Gravita Group Limited

Annual report and financial statements

For the period ended 30 April 2022

Registered number: 13054890

Company Information

Directors	Christian Hamilton Caroline Plumb Michael Reynolds David Silver Simon Walker Paul Berlyn Ian Hughes Jake Barton
Registered number	13054890
Registered office	Finsgate 5-7 Cranwood Street London EC1V 9EE
Registered auditors	Buzzacott LLP 130 Wood Street London EC2V 6DL

Contents

Directors' report
For the period ended 30 April 2022

The directors present their annual report together with the financial statements of Gravita Group Limited ('the company') and its subsidiaries (together 'the group') for the period from 1 December 2020 to 30 April 2022.

Incorporation

The company was incorporated on 1 December 2020.

Principal activity

The principal activity of the company is that of a holding company. The principal activity of the group is the provision of accounting and taxation services.

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the consolidated 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 the group and of the profit or loss of the group for that period.

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

- select suitable accounting policies for the group's financial statements and then apply them consistently;
- make judgements 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 group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the period, after taxation, amounted to £30,492,515.

Directors' report (continued)

For the period ended 30 April 2022

Directors

The directors who served during the period were:

Christian Hamilton (appointed 12 February 2021)
Jonathan Isaacs (appointed 12 February 2021, resigned 2 February 2023)
Caroline Plumb (appointed 8 February 2022)
Justin Randall (appointed 12 February 2021, resigned 2 February 2023)
Michael Reynolds (appointed 15 December 2020)
David Silver (appointed 12 February 2021)
Alan Maynard (appointed 8 February 2022, resigned 20 July 2022)
Gareth Healy (appointed 1 December 2020, resigned 16 December 2020)

Going concern

The group made a loss in the period ended 30 April 2022 of £30,492,515 and at 30 April 2022, had net liabilities of £30,395,264. This includes an impairment of goodwill of £26,317,178.

Tenzing Private Equity II LP, the ultimate parent of the group, has confirmed that they will provide the group with financial support and continue to ensure the group can meet its past and future obligations for a period of at least 12 months from the signature of these financial statements.

Having regard for this, the directors consider it appropriate to prepare the financial statements on the going concern basis. The directors do not consider the net liability position or the continued losses of the group to be cause for material uncertainty in respect of the group's ability to continue as a going concern. Therefore, the financial statements have been prepared on the going concern basis.

Matters covered in the Group strategic report

The company has chosen, in accordance with s.414c(11) of the Companies Act 2006, to set out in the Group's strategic report information required by Schedule 7 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008, and Part 2 of The Companies (Miscellaneous Reporting) Regulations 2018 to be contained in the Directors' report. It has done so in respect of risks exposure and future developments.

Disclosure of information to auditor

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 and the group's auditor is 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 and the group's auditor is aware of that information.

This report was approved by the board on 20 November 2023 and signed on its behalf by:

J Barton

Jake Barton
Director

Group strategic report

For the period ended 30 April 2022

The Directors present their Strategic Report for the period ended 30 April 2022.

Corporate Entity

The company was incorporated on 1 December 2020 and this report covers the period from incorporation to 30 April 2022.

In November 2022 the Group rebranded to Gravita.

Business Strategy

Gravita has launched as a new challenger brand in the accounting industry with ambitions to become the leading tech-enabled full-service partner for established UK SMEs and be a leading employer of people.

Gravita, inspired by space exploration and new frontiers, reflects the Group's innovative yet pragmatic approach to working with clients. This concept of space and discovery enforces how Gravita expresses modernity and ambition as well as trust and excellence. Gravita's vision is to provide a client-centric solution that combines its team of forward-thinking, strategic experts with intuitive technology to be the tech-enabled accountancy firm of choice for the SME market. It is building a group known for its values-driven culture and consistent excellence to support SMEs in achieving their growth ambitions. Clients benefit from access to a full-service firm with trusted, high-calibre specialists all under one brand offering audit, tax, accounts, financial outsourcing, payroll and advisory.

Gravita is backed by private equity firm Tenzing which invested in Jeffreys Henry in February 2021 and Arram Berlyn Gardner ("ABG") in March 2022.

