due after more than one year

Group	Note	As at 30 June 2022	As at 30 June 2021
		£000	£000
Bank loans and overdraft	19	10	562
Other creditors		1,827	14,070
Amounts owed to Group undertakings	19	499,914	452,269
		501,751	466,901

Company	Note	As at 30 June 2022	As at 30 June 2021
		£000	£000
Other creditors		-	10,034
Amounts owed to Group undertakings	19	499,914	452,269
		499,914	462,303

NOTES TO THE FINANCIAL STATEMENTS (continued)

19 Loans and other borrowings

Group	**As at 30 June 2022**	As at 30 June 2021
	£000	£000
Bank loans and overdrafts	**10**	562
Amounts owed to Group undertakings	**499,914**	452,269
	499,924	452,831

Maturity of financial liabilities	**As at 30 June 2022**	As at 30 June 2021
	£000	£000
In one year or less, or on demand	**10**	562
In more than two years, but no more than five years	**499,914**	452,269
In more than five years	**-**	-
	499,924	452,831

The Company and the Group have intercompany loans with an intermediary holding company , Davies Bidco Limited, totalling £452,305k (2021: £452,286k). Intercompany interest is charged on these loans at rates between 4% to 8%. These loans are payable in line with the external debt of Davies Bidco Limited.

Company	**As at 30 June 2022**	As at 30 June 2021
	£000	£000
Amounts owed to Group undertakings	**499,914**	452,269
	499,914	452,269

Maturity of financial liabilities	***As at 30 June 2022***	*As at 30 June 2021*
	£000	£000
In one year or less, or on demand	**-**	-
In more than two years, but not more than five years	**499,914**	452,269
In more than five years	**-**	-
	499,914	452,269

There are no debts due after 5 years that are payable under instalments.

NOTES TO THE FINANCIAL STATEMENTS (continued)

20 Provisions for liabilities

Group	Restructuring Year ended 30 June 2022 £000
At 1 July 2021	5,140
Acquisitions	72
Disposal of Davies US group	(283)
Charged to profit and loss account	(75)
Utilised in the year	(3,145)
Foreign exchange	13
At 30 June 2022	**1,722**

The provisions for restructuring costs relate to onerous property lease commitments. Of the provision, £1,032,000 is due for payment within one year, and £690,000 between 2 and 5 years.

Company	Restructuring Year ended 30 June 2022 £000
At 1 July 2021	1,365
Charged/ (released) to profit and loss account	-
Utilised in the year	(1,202)
At 30 June 2022	**163**

The provisions for restructuring costs relate to onerous property lease commitments.

21 Operating lease commitments

The Group's future minimum lease payments under non-cancellable operating leases are as follows:

	As at 30 June 2022		As at 30 June 2021	
	Land and buildings	**Other**	Land and buildings	Other
	£000	**£000**	£000	£000
Expiring:				
Within one year	**5,227**	**1,155**	6,253	1,202
In two to five years	**8,392**	**1,569**	11,868	2,588
In more than five years	**5,206**	**-**	1,609	-
Total	**18,825**	**2,724**	19,730	3,790

The Company's future minimum lease payments under non-cancellable operating leases are as follows:

	As at 30 June 2022 Land and buildings £000	As at 30 June 2021 Land and buildings £000
Expiring:		
Within one year	**1,252**	1,451
In two to five years	**2,986**	3,030
In more than five years	**438**	1,012
Total	**4,676**	5,493

NOTES TO THE FINANCIAL STATEMENTS (continued)

22 Analysis of changes in net debt

Group	*At 1 July 2021*	*Cash flow*	*Acqusitions / disposals*	*Other non cash movements*	*At 30 June 2022*
	£000	*£000*	*£000*	*£000*	*£000*
Cash at bank and in hand	30,097	16,113	(10,597)	-	**35,613**
Bank loans	(562)	52,364	(52,126)	314	**(10)**
Amounts owed to Group undertakings	(452,269)	(47,645)	-		**(499,914)**
Debt items	(452,831)	4,719	(52,126)	314	**(499,924)**
Net debt	(422,734)	20,832	(62,723)	314	**(464,311)**

