WORKSMART LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 JUNE 2022

REGISTERED NUMBER 06329038

CONTENTS

DIRECTORS AND ADVISERS

DIRECTORS	M Grocott (appointed 31/03/22) A Debiase (appointed 31/03/22) P McGwire (resigned 31/03/22) C Williams (resigned 31/03/22) M Jeffries (resigned 31/03/22) A Nightingale (resigned 31/03/22) A Bower (resigned 31/03/22) J Pardy (resigned 31/03/22)
REGISTERED OFFICE	5th Floor 20 Gracechurch Street London EC3V 0BG
INDEPENDENT AUDITOR	BDO LLP Chartered Accountants and Statutory Auditors 3 Hardman Street Manchester M3 3AT

DIRECTORS' REPORT

The directors present their report with the audited financial statements of the company, registered number 06329038, for the nine months ended 30 June 2022.

This report has been prepared in accordance with the special provisions of Part 15, Chapter 1 (Section 382 and 383) of the Companies Act 2006 relating to small companies.

PRINCIPAL ACTIVITIES

The principal activity of the company in the period under review was that of regulatory compliance software development.

REVIEW OF THE BUSINESS

On 31st March 2022 the business was acquired by Davies Group Limited. A summary of the results for the period is given in the Income Statement on page 9.

RESULTS AND DIVIDENDS

The company's profit for the financial period is £1,174k (year ended 30 September 2021: £912k). No dividends were paid during the year (year ended 30 September 2021: £nil).

GOING CONCERN

Going concern has been discussed in detail in note 1. The company has continued to trade profitably since the year end in line with forecasts. As such, The Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. 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.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The company is a wholly owned subsidiary of Davies Group Limited which has 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. 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 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:

M Grocott (appointed 31/03/22)
A Debiase (appointed 31/03/22)
P MccGwire (resigned 31/03/22)
C Williams (resigned 31/03/22)
M Jeffries (resigned 31/03/22)
A Nightingale (resigned 31/03/22)
A Bower (resigned 31/03/22)
J Pardy (resigned 31/03/22)

DIRECTORS' REPORT (continued)

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.

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 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 company and of the profit or loss of the company 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 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 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

A Debiase
Director

Date: 27April 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORKSMART LIMITED

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of Worksmart Limited's ("the Company") affairs as at 30 June 2022 and of its 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 the Company for the nine months ended 30 June 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity 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 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 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 WORKSMART LIMITED (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' report and financial statements 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in 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, or returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of Directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit;
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

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

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

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:

Based on our understanding and accumulated knowledge of the Company and the sector in which it operates we considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements.

These included but were not limited to those that relate to the form and content of the financial statements, such as the accounting policies, United Kingdom Generally Accepted Accounting Practice, the UK Companies Act 2006 and those that relate to the payment of employees. All team members were briefed to ensure they were aware of any relevant regulations including risk of fraud in relation to their work. 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 deferred income and use of going concern assumption;
- Revenue year end cut off and work in progress procedures;
- Identifying and testing journal entries, in particular any material journals posted with 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 and regulation and fraud; and
- Review of minutes of Board's meeting throughout the year;

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

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

- Obtaining an understanding of how the Company is complying with relevant legal and regulatory frameworks by making enquiries to management and those charged with governance. We corroborated our enquiries through our review of minutes of the Board meetings and other evidence gathered during the course of the audit; and
- Obtaining an understanding of internal controls 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;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures in accordance with the applicable accounting framework, 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.

