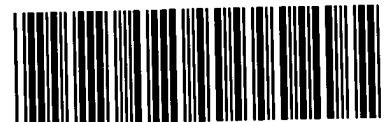


Registered number: 10046640

STEP5 MIDCO LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

RPG CROUCH CHAPMAN LLP
Chartered Accountants
5th Floor
14-16 Dowgate Hill
London
EC4R 2SU

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COMPANIES HOUSE

STEP5 MIDCO LIMITED

COMPANY INFORMATION

Directors	J J Bettell H C Dickel W C Fenton K Gallimore A E Midgley P Mumford (appointed 1 January 2022) L J Seward
Registered number	10046640
Registered office	2 Grange Court Wolverton Mill Milton Keynes Buckinghamshire MK12 5NE
Independent auditors	RPG Crouch Chapman LLP Chartered Accountants & Statutory Auditors 5th Floor 14-16 Dowgate Hill London EC4R 2SU

STEP5 MIDCO LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditors' report	4 - 7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11 - 16

STEP5 MIDCO LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The directors present the strategic report and financial statements for the year ended 31 December 2022.

Business review

The company is an intermediate holding company. The directors do not envisage any change in the company's activities in the foreseeable future.

Principal risks and uncertainties

The primary financial instruments of the group are intercompany loans, deposits, debtors, trade creditors and shareholder's funds. These arise directly from the group's trading operations and shareholder's support.

Liquidity risk

The company manages its cash and borrowings requirements in order to maximise interest income and minimise interest expense, whilst ensuring the group has sufficient liquid resources to meet the operating needs of the business.

Credit risk

The company has no financial assets so is not exposed to credit risk.

Financial key performance indicators

The board monitors the progress of the company by reference to its net asset position.

This report was approved by the board on 25.9.23

and signed on its behalf.

J J Bettell
Director



STEP5 MIDCO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' 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 elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company 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 to 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.

Results and dividends

The loss for the year, after taxation, amounted to £6,532 (2021 -profit £400,000).

Directors

The directors who served during the year were:

J J Bettell
H C Dickel
W C Fenton
K Gallimore
A E Midgley
P Mumford (appointed 1 January 2022)
L J Seward

Future developments

The directors do not consider there to be any future developments which require disclosure.

STEP5 MIDCO LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, RPG Crouch Chapman LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 25.9.23

and signed on its behalf.



**J J Bettell
Director**

STEP5 MIDCO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEP5 MIDCO LIMITED

Opinion

We have audited the financial statements of Step5 Midco Limited (the 'Company') for the year ended 31 December 2022, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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.

STEP5 MIDCO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEP5 MIDCO LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. 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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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 Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, 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.

STEP5 MIDCO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEP5 MIDCO LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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.

Auditors' 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 Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We gained an understanding of the legal and regulatory framework applicable to the group and the industry in which it operates, and considered the risk of acts by the group which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006 and FRS102.

We designed audit procedures to respond to the risk, 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.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management;
- review of minutes of board meetings throughout the period; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations

There are inherent limitations in the audit procedures described above and the further removed noncompliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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

STEP5 MIDCO LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEP5 MIDCO LIMITED
(CONTINUED)**

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 Auditors' 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.

RPG Crouch Chapman LLP

Steven Johnson BEng (Hons) FCCA (Senior statutory auditor)

**for and on behalf of
RPG Crouch Chapman LLP**

Chartered Accountants & Statutory Auditors

**5th Floor
14-16 Dowgate Hill
London
EC4R 2SU**

Date: 28 September 2023

STEP5 MIDCO LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Administrative expenses		(6,532)	-
Operating (loss)/profit		(6,532)	-
Income from shares in group undertakings		-	400,000
(Loss)/profit before tax		(6,532)	400,000
(Loss)/profit for the financial year		(6,532)	400,000

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 11 to 16 form part of these financial statements.

STEP5 MIDCO LIMITED
REGISTERED NUMBER:10046640

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Investments	6	4,999,998	4,999,998
		<u>4,999,998</u>	<u>4,999,998</u>
Current assets			
Debtors: amounts falling due within one year	8	2,820,000	2,822,412
Cash at bank and in hand	7	-	558
		<u>2,820,000</u>	<u>2,822,970</u>
Creditors: amounts falling due within one year	9	(2,824,496)	(2,820,934)
Net current (liabilities)/assets		<u>(4,496)</u>	<u>2,036</u>
Total assets less current liabilities		<u>4,995,502</u>	<u>5,002,034</u>
Net assets		<u><u>4,995,502</u></u>	<u><u>5,002,034</u></u>
Capital and reserves			
Called up share capital	10	3,333,332	3,333,332
Capital redemption reserve	11	1,666,666	1,666,666
Profit and loss account	11	(4,496)	2,036
		<u>4,995,502</u>	<u>5,002,034</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25.9.23

J J Bettell
Director



The notes on pages 11 to 16 form part of these financial statements.