23 Pension commitments

Defined benefit scheme

Davies Loss Adjusters LLP operated a defined benefit pension scheme, the Davies Loss Adjusters Life Assurance and Pension Scheme. The scheme was closed to new members in 1998 and no further benefits are accruing under the scheme. At the conclusion of the sale of the trade and assets of Davies Loss Adjusters LLP to Davies Group Limited, the pension scheme was transferred to Farradane Limited, with the company becoming the principal employer under a Deed of Substitution dated 29 February 2008.

A full actuarial valuation was carried out at in April 2018 by a qualified independent actuary. The major assumptions used by the actuary have been projected forward to 30 June 2022 as follows:

	As at 30 June 2022	As at 30 June 2021	As at 30 June 2020	As at 30 June 2019	As at 30 June 2018	As at 30 June 2017	As at 30 June 2016
Rate of increase in pensions in payment	**3.15%**	3.00%	2.60%	2.80%	2.60%	2.60%	2.70%
Rate of increase in deferred pensions	**2.40%**	2.15%	1.50%	2.10%	1.90%	2.00%	1.60%
Discount rate for scheme liabilities	**3.70%**	2.00%	1.65%	2.50%	2.95%	2.85%	3.05%
Inflation assumption	**3.40%**	3.15%	2.70%	3.30%	3.10%	3.20%	2.80%
Consumer price inflation	**2.40%**	2.15%	1.70%	2.10%	1.90%	2.00%	1.60%

The assumed life expectancy, on retirement at 65, applied was as follows:

	As at 30 June 2022 years	As at 30 June 2021 years
Retiring today:		
Males	**20.1**	20.3
Females	**22.2**	22.3
Retiring in 20 years:		
Males	**21.0**	21.3
Females	**23.4**	23.6

NOTES TO THE FINANCIAL STATEMENTS (continued)

23 Pension commitments (continued)

The assets in the scheme and the expected rate of return were:

		Value at 30 June 2022	Value at 30 June 2021
		£000	£000
Bonds		4,635	5,232
Equity		10,638	11,332
Insured pensions		400	397
Cash		262	291
Total market value of assets		15,935	17,252
Present value of scheme liabilities		(14,106)	(18,168)
Surplus /(deficit) in the scheme		1,829	(916)
Restriction on recoverable surplus		(1,829)	-
Net pension deficit before deferred tax		-	(916)
Deferred tax asset on pension liability	14	-	229
Net pension deficit		-	(687)

The expected returns have been based on the current split by investment sector of the assets of the scheme, using average expected returns on each sector.

Reconciliation of present value of scheme liabilities

	Year ended 30 June 2022	Year ended 30 June 2021
	£000	£000
At the beginning of year	18,168	19,127
Current service cost	-	-
Interest cost	357	310
Benefits paid	(602)	(684)
Past service cost	411	-
Actuarial (gain) / loss	(4,228)	(585)
At the end of year	14,106	18,168

Reconciliation of fair value of scheme assets

	Year ended 30 June 2022	Year ended 30 June 2021
	£000	£000
At the beginning of year	17,252	15,222
Expected return on scheme assets	343	249
Contribution paid	402	390
Actuarial gain /(loss)	(1,460)	2,075
Benefits paid	(602)	(684)
At the end of year	15,935	17,252

NOTES TO THE FINANCIAL STATEMENTS (continued)

Pension Liability	***Year ended*** **30 June 2022 £000**	*Year ended* 30 June 2021 £000
At the beginning of year	**687**	3,163
Charged to statement of other comprehensive income	**(939)**	(2,660)
Contributions paid	**(402)**	(390)
Past service cost	**411**	
Net finance income charged to income statement	**14**	61
Deferred tax charged to income statement	**(6)**	8
Deferred tax credited to statement of other	**235**	505
At the end of year	**-**	687