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

Use of our report

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

DocuSigned by:
Julien Rye
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Julien Rye (Audit Partner)
For and on behalf of BDO LLP, Statutory Auditor
Manchester
United Kingdom
27 April 2023

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

INCOME STATEMENT
FOR THE 9 MONTHS ENDED 30 JUNE 2022

	Note	9 months ended 30 June 2022	Year ended 30 September 2021
		£'000	£'000
Turnover	3	**4,549**	5,742
Cost of sales		**(260)**	(198)
Gross profit		**4,289**	5,544
Administrative expenses		**(2,694)**	(4,555)
EBITDA (before exceptional items and M&A integration expenses)		**1,595**	989
Depreciation		**(88)**	(112)
Amortisation		**(94)**	(133)
Exceptional administrative expenses		**(244)**	-
Total administrative expenses		**(3,120)**	(4,800)
Other income		**1**	-
Operating profit	5	**1,170**	744
Profit on ordinary activities before interest and taxation		**1,170**	744
Interest payable and similar charges	6	**-**	(89)
Profit on ordinary activities before taxation		**1,170**	655
Tax on profit on ordinary activities	8	**4**	257
Profit for the financial year		**1,174**	912

All amounts relate to continuing operations.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE 9 MONTHS ENDED 30 JUNE 2022

	9 months ended 30 June 2022	Year ended 30 September 2021
	£'000	£'000
Profit for the financial year	**1,174**	912
Total recognised profit relating to the year	**1,174**	912

The notes on pages 12 to 19 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	As at 30 June 2022 £'000	As at 30 June 2022 £'000	As at 30 September 2021 £'000	As at 30 September 2021 £'000
ASSETS					
Fixed assets					
Intangible assets	9	**603**		-	
Tangible assets	10	**251**		235	
			854		235
Current assets					
Debtors	11	**1,960**		766	
Deferred tax asset		**-**		-	
Cash at bank and in hand		**945**		1,025	
			2,905		1,791
Total assets			**3,759**		2,026
LIABILITIES AND EQUITY					
Capital and reserves					
Called up share capital	12	**4**		4	
Share premium		**573**		573	
Profit and loss account		**(518)**		(1,692)	
Total shareholders' funds			**59**		(1,115)
Other liabilities					
Creditors: amounts falling due within one year	13	**3,644**		3,086	
Deferred tax	14	**56**		55	
Total other liabilities			**3,700**		3,141
Total equity and liabilities			**3,759**		2,026

The financial statements on pages 9 to 19 were approved by the Board of Directors on 27 April 2023 and were signed on its behalf by:

A Debiase
Director

Company registered number 06329038

The notes on pages 12 to 19 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE 9 MONTHS ENDED 30 JUNE 2022

	Share capital £'000	Share premium £'000	Profit and loss account £'000	Total Equity £'000
Balance as at 1 October 2020	4	573	(2,604)	(2,027)
Shareholder distribution	-	-	-	-
Profit for the year	-	-	912	912
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	912	912
Balance as at 30 September 2021	**4**	**573**	**(1,692)**	**(1,115)**
Profit for the period	-	-	1,174	1,174
Other comprehensive income for the period			-	-
Total comprehensive income for the year	-	-	1,174	1,174
Balance as at 30 June 2022	**4**	**573**	**(518)**	**59**

The notes on pages 12 to 19 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

Worksmart Limited is a private company limited by shares incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the directors' 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.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland.

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17 (d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Davies Group Limited as at 30 June 2022 and these financial statements may be obtained from the company's registered office.

Going concern

The entity is a subsidiary of Tennessee Topco Limited and party to group funding facilities. Monitoring of financial performance and management of banking facilities is done on a group basis and incorporates the results of all subsidiaries of the group that are consolidated within Tennessee Topco Limited accounts.

The directors continually review and monitor business performance and liquidity of the Group. After reviewing the Group's forecasts and projections, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

The Group has performed ahead of expectations since the outbreak of the COVID-19 pandemic and is in line with budget after the first 7 months of the year ending 30 June 2023 despite the challenging economic environment and the Group remains on track to deliver an EBITDA performance in FY23 significantly ahead of last year. The Group also has access to a committed revolver credit facility of £90m should this be required.

The 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 the Group is highly unlikely to breach its covenant. The Group enjoys continued funding support of 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 to follow by the end of the calendar year. 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 the Group experience a liquidity issue, would be to drawdown on the £90m RCF which can be accessed for any purpose.

