

WORKSMART LIMITED

**ANNUAL REPORT AND UNAUDITED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

REGISTERED NUMBER 06329038



WORKSMART LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

CONTENTS

	Pages
Company Information	1
Strategic Report	2
<i>Directors' Report</i>	3 – 4
Income Statement	5
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Notes to the Financial Statements	8 – 14

**WORKSMART LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

COMPANY INFORMATION

Directors

A Debiase
M Grocott

Registered Office

5th Floor
20 Gracechurch Street
London
EC3V 0BG

WORKSMART LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

STRATEGIC REPORT

The company presents its financial statements for the year ended 30 June 2023.

PRINCIPAL ACTIVITIES

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

REVIEW OF BUSINESS

A summary of the results for the year is given in the Income Statement on page 5.

RESULTS AND DIVIDENDS

The company's profit for the financial year is £1,836K (profit 2022: £1,174K). No dividends were paid or proposed during the year (2022: £nil).

KEY PERFORMANCE INDICATORS

The group uses Turnover and Operating profit as key performance indicators which can be seen on page 5.

By order of the Board



A Debiase
Director
Date: 19 March 2024

WORKSMART LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

DIRECTORS' REPORT

The directors present their report with the unaudited financial statements of the company, registered number 06329038, for the year ended 30 June 2023.

For the year ended 30 June 2023 the company was entitled to the exemption from audit under section 479A of the Companies Act 2006.

RESULTS AND DIVIDENDS

The company's profit for the financial year is £1,836K (profit 2022: £1,174K). No dividends were paid or proposed during the year (2022: £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 ultimate holding company, Tennessee 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. 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:

A Debiase
M Grocott

WORKSMART LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

DIRECTORS' REPORT (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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.

By order of the Board



A Debiase
Director

Date: 19 March 2024

WORKSMART LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023

		Unaudited	Audited
		Year ended	9 months ended
		30 June 2023	30 June 2022
		£000	£000
Turnover	Note		
	3	6,012	4,549
Cost of sales		(256)	(260)
Gross profit		5,756	4,289
Administrative expenses		(3,823)	(2,694)
Depreciation		(117)	(88)
Amortisation		(380)	(94)
Exceptional administrative expenses		(88)	(244)
Total administrative expenses		(4,408)	(3,120)
Other income		-	1
Operating profit	6	1,348	1,170
Interest receivable		4	-
Profit on ordinary activities before taxation		1,353	1,170
Tax on profit on ordinary activities	7	483	4
Profit for the financial year		1,836	1,174

All amounts relate to continuing operations.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Unaudited	Audited
	Year ended	9 months ended
	30 June 2023	30 June 2022
	£000	£000
Profit for the financial year	1,836	1,174
Total comprehensive income relating to the year	1,836	1,174

The notes on pages 8 to 14 form part of these financial statements.

WORKSMART LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	Unaudited As at 30 June 2023		Audited As at 30 June 2022	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	8	1,072		603	
Tangible assets	9	217		251	
			1,289		854
Current assets					
Debtors	10	3,329		1,960	
Deferred tax	11	541		-	
Cash at bank and in hand		576		945	
			4,446		2,905
Total assets			5,735		3,759
LIABILITIES AND EQUITY					
Capital and reserves					
Called up share capital	12	4		4	
Share premium		573		573	
Profit and loss account		1,318		(518)	
Total equity			1,895		59
Other liabilities					
Creditors: amounts falling due within one year	13	3,840		3,644	
Deferred tax	11	-		56	
Total other liabilities			3,840		3,700
Total equity and liabilities			5,735		3,759

For the financial year in question the company was entitled to exemption under section 479A of the Companies Act 2006.

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements on pages 5 to 14 were approved by the Board of Directors on 19 March 2024 and were signed on its behalf by:



A Debiase
Director

Company registered number 06329038

The notes on pages 8 to 14 form part of these financial statements.

