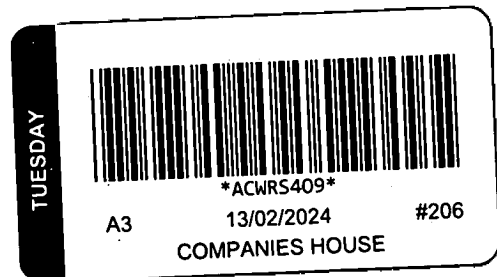


DAVIES LEARNING SOLUTIONS LIMITED

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

REGISTERED NUMBER 09063924



**DAVIES LEARNING SOLUTIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

CONTENTS

	Pages
Directors and Advisers	2
Directors' Report	3 - 4
Independent Auditor's Report	5 - 9
Income Statement	10
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13 – 20

**DAVIES LEARNING SOLUTIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

DIRECTORS AND ADVISERS

DIRECTORS

D Saulter
A Debiase

REGISTERED OFFICE

5th Floor
20 Gracechurch Street
London
EC3V 0BG

INDEPENDENT AUDITOR

BDO LLP
Chartered Accountants and
Statutory Auditors
55 Baker Street
London
WU1U 7EU

**DAVIES LEARNING SOLUTIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

DIRECTORS' REPORT

The directors present their report with the audited financial statements of the company, registered number 09063924, for the year ended 30 June 2023.

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 year under review was that of regulatory and complaints management.

RESULTS AND DIVIDENDS

The company's profit for the financial year is £1,164,691 (period ended 30 June 2022: £910,173). No dividends were paid or proposed during the year (period ended 30 June 2021: £nil).

A summary of the results for the year is given in the Income Statement on page 10.

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
D Saulter

**DAVIES LEARNING SOLUTIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

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' 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.

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: 7 February 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAVIES LEARNING SOLUTIONS LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Davies Learning Solutions Limited ("the Company") for the year ended 30 June 2023 which comprise Income Statement, Statement of Comprehensive Income, Statement of Financial Position, 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 DAVIES LEARNING SOLUTIONS 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report have 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; or
- the 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAVIES LEARNING SOLUTIONS 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:

Non-compliance with laws and regulations

Based on our understanding of the Company and the industry in which it operates, discussion with management and those charged with governance, legal and work performed to obtain and understand the Company's policies and procedures regarding compliance with laws and regulations, we considered the significant laws and regulations with direct effect on the financial statements to be the applicable accounting standards and Companies Act 2006.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to include the Employment Rights Act 1996, Income Tax Act 2007 and the Health and Safety at Work Act 1974.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Review of legal expenditure accounts to understand the nature of expenditure incurred; and
- Enquiry of management and those charged with governance to ascertain if there had been any actual or suspected non-compliance with laws and regulations.

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

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

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to detecting and responding to the risks of fraud and Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

Based on our risk assessment, we considered the areas most susceptible to fraud to be revenue and management override of controls.

Our procedures in respect of the above included:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Revenue year end cut-off and accrued income procedures;
- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias in particular in relation to recognition of revenue and accrued income;
- 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 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 Group's internal control; and
- 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.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

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

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

Use of our report

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

DocuSigned by:

Geeta Joshi

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Geeta Joshi (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory
Auditor

London

United Kingdom

8 February 2024

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

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023

		Year ended 30 June 2023	Year ended 30 June 2022
	Note	£	£
Turnover	3	8,072,628	7,281,513
Cost of sales		(4,285,337)	(3,604,454)
Gross profit		3,787,291	3,677,059
Administrative expenses (before exceptional administrative expenses)		(2,485,146)	(2,526,132)
EBITDA (before exceptional administrative expenses)		1,302,145	1,150,927
Depreciation		-	(2,408)
Amortisation		(62,447)	(20,372)
Exceptional administrative expenses		(80,630)	(219,483)
Total administrative expenses		(2,628,223)	(2,768,395)
Operating profit	5	1,159,068	908,664
Profit on ordinary activities before interest and taxation		1,159,068	908,664
Interest payable and similar charges		-	2
Profit on ordinary activities before taxation		1,159,068	908,666
Tax on profit on ordinary activities	7	4,195	1,428
Profit for the financial year		1,163,263	910,094