In August 2021, the 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 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.

The Group is continuing its M&A program and during the period ended 30 June 2022 the Group made five acquisitions. In June 2022, The Group secured an additional acquisition facility of £350m which underlines Blackstone's confidence in Davies performance. The Group has completed five new acquisitions in the period to January 2023, adding c£18.6m of annualised EBITDA before synergies.

The company has received a letter of support from the parent company, Tennessee Topco Limited. As such, The Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. 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)

Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

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

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

All turnover is derived from within the United Kingdom.

Intangible assets

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

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

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

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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

Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

Tangible 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 Accounting policies (continued)

Tangible assets (continued)

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:

Leasehold improvements	-	over the life of the lease
Plant and equipment	-	25% straight line
Fixtures and fittings	-	12.5% straight line

Leased assets: Lessee

Costs in respect of operating leases are charged to the income statement on a straight line basis over the term of the lease.

The company 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 company 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.

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.

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.

Debtors

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

Cash and cash equivalents

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

Creditors

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 Accounting policies (continued)

Pensions

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.

Reserves

The company's reserves are as follows:
- Called up share capital represents the nominal value of the shares issued.
- Share premium represents the amount by which the amount received for share issues exceeds their nominal value.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

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.

2 Significant judgements and estimates

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the company 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.

3 Turnover

All turnover is derived from the company's principal activity, which the directors consider comprises a single class of business, and arose within the United Kingdom.

4 Staff costs and employee information

	9 months ended 30 June 2022 £'000	Year ended 30 September 2021 £'000
Wages and salaries	**2,426**	2,534
Social security costs	**278**	266
Other pension costs	**82**	103
Total	**2,786**	2,903

The average monthly number of employees during the year (including directors service contracts) was 55 (2021: 56)

5 Operating profit

Operating profit is stated after charging:

	9 months ended 30 June 2022 £'000	Year ended 30 September 2021 £'000
Amortisation	**94**	133
Depreciation - Owned assets	**88**	112
Exceptional administrative expenses	**244**	-
	426	245

Exceptional administrative expenses comprise costs associated with the acquisition of Worksmart Limited by Davies Group Limited and additional costs arising from alignment of accounting policies with Davies Group.

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 Operating profit (continued)

The auditors' remuneration for the 9 months ended 30 June 2022 of £15k (2021: £nil) was borne by Farradane Limited on behalf of all the subsidiaries of Davies Group Limited.

6 Interest payable and similar charges

	9 months ended 30 June 2022 £'000	Year ended 30 September 2021 £000
Loan Note interest	-	89
Total	-	89

7 Directors' emoluments

	9 months ended 30 June 2022 £'000	Year ended 30 September 2021 £'000
Aggregate emoluments	351	472

Aggregate emoluments paid to the directors for their services to the company were £351k (2021: £472k). There are two (2021: nil) directors who were remunerated through a fellow group undertaking for their services to the group as a whole. Those directors are directors of a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments in respect of those directors. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the parent company.

8 Tax on profit on ordinary activities

a) Analysis of the tax payment in the year

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

	9 months ended 30 June 2022 £'000	Year ended 30 September 2021 £'000
Current tax:		
R&D Tax Credit Surrender	-	167
Adjustments in respect of previous years	5	75
Total current tax	5	242
Deferred tax:		
Origination and reversal of timing differences	(1)	15
Adjustments in respect of previous years	-	-
Changes in tax rate	-	-
Total deferred tax	(1)	15
Total tax credit on profit on ordinary activities	4	257

NOTES TO THE FINANCIAL STATEMENTS (continued)

8 Tax on profit on ordinary activities (continued)

b) Factors affecting the tax charge

The tax assessed for the year is the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%). The difference is explained below:

	9 months ended 30 June 2022 £'000	Year ended 30 September 2021 £'000
Profit on ordinary activities before taxation	**1,170**	655
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	**(222)**	(124)
Tax effects of:		
Fixed asset differences	**6**	1
Expenses not deductible for tax purposes	**-**	(2)
Other permanent differences	**893**	-
Additional deduction for R&D expenditure	**-**	124
Surrender of tax losses for R&D tax credit refund	**-**	167
Adjustment to tax charge in respect of previous periods	**5**	75
Adjustment to previous years (deferred tax)		15
Remeasurement of deferred tax for changes in tax rates	**213**	1
Movement in deferred tax not recognised	**(891)**	-
Total current tax credit	**4**	257

9 Intangible fixed assets

	Development Costs £'000	Goodwill £'000	Total £'000
Cost			
At 1 October 2021	**1,328**	3,505	4,833
Additions	**697**	-	**697**
At 30 June 2022	**2,025**	**3,505**	**5,530**
Accumulated amortisation			
At 1 October 2021	**(1,328)**	(3,505)	(4,833)
Amortisation for year	**(94)**	-	(94)
At 30 June 2022	**(1,422)**	**(3,505)**	**(4,927)**
Net book value			
At 30 June 2022	**603**	**-**	**603**
At 30 September 2021	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

10 Tangible fixed assets

	Leasehold improvements £'000	Plant & equipment £'000	Fixtures & fittings £'000	Total £'000
Cost or valuation				
At 1 October 2021	140	683	55	878
Additions	-	104	-	104
Disposals	-	-	-	-
At 30 June 2022	**140**	**787**	**55**	**982**
Accumulated depreciation				
At 1 October 2021	(127)	(481)	(35)	(643)
Disposals	-	-	-	-
Charge for period	(6)	(77)	(5)	(88)
At 30 June 2022	**(133)**	**(558)**	**(40)**	**(731)**
Net book value				
At 30 June 2022	**7**	**229**	**15**	**251**
At 30 September 2021	13	202	20	235

Fixed assets are stated at historical cost.

11 Debtors due within one year

	9 months ended 30 June 2022 £'000	Year ended 30 September 2021 £'000
Trade debtors	**1,082**	265
Amounts owed by Group undertakings	**594**	-
Other debtors	-	173
Prepayments and accrued income	**284**	328
	1,960	766

Amounts owed by group undertakings are unsecured, interest-free, have no fixed date of repayment and are repayable on demand.

12 Called up share capital

	9 months ended 30 June 2022	Year ended 30 September 2021
Allotted, issued and fully paid	**£'000**	£'000
Ordinary Shares of £0.01 each	**4**	4

Each Ordinary share has a voting right but no right to fixed income.

NOTES TO THE FINANCIAL STATEMENTS (continued)

13 Creditors: amounts falling due within one year

	9 months ended 30 June 2022 £'000	Year ended 30 September 2021 £'000
Trade creditors	49	80
Other taxation and social security	476	467
Other creditors	32	210
Accruals and deferred income	3,087	2,329
	3,644	3,086

Amounts owed to group undertakings are unsecured, interest-free, have no fixed date of repayment and are repayable on demand.

14 Creditors: amounts falling due after more than one year

	9 months ended 30 June 2022 £'000	Year ended 30 September 2021 £'000
Deferred tax	56	55
	56	55

15 Defined contribution scheme

The company operates a defined contribution scheme. The assets are held separately from those of the company in a separately-administered fund. The charge for the period represents contributions payable by the company to the fund and amounted to £82k (Year ended 30 September 2021: £103k).

At 30 June 2022, the company had outstanding contributions of £9k (2021: £9k).

16 Ultimate parent undertaking and controlling party

The company is a wholly owned subsidiary of a Group whose parent company is Davies Group Limited which is the smallest Group to consolidate these financial statements. At 30 June 2022 Davies Group Limited was in turn ultimately owned by Tennessee Topco Limited which the directors considered to be the ultimate parent undertaking and the largest Group to consolidate these financial statements.

Copies of Davies Group Limited and 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.

17 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.