More firms joined the group post the period end. In September 2022 Gravita acquired the technology-focused Propel from Deloitte to provide clients with easy access to full-service finance, compliance and specialist advisory services.

In April 2023 Carter Backer Winter ("CBW") joined the Gravita Group, and audit, accounting, tax and advisory teams joined the Gravita family. CBW was recently ranked second in the UK accountancy sector's best firms to work for in 2023, according to research by Best Companies, and is certified as a Carbon Neutral Operation. This demonstrates the importance placed on caring deeply and nurturing the team and the environment.

Davis Grant also joined Gravita in April 2023. Davis Grant have spent the past three quarters of a century providing support to businesses in the UK and abroad, ensuring they always lead with an exceptional experience for their clients. They have incredibly deep expertise in the technology industry alongside a high-quality client base and combine the experience and knowledge of trusted advisors with a first-class professional service. Their impressive portfolio of clients includes fast-growing startups backed by well-known venture capital firms. As a part of Gravita, Davis Grant can now offer these clients the resources of a larger company, with the values and hands-on approach of a smaller firm.

These new partnerships strengthen Gravita's ability to deliver outstanding results for our growing client base of high-quality small and medium-sized businesses.

SMEs are the backbone of the UK economy and play a pivotal role in underpinning the pace at which the country recovers post-pandemic. Having pragmatic SME focused solutions with access to depth and breadth of service in one place will be key in helping them to adapt and survive in the current economic climate. Gravita is the perfect partner for a fast-growing business which has more sophisticated needs than a small practice can provide yet is overlooked by some of the Big Four accounting firms because of size or price.

We are in Phase One of our strategy and excited by the opportunity ahead to build a modern challenger firm in the accounting industry

Group strategic report (continued)

For the period ended 30 April 2022

Principal risks and uncertainties

The company monitors various risks that may affect the business, including economic, financial, regulatory, credit and client related. The company's strategy to provide high quality professional services to SME clients means that it works with a large number and variety of clients. This provides the company with diversification and mitigates the impact of client churn or loss to competition. The services provided to clients are largely related to compliance activities, so they are required to be fulfilled each year, thereby providing recurring business with opportunities to cross sell other services to those clients.

The company is dependent on high-quality talent to provide excellent service and advice to clients. There is significant competition in the market to attract trainees, qualified professionals and partners. The company is investing in its learning and development initiatives, in addition to creating a rewarding and dynamic culture built on the company's values, to attract and retain talent.

The company's directors monitor the regulatory environment for changes and developments on an ongoing basis. The company has dedicated individuals with specialist experience to ensure the company operates in accordance with, and is in compliance with, all applicable laws and regulations.

Future Developments

We are very excited to have brought onboard three experienced practices since the period end. Propel By Deloitte, Carter Backer Winter and Davis Grant. Our FY23 group revenue is expected to be over £43m on a proforma basis, with a team of 385 as of 30 April 2023, positioning Gravita as a Top 30 firm.

We have created two new resourcing companies called Team Gravita Limited and Team Gravita 2 Limited. We are aligning the teams and benefits offering by bringing them into a central platform. This is part of our longer-term planning strategy to enable us to simplify the corporate structure post transactions.

In February 2023, the former equity partners of a related associated undertaking left employment of the group. As a result, the capacity of the associated undertaking to deliver its services was impacted and significantly scaled back. That associated undertaking has now appointed a liquidator in relation to a creditor's voluntary liquidation. The impact of this was mitigated with the underlying delivery team already having transitioned to the Team Gravita resourcing entity. Clients are being serviced by other Gravita group entities.

Group strategic report (continued)
For the period ended 30 April 2022

Financial review and key performance indicators

Revenue in the period to 30 April 2022 was £8,162,091 and gross profit was £3,367,800. This excludes revenue and profits from our associated regulated entities, which prepare separate statutory accounts. The share of profits from these entities was £1,076,354.

Management uses Adjusted EBITDA to measure performance. This is a key performance indicator for external stakeholders and our shareholders. This tracks the underlying performance of the group before interest, taxation, depreciation, amortisation, and non-recurring & exceptional costs. Adjusted EBITDA for the period ending 30 April 2022 was £313,161 being 3.8% of revenue (see note 7).