WORKSMART LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Share capital	Share Premium	Profit and loss account	Total equity
	£000	£000	£000	£000
Balance as at 1 September 2021	4	573	(1,692)	(1,115)
Profit for the year	-	-	1,174	1,174
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	1,174	1,174
Balance as at 30 June 2022 (audited)	4	573	(518)	59
Profit for the year	-	-	1,836	1,836
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	1,836	1,836
Balance as at 30 June 2023 (unaudited)	4	573	1,318	1,895

The notes on pages 8 to 14 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.

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.

Despite the challenging economic environment, the Group has performed in line with its Adjusted EBITDA and cashflow budgets in the first seven months of the year ending 30 June 2024 and the Group remains on track to deliver strong EBITDA growth in FY24. Further the Group 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 2025. As part of their forecasting work, the directors undertook some detailed sensitivity analysis which showed that the Group is highly unlikely to breach its sole covenant. The Group enjoys the continued funding support of its shareholders: BC Partners, HGGC, and AimCo, having raised an additional £45m in equity in September 2022 and £32m in equity in April 2023 to support M&A. In addition, in November 2023 the shareholders injected a further £110m of equity to support the near term M&A plans. The key mitigant for a covenant breach would be an equity injection from the shareholders which is permitted under the existing banking agreement. Additionally, should the Group experience a liquidity issue, it could draw down on the £90m RCF which can be accessed for any purpose.

In August 2021 BC Partners acquired a majority stake in the business following a rigorous due diligence process and as part of this transaction, Blackstone replaced ICG as the Group's debt provider. The total facilities available to the Group as at June 2023 were £1,342m, of which £700m is an acquisition facility and £90m is a revolving credit facility. The acquisition facilities are committed facilities which can be utilised for capex, M&A requirements and restructuring and the RCF can be used for any purpose including operational, working capital and M&A requirements, and can be drawn down in 4 working days. The total amount of debt drawn down at June 2023 was £985m. In addition, in November 2023, the Group secured an additional facility of USD90.4m.

The Group is continuing its M&A programme and during the period ended 30 June 2023 the Group made six acquisitions. The Group has completed two new acquisitions since the financial year end, adding c£32.5m EBITDA before synergies.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 Accounting policies (continued)

The following principal accounting policies have been applied:

Turnover

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/vat added tax, returns, rebates and discounts.

All turnover is derived from within the United Kingdom.

Intangible assets - Goodwill

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.

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.

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:

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.

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 provision 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.

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

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.
- 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.

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 company's ongoing business performance.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions around carrying amounts of assets and liabilities that are not readily apparent from other sources. The directors confirm that the company does not have any critical accounting judgements and key sources of estimation uncertainty.

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.

WORKSMART LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

4 Employees

	Unaudited Year ended 30 June 2023 £000	Audited 9 months ended 30 June 2022 £000
Wages and salaries	3,253	2,426
Social security cost	360	278
Other pension cost	116	82
Total	3,729	2,786

The average monthly number of employees during the year was 53 (2022: 55).

4 Employees (continued)

	Unaudited Year ended 30 June 2023 Number	Audited 9 months ended 30 June 2022 Number
Technical	36	42
Support	17	30
Total	53	72

5 Director's emoluments

	Unaudited Year ended 30 June 2023 £000	Audited 9 months ended 30 June 2022 £000
Aggregate emoluments	0	351

Aggregate emoluments paid to the directors for their service were nil (2022: £351K). There are two (2022: 2) directors who were remunerated through fellow group undertakings 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.

6 Operating profit

Operating loss is stated after charging:

	Unaudited Year ended 30 June 2023 £000	Audited 9 months ended 30 June 2022 £000
Amortisation	380	94
Depreciation	117	88
Exceptional administrative expense	88	244

The exceptional administrative expense of £88K (2022: 244K) relate to the integration of Worksmart Limited into Davies Group.

The auditors remuneration for the year ended June 2023 is £nil (9 months ended June 2022: £15K).