All amounts relate to continuing operations.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Year ended 30 June 2023	Year ended 30 June 2022
	£	£
Profit for the financial year	1,163,263	910,094
Total recognised profit relating to the year	1,163,263	910,094

The notes on pages 13 to 20 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	As at 30 June 2023		As at 30 June 2022	
		£	£	£	£
ASSETS					
Fixed assets					
Intangible assets	8	280,580		82,783	
Tangible assets	9	-		-	
			280,580		82,783
Current assets					
Debtors	10	4,813,837		10,201,538	
Deferred tax asset	7	4,759		564	
Cash at bank and in hand		584,813		629,401	
			5,403,409		10,831,503
Total assets			5,683,989		10,914,286
LIABILITIES AND EQUITY					
Capital and reserves					
Called up share capital	11	180		180	
Share premium		-		-	
Capital redemption reserve		20		20	
Profit and loss account		5,261,142		4,097,879	
Total shareholders' funds			5,261,342		4,098,079
Other liabilities					
Creditors: amounts falling due within one year	12	422,647		6,816,207	
Total other liabilities			422,647		6,816,207
Total equity and liabilities			5,683,989		10,914,286

The financial statements on pages 10 to 20 were approved by the Board of Directors on 30 January 2024 and were signed on its behalf by:



A Debiase
Director

Company registered number 09063924

The notes on pages 13 to 20 form part of these financial statements.

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

	Share capital £	Capital Redemption reserve £	Profit and loss account £	Total Equity £
Balance as at 1 July 2021	180	20	3,187,785	3,187,985
Profit for the year	-	-	910,094	910,094
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	910,094	910,094
Balance as at 30 June 2022	180	20	4,097,879	4,098,079
Profit for the year	-	-	1,163,263	1,163,263
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	1,163,263	1,163,263
Balance as at 30 June 2023	180	20	5,261,142	5,261,342

The notes on pages 13 to 20 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

Davies Learning Solutions 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 2023 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.

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 is £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 and, for detail. The Group has signed one new acquisition since the financial year end, adding c£17.8m EBITDA before synergies.

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.

The following principal accounting policies have been applied:

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 Accounting policies (continued)

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 in providing apprenticeship training and commercial offerings. Turnover is shown net of sales/vat added tax, returns, rebates and discounts.

All turnover is derived from within the United Kingdom.

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:

- Other intangibles - 33% straight line

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 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:

- Fixtures and fittings - 20% 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits held at call with financial institutions which are subject to an insignificant risk of changes in value.

Debtors

Debtors include trade debtors, prepayments, accrued income and inter-company borrowings (see note 10). Prepayments are payments made for goods or services that will be received in the future. These are initially recorded as assets and amortised over time as the benefit of the prepaid expense is realised. Accrued income corresponds to the revenue earned during the period but not yet billed to or collected from the customer.

Trade and other payables

These amounts represent unsecured liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised at their fair value.

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.
- Capital redemption reserve represents 10% buy back of 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.

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 leasee on a lease by lease basis.
- Make an estimate on accruing income based on active learners being claimed on monthly ILR submissions to the ESFA or yet to be activated while going through final compliance checks.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4 Staff costs and employee information

	Year ended 30 June 2023	Year ended 30 June 2022
	£	£
Wages and salaries	3,937,450	3,357,983
Social security costs	403,045	356,723
Other pension costs	176,333	155,317
Total	4,516,828	3,870,023

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

	Year ended 30 June 2023	Year ended 30 June 2022
	Number	Number
Technical	62	51
Support	47	38
Total	110	89

At 30 June 2023, the Group employed 110 (2022: 98) employees.