The operating loss of £27,625,040 in the period has been driven primarily by non-cash amortisation and impairment charges on goodwill of £27,045 and £26,317,178 respectively and non-recurring & exceptional costs of £622,523 arising from the growth of the group following the acquisition of Jeffreys Henry (February 2021) and ABG (March 2022).

As the group has grown there has also been investment in senior management positions and a non-executive Chair. The group invested in these positions to create a leadership team to drive the business forward and enable it to execute longer term strategic goals. The group expects to incur non-recurring and exceptional costs as it continues to invest significantly in people, systems and future partnerships (such as CBW and Davis Grant, as mentioned above). Management expects the group to be profitable when evaluating Adjusted EBITDA going forward, however, a loss before tax is anticipated for FY23 due to the incurrence of non-cash depreciation and amortisation charges, and exceptional costs, as the group expands, invests and continues to be a challenger firm with a mission to become the UK's leading tech-enabled accountancy firm for growth businesses.

The company's financial position is considered satisfactory in terms of working capital and cash, and the directors believe the company to be well positioned for future growth.

This report was approved by the board on 20 November 2023 and signed on its behalf by:

J Barton

Jake Barton
Director

Buzzacott

Independent auditor's report to the members of Gravita Group Limited

For the period ended 30 April 2022

Opinion

We have audited the financial statements of Gravita Group Limited (the 'parent company') and its subsidiaries ('the Group') for the period from 1 December 2020 to 30 April 2022, which comprise the Consolidated statement of comprehensive income, the Consolidated and company statements of financial position, the Consolidated and company statements of changes in equity, the Consolidated statement of cash flows 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, '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 group's and of the parent company's affairs as at 30 April 2022 and of the group's loss for the period 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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.

Emphasis of matter - Impairment of goodwill

We draw attention to note 3 of the financial statements, which describes the judgement applied by the directors regarding the impairment of goodwill.

Our opinion is not modified in this respect.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Buzzacott

Independent auditor's report to the members of Gravita Group Limited (continued)

For the period ended 30 April 2022

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's 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 Group strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Group 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

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

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

Independent auditor's report to the members of Gravita Group Limited (continued)

For the period ended 30 April 2022

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 Group 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:

How the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we made enquiries of management as to where they considered there was susceptibility to fraud, and their knowledge of actual, suspected and alleged fraud;
- we identified the laws and regulations, that could reasonably be expected to have a material effect on the financial statements of the group and company through discussions with management at the planning stage;
- the audit team held a discussion to identify any particular areas that were considered to be susceptible to misstatement, including with respect to fraud and non-compliance with laws and regulations; and
- we focused our planned audit work on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company including the Companies Act 2006, taxation legislation, employment legislation and regulations imposed by the ICAEW.

We assessed the extent of compliance with the laws and regulations identified above through:

- making enquiries of management;
- reviewing legal expenditure throughout the period for any potential litigation or claims; and
- considering the internal controls in place that are designed to mitigate risks of fraud and non-compliance with laws and regulations.

Independent auditor's report to the members of Gravita Group Limited (continued)

For the period ended 30 April 2022

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

To address the risk of fraud through management bias and override of controls, we:

- determined the susceptibility of the group and company to management override of controls by checking the implementation of controls and enquiring of individuals involved in the financial reporting process;
- reviewed journal entries throughout the period to identify unusual transactions;
- reviewed and challenged the methodology, judgement and calculation of the impairment to goodwill;
- performed analytical procedures to identify any large, unusual or unexpected transactions;
- tested the completeness of revenue by agreeing time sheets to sales invoices and the nominal ledger;
- reviewed and challenged the methodology, calculation and adequacy of the provisions and checked to entries included in the nominal ledger; and
- carried out substantive testing to check the occurrence and cut-off of expenditure.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included:

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 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.

Buzzacott LLP

Claire Watkins (Senior statutory auditor)
for and on behalf of
Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

20 November 2023

Consolidated statement of comprehensive income

For the period ended 30 April 2022

	Note	2022 £
Revenue	4	8,162,091
Cost of sales		(4,794,291)
Gross profit		3,367,800
Administrative expenses	14	(33,141,175)
Other operating income	5	1,071,981
Operating loss		(28,701,394)
Share of profit of associates		1,076,354
Total operating loss		(27,625,040)
Interest receivable and similar income	11	90
Interest payable and similar expenses	12	(2,867,565)
Loss before tax		(30,492,515)
Loss for the financial period		(30,492,515)
Loss for the period attributable to:		
Owners of the parent company		30,492,515
		30,492,515

There was no other comprehensive income for 2022.