History of experience gains and losses

	2022	2021	2020	2019	2018	2017
	£000	£000	£000	£000	£000	£000
Defined benefit obligation	**(14,106)**	(18,168)	(19,127)	(17,242)	(16,319)	(17,767)
Plan assets	**15,935**	17,252	15,222	15,627	14,960	14,997
Deficit	**1,829**	(916)	(1,615)	(1,359)	(2,770)	(2,022)
Experience gains and losses on plan assets	**(1,460)**	2,075	(538)	311	254	1,114
Experience gains and losses on scheme liabilities	**-**	-	-	101	(297)	(853)
Total actuarial (losses)/gains recognised in statement of other	**939**	2,660	(2,554)	(468)	310	314
Movement on deferred tax relating to pension deficit *credited/(charged) to statement of*	**(235)**	(505)	485	43	(70)	(98)

Management have reviewed the sensitivities around the pension liability and consider the most volatile assumption to be the discount rate used. The impact of increasing or decreasing the discount rate by 5 basis points will respectively decrease or increase the liability by approximately £93,000.

NOTES TO THE FINANCIAL STATEMENTS (continued)

23 Pension commitments (continued)

Defined contribution scheme

The Group and the company operates a defined contribution scheme. The assets are held separately from those of the Group in a separately-administered fund. The charge for the year represents contributions payable by the Group and the company to the fund and amounted to £5,693,000 and £387,000 respectively (charge for the year ended 30 June 2021: Group £5,304,000 and company £323,000).

At 30 June 2022, the Group and the company had outstanding contributions of £871,000 and £503,313 respectively (2021: Group £937,800 and Company £460,744).

24 Acquisitions

The Group has made acquisitions during the year and the provisional details are shown below.

On 15 October 20201 the Group acquired the share capital of Insurance Risk Services, Inc. for a total consideration of £25,916,385.

	Book Value £000	Fair Value Adjustment £000	Provisional Fair Value £000
Intangible fixed assets	454	-	**454**
Tangible fixed assets	71	-	**71**
Debtors	5,398	-	**5,398**
Cash	(3,045)	-	**(3,045)**
Creditors: amounts falling due within one year	(4,004)	-	**(4,004)**
Net Assets Acquired	(1,126)	-	**(1,126)**
Consideration - cash			28,403
Deferred Consideration			-
Cost of Acquisition			450
Total Consideration			**28,853**
Goodwill			**29,979**

Since the date of the acquisition, Insurance Risk Services, Inc has contributed a profit before tax of £9,330,596 to the Group results.

On 17 December 2021 the Group acquired the share capital of Building Validation Solutions Limited, PJ Web Solutions Limited, BVS Subsidence Limited and Verso Damage Management Solutions Limited ("BVS") for a total consideration of £21,009,152.

	Book Value £000	Fair Value Adjustment £000	Provisional Fair Value £000
Intangible fixed assets	1		
Tangible fixed assets	142	-	**142**
Debtors	4,067	-	**4,067**
Cash	4,237	-	**4,237**
Creditors: amounts falling due within one year	(4,827)	-	**(4,827)**
Net Assets Acquired	**3,619**	-	**3,619**
Consideration - cash			18,664
Consideration - shares in ultimate parent company			1,500
Deferred Consideration			400
Cost of Acquisition			408
Total Consideration			**20,972**
Goodwill			**17,353**

Since the date of the acquisition BVS have, respectively, contributed a profit before tax of £2,607,004, -£20,974, £384,842 and £131,292 to the Group results.

NOTES TO THE FINANCIAL STATEMENTS (continued)

24 Acquisitions (continued)

On 3 September 2021 the Group acquired the share capital of Sionic Limited for a total consideration of £30,621,353.