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 Operating profit

Operating profit is stated after charging:

	Year ended 30 June 2023	Year ended 30 June 2022
	£	£
Amortisation	62,447	20,372
Depreciation - Owned assets	-	2,408
Exceptional administrative expenses	80,630	219,483
	143,077	242,263

The auditors' remuneration for the year ended 30 June 2023 of £6,312 (2022: £5,750) was borne by Farradane Limited on behalf of all the subsidiaries of Davies Group Limited.

The exceptional administrative expenses comprise costs of rationalization and restructuring projects.

6 Directors' emoluments

	Year ended 30 June 2023	Year ended 30 June 2022
	£	£
Aggregate emoluments	-	44,782

No emoluments were paid to the directors for their services to the company (2022: £44,782). There are two (2022: two) 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.

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:

	Year ended 30 June 2023	Year ended 30 June 2022
	£	£
Current tax:		
UK corporation tax on profits for the year	-	-
Adjustments in respect of previous years	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of timing differences	(4,195)	(602)
Adjustments in respect of previous years	-	(826)
Total deferred tax	(4,195)	(1,428)
Total tax charge/(credit) on profit on ordinary activities	(4,195)	(1,428)

NOTES TO THE FINANCIAL STATEMENTS (continued)

7 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 20.50% (2022: 19.00%). The difference is explained below:

	Year ended 30 June 2023	Year ended 30 June 2022
	£	£
Profit on ordinary activities before taxation	1,159,068	908,666
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	237,561	172,647
Tax effects of:		
Expenses not deductible for tax purposes	257	1,564
Group relief claimed	(241,258)	(174,669)
Adjustment to previous years (deferred tax)	-	(826)
Remeasurement of deferred tax for changes in tax rates	(755)	(144)
Items charged elsewhere		
Total current tax charge/(credit)	(4,195)	(1,428)
c) Provision for deferred tax		
Fixed asset timing differences	(564)	(564)
Movement in provision:		
Provision at start of period	(564)	864
Deferred tax charged in the Profit and loss account for the period	(4,195)	(1,428)
(Asset)/Provision at end of period	(4,759)	(564)

8 Intangible fixed assets

	Other Intangibles £
Cost	
At 1 July 2022	112,242
Additions	260,244
At 30 June 2023	372,486
Accumulated amortisation	
At 1 July 2022	(29,459)
Amortisation for year	(62,447)
At 30 June 2023	(91,906)
Net book value	
At 30 June 2023	280,580
At 30 June 2022	82,783

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

9 Tangible fixed assets

	Fixtures and Fittings £
Cost or valuation	
At 1 July 2022	31,458
Additions	-
At 30 June 2023	31,458
Accumulated depreciation	
At 1 July 2022	(31,458)
Charge for period	-
At 30 June 2023	(31,458)
Net book value	
At 30 June 2023	-
At 30 June 2022	-

Fixed assets are stated at historical cost.

10 Debtors due within one year

	Year ended 30 June 2023 £	Year ended 30 June 2022 £
Trade debtors	52,428	104,457
Amounts owed by Group undertakings	3,715,687	6,815,182
Other debtors	28,631	1,094
Prepayments and accrued income	1,017,091	645,512
	4,813,837	7,566,245

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

11 Called up share capital

	Year ended 30 June 2023 £	Year ended 30 June 2022 £
Allotted, issued and fully paid		
60 (2021: 60) Ordinary A Shares of £1.00 each	60	60
60 (2021: 60) Ordinary B Shares of £1.00 each	60	60
60 (2021: 60) Ordinary D Shares of £1.00 each	60	60
	180	180

All classes of share rank pari passu with each other.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12 Creditors: amounts falling due within one year

	Year ended 30 June 2023	Year ended 30 June 2022
	£	£
Trade creditors	49,495	54,645
Amounts owed to Group undertakings	163,087	5,769,555
Other taxation and social security	8,314	10,501
Other creditors	12,000	85,000
Accruals and deferred income	189,751	896,506
	422,647	6,816,207

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

13 Operating lease commitments

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

14 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 £176,333 (at 30 June 2022: £155,317).

At 30 June 2023, the company had outstanding contributions of £nil (at 30 June 2022: £nil).

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 Secretary at 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 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.