All amounts relate to continuing operations.

The notes on pages 17 to 37 form part of these financial statements.

Consolidated statement of financial position

As at 30 April 2022

	Note		2022 £
Fixed assets			
Intangible assets	14		**2,569,276**
Tangible assets	15		**99,034**
Investments	16		**1,076,403**
			3,744,713
Current assets			
Debtors	17	**15,829,279**	
Cash at bank and in hand	18	**4,923,988**	
		20,753,267	
Creditors: amounts falling due within one year	19	**(15,775,566)**	
Net current assets			**4,977,701**
Total assets less current liabilities			**8,722,414**
Creditors: amounts falling due after more than one year	20		**(39,087,678)**
Provisions for liabilities			
Other provisions	21	**(30,000)**	
			(30,000)
Net liabilities			**(30,395,264)**
Capital and reserves			
Called up share capital	22		**973**
Share premium account	23		**96,278**
Profit and loss account	23		**(30,492,515)**
			(30,395,264)

The financial statements were approved and authorised for issue by the board on 20 November 2023 and were signed on its behalf by:

J Barton

Jake Barton
Director

The notes on pages 17 to 37 form part of these financial statements.

Company statement of financial position

As at 30 April 2022

	Note		2022 £
Current assets			
Debtors	17	**114,065**	
Cash at bank and in hand	18	**6,657**	
		120,722	
Creditors: amounts falling due within one year	19	**(22,193)**	
Net current assets	19		**98,529**
Total assets less current liabilities			**98,529**
Net assets excluding pension asset			**98,529**
Net assets			**98,529**
Capital and reserves			
Called up share capital	22		**973**
Share premium account	23		**96,278**
Profit for the period		**1,278**	
Profit and loss account carried forward			**1,278**
			98,529

The financial statements were approved and authorised for issue by the board on 20 November 2023 and were signed on its behalf by:

J Barton

Jake Barton
Director

The notes on pages 17 to 37 form part of these financial statements.

Consolidated statement of changes in equity

For the period ended 30 April 2022

	Called up share capital	Share premium account	Profit and loss account	Equity attributable to owners of parent company	Total equity
	£	£	£	£	£
Loss for the period	-	-	(30,492,515)	(30,492,515)	(30,492,515)
Shares issued during the period	973	96,278	-	97,251	97,251
At 30 April 2022	973	96,278	(30,492,515)	(30,395,264)	(30,395,264)

The notes on pages 17 to 37 form part of these financial statements.

Company statement of changes in equity
For the period ended 30 April 2022

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
Profit for the period	-	-	1,278	1,278
Shares issued during the period	973	96,278	-	97,251
At 30 April 2022	973	96,278	1,278	98,529

The notes on pages 17 to 37 form part of these financial statements.

Consolidated statement of cash flows

For the period ended 30 April 2022

	2022
	£
Cash flows from operating activities	
Loss for the financial period	(30,492,515)
Adjustments for:	
Amortisation of intangible assets	27,045
Depreciation of tangible assets	41,410
Impairments of intangible assets	26,317,178
Loss on disposal of tangible assets	45,769
Government grants	(5,801)
Interest received	(90)
Increase in debtors	(14,618,102)
Decrease in amounts owed by associated undertakings	615,813
Increase in creditors	10,373,493
Increase in provisions	30,000
Share of operating profit in associates	(1,076,354)
Net cash used in operating activities	(8,742,154)
Cash flows from investing activities	
Purchase of tangible fixed assets	(186,213)
Government grants received	5,801
Purchase of share in associates	(49)
Interest received	90
Net cash movements on acquisition of subsidiaries	(14,391,248)
Net cash used in investing activities	(14,571,619)

Consolidated statement of cash flows (continued)
For the period ended 30 April 2022

	2022 £
Cash flows from financing activities	
Issue of ordinary shares	97,250
New loans from group companies	28,140,511
Net cash from financing activities	28,237,761
Net increase in cash and cash equivalents	4,923,988
Cash and cash equivalents at the end of period	4,923,988
Cash and cash equivalents at the end of period comprise:	
Cash at bank and in hand	4,923,988
	4,923,988

The notes on pages 17 to 37 form part of these financial statements.