	Book Value	Fair Value Adjustment	Provisional Fair Value
	£000	£000	£000
Intangible fixed assets	6,254		6,254
Tangible fixed assets	388	-	388
Debtors	13,900	-	13,900
Cash	252	-	252
Creditors: amounts falling due within one year	(63,990)	-	(63,990)
Net Assets Acquired	**(43,196)**	**-**	**(43,196)**

Consideration - cash	22,466
Consideration - shares in ultimate parent company	3,328
Cost of Acquisition	1,479
Total Consideration	***27,273***
Goodwill	***70,469***

Since the date of the acquisition, Sionic Limited has contributed a profit before tax of £350,620 to the Group results.

On the 31 March 2022 the Group acquired the share capital of Worksmart Limited for a total consideration of £27,783,606.

	Book Value	Fair Value Adjustment	Provisional Fair Value
	£000	£000	£000
Tangible fixed assets	256	-	256
Debtors	622	-	622
Cash	1,529	-	1,529
Creditors: amounts falling due within one year	(3,161)	-	(3,161)
Net Assets Acquired	**(754)**	**-**	**(754)**

Consideration - cash	26,117
Consideration - shares in ultimate parent company	959
Deferred Consideration	-
Cost of Acquisition	708
Total Consideration	**27,784**
Goodwill	**28,538**

Since the date of the acquisition, Worksmart Limited has contributed a profit before tax of £434,460 to the Group results.

NOTES TO THE FINANCIAL STATEMENTS (continued)

25 Disposal of business

On 30 November 2021, the Group transferred its interest in Davies US LLC to a fellow subsidiary company, Tennessee US Holdco 1 for a loan note of £429 million. As part of this reorganisation the Company waived the outstanding loans between Davies US and itself of £191.5m. A gain on disposal of £228.5m is recognised in the Group's discontinued operations.

26 Post balance sheet events

On 1 July 2022, the Group acquired 100% of the issued share capital of Bascoon Limited, the holding company which owns ProAdjust Limited. ProAdjust Limited, founded in 2004, is a leading Irish loss adjuster, operating from 15 locations mainly Ireland. The total provisional consideration paid for this business was £13,988,402, including cash and shares.

On 13 July 2022, the Group acquired 100% of the issued share capital of Asta Capital Limited ('Asta'), a London-based insurance underwriting management business providing solutions across four operating segments: Syndicates, Syndicate in a box ('SIAB'), MGA's and outsourced services. The Syndicates and SPA business, where Asta acts as a third-party managing agency and provides third-party business access to the Lloyds of London licensing network, accounts for c.90% of annual revenues. The total provisional consideration paid for this business was £124,509,102.

The initial accounting for these business combinations is incomplete at the date of these financial statements.

On 31 July 2022, Davies Group experienced a cyber-attack which impacted a limited number of services provided to clients of their Insurance Services UK and Claims UK&I businesses. Despite Davies having in place multiple defence in-depth security tooling along with processes adhering to ISO27001 standards, the threat actor managed to gain access to a sub-set of our IT infrastructure hosted in one of our UK data centres.

During the course of the management of the incident, Davies engaged leading experts to assist in the containment, recovery, investigation and data impact analysis and reported to impacted clients, regulators and law enforcement accordingly. Business-as-usual services were recovered quickly, security posture updated following the forensic analysis and the final stages of the incident relate to the conclusion of the data impact analysis, which we anticipate will be concluded before the end of January 2023. As of the date of signing the accounts Davies is unable to estimate the full financial impact of the cyber-attack. The latest estimate is c£15m.

27 Contingent Liability

For the year ending 30 June 2022, the Company and its subsidiaries have provided guarantees in respect of loan facilities provided to Tennessee Bidco Limited, a subsidiary undertaking of the Company's ultimate parent company Tennessee Topco Limited. As at the year end an amount of £835.8m (2021: £nil) was outstanding in respect of these facilities.