STEP5 MIDCO LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 January 2022	3,333,332	1,666,666	2,036	5,002,034
Comprehensive income for the year				
Loss for the year	-	-	(6,532)	(6,532)
At 31 December 2022	3,333,332	1,666,666	(4,496)	4,995,502

The notes on pages 11 to 16 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 January 2021	3,333,332	1,666,666	2,036	5,002,034
Comprehensive income for the year				
Profit for the year	-	-	400,000	400,000
Dividends: Equity capital	-	-	(400,000)	(400,000)
At 31 December 2021	3,333,332	1,666,666	2,036	5,002,034

The notes on pages 11 to 16 form part of these financial statements.

STEP5 MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

Step5 Midco Limited, company number 10046640, is a limited company incorporated in England and Wales. The registered office address is 2 Grange Court, Wolverton Mill, Milton Keynes, Buckinghamshire, MK12 5NE. The principal activity of the Company continued to be that of information technology consultancy.

The financial statements are presented in Sterling (£).

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

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).

This information is included in the consolidated financial statements of TXM Group Limited as at 31 December 2022 and these financial statements may be obtained from companies house.

2.3 Going concern

Notwithstanding the net current liabilities of £4.5k as at 31 December 2022 and a loss for the year then ended of £6.5k, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

At the time of approving the financial statements, the directors recognise that the company's operational existence is dependent upon the directors and it's parent company's continued support and such support will be provided for the foreseeable future.

2.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.5 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.

STEP5 MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.6 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.

2.7 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.

STEP5 MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.8 Financial instruments

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

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

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

2.9 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Auditors' remuneration

Fees payable to the company's auditor for the auditing of the company's annual accounts are borne by a related undertaking.

STEP5 MIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

4. Employees

Staff costs were as follows:

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

	2022 No.	2021 No.
Directors	6	6

5. Dividends

	2022 £	2021 £
Dividends paid	-	400,000
	-	400,000

6. Fixed asset investments

	Investments in subsidiary companies £
<u>Cost or valuation</u>	
At 1 January 2022	4,999,998
At 31 December 2022	4,999,998

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Step5 Consult Limited	2 Grange Court, Harnett Drive, Milton Keynes, MK12 5NE	Ordinary	100%

STEP5 MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

6. Fixed asset investments (continued)

Subsidiary undertaking (continued)

The aggregate of the share capital and reserves as at 31 December 2022 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
Step5 Consult Limited	4,419,282	(82,055)

7. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	-	558
	<u>-</u>	<u>558</u>

8. Debtors

	2022 £	2021 £
Amounts owed by group undertakings	2,820,000	2,820,000
Other debtors	-	2,412
	<u>2,820,000</u>	<u>2,822,412</u>

Amounts owed by group undertakings are interest free and repayable as and when funds become available.

9. Creditors: Amounts falling due within one year

	2022 £	2021 £
Amounts owed to group undertakings	2,824,446	2,820,884
Other creditors	50	50
	<u>2,824,496</u>	<u>2,820,934</u>

Amounts owed to group undertakings are interest free and repayable as and when funds become available.

Included in other creditors are amounts due to a director of £50 (2021 - £50). These amounts are interest free and repayable on demand.

STEP5 MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

10. Share capital

	2022 £	2021 £
<u>Allotted, called up and fully paid</u>		
3,333,332 (2021 -3,333,332) Ordinary shares of £1.00 each	<u>3,333,332</u>	<u>3,333,332</u>

11. Reserves

Capital redemption reserve

The capital redemption reserve consists of the share buy back in a prior year.

Profit and loss account

The profit and loss account reserve consists of accumulated profits less dividends paid.

12. Controlling party

The company's immediate parent undertaking is Step5 Group Holdings Limited which holds 100% of the ordinary share capital and is incorporated in England and Wales.

The ultimate parent with a controlling interest is TXM Group Limited, however there is considered to be no single ultimate controlling party. Copies of the consolidated accounts of TXM Group Limited are available from companies house.