Notes to the financial statements
For the period ended 30 April 2022

1. General information

Gravita Group Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The registered office is Finsgate, 5-7 Cranwood Street, London, England, EC1V 9EE and its principal place of business is 30 City Road, London, England, EC1Y 2AY. The company registration number is 13054890.

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' ('FRS 102') and the Companies Act 2006.

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 (see note 3).

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The company has taken advantage of the following disclosure exemptions available under FRS 102:

- 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 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A; and
- the requirements of Section 33 Related Party Disclosures paragraph 33. 7.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Notes to the financial statements

For the period ended 30 April 2022

2. Accounting policies (continued)

2.3 Going concern

The group made a loss in the period ended 30 April 2022 of £30,492,515 and at 30 April 2022 had net liabilities of £30,395,264. This includes an impairment of goodwill of £26,317,178.

Tenzing Private Equity II LP, the ultimate parent of the group, has confirmed that they will provide the group with financial support and continue to ensure the group can meet its past and future obligations for a period of at least 12 months from the signature of these financial statements.

Having regard for this, the directors consider it appropriate to prepare the financial statements on the going concern basis. The directors do not consider the net liability position or the continued losses of the group to be cause for material uncertainty in respect of the group's ability to continue as a going concern. Therefore, the financial statements have been prepared on the going concern basis.

2.4 Revenue

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

Rendering of services

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

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

2.5 Operating leases: the group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102.

Grants of a revenue nature are recognised in the Consolidated statement of comprehensive income in the same period as the related expenditure.

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

Notes to the financial statements
For the period ended 30 April 2022

2. Accounting policies (continued)

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in other creditors as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2.10 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life. The estimated useful life of goodwill is 8 years.

2.11 Tangible fixed assets

Tangible fixed assets under the cost model 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.

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

Depreciation is provided on the following basis:

Furniture and fittings	-	10%
Office equipment	-	20%
Computer equipment	-	33%
Other fixed assets	-	33%

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Notes to the financial statements
For the period ended 30 April 2022

2. Accounting policies (continued)

2.12 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the profit or loss for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.14 Associates and joint ventures

An entity is treated as a joint venture where the group is a party to a contractual agreement with one or more parties from outside the group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated statement of comprehensive income includes the group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the group. In the Consolidated statement of financial position, the interests in associated undertakings are shown as the group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2.15 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.

Notes to the financial statements

For the period ended 30 April 2022

2. Accounting policies (continued)

2.16 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.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

2.17 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.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the period that the group becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.19 Financial instruments

The group 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.

2.20 Functional and presentation currency

The company's functional and presentational currency is GBP.

Notes to the financial statements

For the period ended 30 April 2022

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Impairment of goodwill

Goodwill in relation to one acquisition has been impaired to £nil at the period end. Due to events which were identified post period end but prevalent at the period end, management believe the fair value of the business at 30 April 2022 is the net asset position at acquisition. The reasons for this have been explained in more detail in the Post balance sheet events note (note 31).

Amortisation of goodwill

Goodwill in relation to the remaining acquisition has been amortised over 8 years. Management consider this to be an appropriate useful economic life as the company continues to trade and benefit from this acquisition.

Recoverability of debtors

Trade debtors, other debtors and amounts receivable on contracts are recognised to the extent that they are judged recoverable. Directors' reviews are performed to estimate the level of provision required for irrecoverable debtors and amounts recoverable on contracts. Provisions are made specifically against debtors and amounts recoverable on contracts where recoverability is uncertain.

4. Revenue

The whole of the revenue is attributable to the principal activity of the group.

All revenue arose within the United Kingdom.