WORKSMART LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

7 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:

	Unaudited Year ended 30 June 2023 £000	Audited 9 months ended 30 June 2022 £000
Current tax:		
UK corporation tax on profits for the year	114	(5)
Deferred Tax:		
Origination and reversal of timing differences	(597)	1
Adjustments in respect of previous years	-	-
Changes in tax rate	-	-
Total deferred tax	(597)	1
Total tax credit on profit on ordinary activities	(483)	(4)

b) Factors affecting the tax charge

The tax assessed for the year is the standard rate of corporation tax in the UK of 20.5% (2022: 19%). The difference is explained below:

	Unaudited Year ended 30 June 2023 £000	Audited 9 months ended 30 June 2022 £000
Profit on ordinary activities before taxation	1,352	1,170
Profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 20.5% (2022: 19%)	277	222
Tax effect of:		
Fixed asset differences	(3)	(6)
Expenses not deductible for tax purposes	-	-
Amount charged directly to SORIE	(13)	-
Other permanent differences	-	(893)
Group relief claimed	-	-
Adjustment to previous years	133	(5)
Remeasurement of deferred tax for changes in tax rates	74	(213)
Movement in deferred tax not recognized	(951)	891
Total tax credit on profit on ordinary activities	(483)	(4)

WORKSMART LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

8 Intangible fixed assets

	Development	Goodwill	Total
	Cost	£000	£000
	£000	£000	£000
Cost			
At 1 July 2022	2,025	3,505	5,530
Additions	849	-	849
At 30 June 2023 (unaudited)	2,874	3,505	6,379
Accumulated amortisation			
At 1 July 2022	(1,422)	(3,505)	(4,927)
Amortisation for the year	(380)	-	(380)
At 30 June 2023 (unaudited)	(1,802)	(3,505)	(5,307)
Net book value			
At 30 June 2023 (unaudited)	1,072	-	1,072
At 30 June 2022 (audited)	603	-	603

9 Tangible fixed assets

	Leasehold	Plant and	Fixtures and	Total
	Improvements	Equipment	Fitting	£000
	£000	£000	£000	£000
Cost				
At 1 July 2022	140	787	55	982
Additions	4	76	3	83
At 30 June 2023 (unaudited)	143	863	58	1,065
Accumulated depreciation				
At 1 July 2022	(133)	(558)	(40)	(731)
Depreciation for the year	(7)	(105)	(4)	(116)
At 30 June 2023 (unaudited)	(140)	(663)	(44)	(847)
Net book value				
At 30 June 2023 (unaudited)	3	200	14	217
At 30 June 2022 (audited)	7	229	15	251

10 Debtors due within one year

	Unaudited	Audited
	Year ended	9 months ended
	30 June 2023	30 June 2022
	£000	£000
Trade debtors	1,069	1,082
Amounts owed by group undertakings	1,811	594
Prepayments and accrued income	396	284
Corporation tax	53	-
	3,329	1,960

WORKSMART LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

11 Deferred tax

The movements on deferred tax are as follows:

	Unaudited	Audited
	Year ended	9 months ended
	30 June 2023	30 June 2022
	£000	£000
At the beginning of year	(56)	(55)
Deferred tax credit in income statement for the year	597	(1)

At the end of year	541	(56)
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The deferred tax comprises:

	Unaudited	Audited
	Year ended 30	9 months ended
	June 2023	30 June 2022
	£000	£000
Fixed asset timing differences	541	(56)
Losses and other deductions	-	-
	541	(56)

The company has no deferred tax assets on losses which are not recognised.

12 Called up share capital

	Unaudited	Audited
	Year ended	9 months ended
	30 June 2023	30 June 2022
	£000	£000
Allotted, issued and fully paid		
Ordinary Shares of £.01 each	4	4
	4	4

13 Creditors: amounts falling due within one year

	Unaudited	Audited
	Year ended	9 months ended
	30 June 2023	30 June 2022
	£000	£000
Trade creditors	82	49
Amounts owed to Group undertakings	497	-
Other taxation and social security	382	476
Other creditors	-	32
Accruals and deferred income	2,879	3,087
	3,840	3,644

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

14 Operating lease commitments

At 30 June 2023, the company had no future minimum lease payments under non-cancellable operating leases (2022: nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)

15 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 2023 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 5th Floor, 20 Gracechurch Street, London, EC3V 0BG

The directors consider BC Partners Management XI Limited as the portfolio manager of BC Partners Fund XI to be the ultimate controlling party of the Group.

16 Related party disclosures

The company 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.