For the year ending 30 June 2021 the Company and its subsidiaries gave a cross guarantee in respect of a loan facility provided to another subsidiary, Davies Bidco Limited and at that year end an amount of £419.2m was outstanding in respect of this facility.

28 Ultimate parent undertaking and controlling party

At 30 June 2022 the company was ultimately owned by Tennessee Topco Limited which the directors' considered to be the ultimate parent undertaking.

Copies of Tennessee Topco Limited consolidated financial statements can be obtained from the Company Secretary at 5th Floor, 20 Gracechurch Street, London EC3V 0BG .

The directors consider BC Partners to be the ultimate controlling party of the Group.

29 Financial instruments

The Group's financial instruments may be analysed as follows:

	Year ended 30 June 2022 £000	Year ended 30 June 2021 £000
Financial assets		
Financial assets measured at amortised cost	**174,715**	154,446
Financial liabilities		
Financial liabilities measured at amortised cost	**648,451**	573,103

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and amounts owed by parent companies.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, other creditors, shareholder loans, accruals and deferred income and amounts to Group undertakings.

30 Related party disclosures

The Group has taken advantage of the exemption confirmed by section 33 of FRS 102 not to disclose transactions with members of the Group headed by Davies Group Limited on the grounds that 100% of the voting rights in the company are controlled within that Group. The Group has further taken advantage of the exemption confirmed by paragraph A3.40F of Appendix III to FRS 102 not to disclose transactions with members of the Group headed by Tennessee Topco Group Limited on the grounds that 100% of the voting rights in the Company are controlled within that Group.

31 Audit exemption statement

Under section 479A of the Companies Act 2006 the Group is claiming exemption from audit for the subsidiary companies listed below. The parent undertaking, Davies Group Limited, registered number 06479822, guarantees all outstanding liabilities to which the subsidiary company is subject to at the end of its financial year. The guarantee is enforceable against the parent company by any person to whom the subsidiary company is liable in respect of those liabilities.

Entity	Registered number	Year end
Davies Construction & Engineering Limited	03993524	30/06/2022
Ufton Associates Limited	04471233	30/06/2022
Surveyorship Limited	06634718	30/06/2022
Core Insurance Services Limited	06411939	30/06/2022
Claims Management Services Limited	04313136	30/06/2022
Total Loss Settlement Service Limited	04433145	30/06/2022
GBB (UK) Holdings Limited	07121407	30/06/2022
Banwells & Associates Limited	03885314	30/06/2022
GBB (UK) Limited	01925858	30/06/2022
JMD Specialist Insurance Services Group Limited	04577053	30/06/2022
Davies Technology Solutions (formerly Service Tick Limited)	06142958	30/06/2022
Veriphy Limited	05066478	30/06/2022
Davies Consulting And Managed Serviced Limited	06786292	30/06/2022
Ember Search Limited	09245565	30/06/2022
Davies Learning Experiences Limited	05028372	30/06/2022
Codebase8 Limited	02696599	30/06/2022
ContactPartners Ltd	03709551	30/06/2022
Grovelands Resourcing Limited	07036418	30/06/2022
Sionic Global (CTL) Limited	10981928	30/06/2022
Sionic Global (CBL) Limited	10982105	30/06/2022
Catalyst Holdco Limited	11899941	30/06/2022
Catalyst Debtco Limited	11899947	30/06/2022
Sionic UK Subco Limited	11906741	30/06/2022
Sionic Advisors Europe Limited	09762818	30/06/2022
Sionic European Holdings Limited	10736768	30/06/2022
Sionic Global (CDL) Limited	02884211	30/06/2022
Sionic Global (KL) Limited	06953075	30/06/2022
Sionic Advisors (US) LLP	OC417509	30/06/2022
Sionic Jersey Limited	104056	30/06/2022
Keoghs Acquisition Limited	07950517	31/05/2022
Keoghs Midco Limited	07950378	31/05/2022
Keoghs Topco Limited	07949369	31/05/2022