5. Other operating income

	Period from 1 December 2020 to 30 April 2022 £
Other operating income	**1,066,180**
Coronavirus Job Retention Scheme	**5,801**
	1,071,981

Notes to the financial statements

For the period ended 30 April 2022

6. Operating loss

The operating loss is stated after charging:

	Period from 1 December 2020 to 30 April 2022 £
Other operating lease rentals	221,774

7. Adjusted EBITDA

	2022 £
Revenue	8,162,091
Cost of sales	(4,794,291)
Gross profit	3,367,800
Administrative expenses	(5,517,206)
Other income	1,071,981
Share of profits from associates (pre-corporation tax)	1,390,586
Adjusted EBITDA	313,161
Depreciation and amortisation	(68,455)
Non-recurring and exceptional costs	(27,555,514)
Corporation tax on share of profits from associates.	(314,232)
Total operating loss	(27,625,040)

Management assess Adjusted EBITDA pre-corporation tax. As the share of profit from associates has been taxed within the associate entity, this has been removed above to provide the actual Adjusted EBITDA figure. The Adjusted EBITDA provides management's view of financial performance and may not be comparable with similarly titled measures provided by other entities.

Non-recurring and exceptional costs relate to the impairment of goodwill, provision against amounts owed by associated undertakings, expense for integration consultancy, recruitment costs for new roles within the group and legal expenditure in relation to various matters including potential acquisitions. These are included in Administrative expenses in the Statement of comprehensive income

Notes to the financial statements
For the period ended 30 April 2022

8. Auditor's remuneration

During the period, the group obtained the following services from the company's auditor:

	2022 £
Fees payable to the company's auditor for the audit of the consolidated and parent company's financial statements	20,000

9. Employees

Staff costs were as follows:

	Group 2022 £
Wages and salaries	5,238,392
Social security costs	457,380
Cost of defined contribution scheme	198,957
	5,894,729

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

	2022 No.
Fee earners	53
Non-fee earners	16
	69

Notes to the financial statements

For the period ended 30 April 2022

10. Directors' remuneration

	2022
	£
Directors' emoluments	699,560
Group contributions to defined contribution pension schemes	21,208
	720,768

During the period pension contributions were accruing to 7 directors in respect of defined contributions pension schemes.

The highest paid director received remuneration of £254,893, and a pension contribution of £5,000. At 30 April 2022, contributions totalling £750 were payable to the fund at the reporting date and are included in creditors.

11. Interest receivable

	2022
	£
Other interest receivable	90
	90

12. Interest payable and similar expenses

	2022
	£
Interest payable on loan notes	2,867,565
	2,867,565

13. Taxation

	2022
	£
Total current tax	-
Deferred tax	
Total deferred tax	-
Taxation on loss on ordinary activities	-

Notes to the financial statements
For the period ended 30 April 2022

13. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	2022 £
Loss on ordinary activities before tax	(30,492,515)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	(5,793,578)
Effects of:	
Fixed asset differences	2,936,945
Expenses not deductible for tax purposes	3,038,484
Income not taxable	(239,526)
Movement in deferred tax not recognised	75,886
Remeasurement of deferred tax for changes in tax rates	(18,211)
Total tax charge for the period	-

Factors that may affect future tax charges

On 10 June 2021, the Finance Bill 2021 received Royal Assent. The Bill enacted an increase in the corporation tax rate from 1 April 2023, tapering from 19% from business with profits of less than £50,000 to 25% for business with profits over £250,000.

Notes to the financial statements

For the period ended 30 April 2022

14. Intangible assets

Group

	Goodwill £
Cost	
At 1 December 2020	-
Additions	**28,913,499**
At 30 April 2022	**28,913,499**
Amortisation	
At 1 December 2020	-
Charge for the period	**27,045**
Impairment charge	**26,317,178**
At 30 April 2022	**26,344,223**
Net book value	
At 30 April 2022	**2,569,276**

Goodwill in relation to one acquisition has been impaired to £nil at the period end. Due to events which were identified post period end but prevalent at the period end, management believe the fair value of the business at 30 April 2022 is the net asset position at acquisition. The reasons for this have been explained in more detail in the Post balance sheet events note (note 31).

The non-cash impairment charge of £26,317,178 is included in Administrative expenses in the Consolidated statement of comprehensive income.

Notes to the financial statements

For the period ended 30 April 2022

15. Tangible fixed assets

Group

	Furniture and fittings £	Office equipment £	Computer equipment £	Other fixed assets £	Total £
Cost or valuation					
At 1 December 2020	-	-	-	-	-
Additions	30,560	7,944	39,476	108,233	186,213
Transfer on acquisition	980	-	27,115	-	28,095
Disposals	(30,560)	(7,944)	(21,548)	-	(60,052)
At 30 April 2022	980	-	45,043	108,233	154,256
Depreciation					
At 1 December 2020	-	-	-	-	-
Charge for the period	3,709	1,928	13,182	22,591	41,410
Transfer on acquisition	980	-	27,115	-	28,095
Disposals	(3,709)	(1,928)	(8,646)	-	(14,283)
At 30 April 2022	980	-	31,651	22,591	55,222
Net book value					
At 30 April 2022	-	-	13,392	85,642	99,034

Notes to the financial statements

For the period ended 30 April 2022

16. Fixed asset investments

Group

	Investments in associates £
Cost or valuation	
Additions	**49**
Share of profit	**1,076,354**
At 30 April 2022	**1,076,403**

Company

The company holds a direct investment of £0.01 in Gravita Midco Limited

Direct subsidiary undertaking

The following was a direct subsidiary undertaking of the company:

Name	**Class of shares**	**Holding**
Gravita Midco Limited	Ordinary	100%

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the company:

Name	**Class of shares**	**Holding**
Gravita Bidco Limited	Ordinary	100%
Gravita Business Services Limited	Ordinary	100%
Gravita AH Limited	Ordinary	100%

The registered office of Gravita Midco Limited, Gravita Bidco Limited and Gravita Business Services Limited is Finsgate, 5-7 Cranwood Street, London, EC1V 9EE. The registered office for Gravita AH Limited is 30 City Road, London, EC1Y 2AB.

The company has given guarantees to its four subsidiary undertakings listed above under section 479A of the Companies Act 2006 so that they are exempt from audits of their financial statements for the period ended 30 April 2022.

Notes to the financial statements

For the period ended 30 April 2022

16. Fixed asset investments (continued)

Associates

The following were associates of the group:

Name	Registered office	Class of shares	Holding
Gravita Audit Limited	Finsgate, 5-7 Cranwood Street, London, EC1V 9EE	Ordinary	49%
Jeffreys Henry LLP	Finsgate, 5-7 Cranwood Street, London, EC1V 9EE	Ordinary	24%
JH Troncmaster Limited	Finsgate, 5-7 Cranwood Street, London, EC1V 9EE	Ordinary	24%
Fortune Tax Limited	Finsgate, 5-7 Cranwood Street, London, EC1V 9EE	Ordinary	24%
Jeffreys Henry Financial Services Limited	Finsgate, 5-7 Cranwood Street, London, EC1V 9EE	Ordinary	24%
Gravita II LLP	30 City Road, London, EC1Y 2AB	Ordinary	24%
Audit Services UK Limited	Finsgate, 5-7 Cranwood Street, London, EC1V 9EE	Ordinary	49%

17. Debtors

	Group 2022 £	Company 2022 £
Trade debtors	770,029	-
Amounts owed by group undertakings	-	92,539
Amounts owed by related undertakings	13,451,651	9,026
Other debtors	188,754	12,500
Prepayments	115,754	-
Amounts recoverable on contracts	1,303,091	-
	15,829,279	114,065

18. Cash and cash equivalents

	Group 2022 £	Company 2022 £
Cash at bank and in hand	4,923,988	6,657
	4,923,988	6,657

Notes to the financial statements
For the period ended 30 April 2022

19. Creditors: amounts falling due within one year

	Group 2022 £	Company 2022 £
Trade creditors	**508,744**	-
Amounts owed to related undertakings	**7,140,984**	**19,200**
Corporation tax	**181,801**	-
Other taxation and social security	**414,408**	-
Other creditors	**5,163,094**	**2,993**
Accruals and deferred income	**282,576**	-
Deferred consideration	**2,083,959**	-
	15,775,566	**22,193**

Included within other creditors are loan notes totalling £4,988,076 which accrue interest at a rate of 5% per annum.

20. Creditors: amounts falling due after more than one year

	Group 2022 £
Other creditors	**38,254,345**
Deferred consideration	**833,333**
	39,087,678

The aggregate amount of liabilities repayable wholly or in part more than five years after the reporting date is:

	Group 2022 £
Repayable other than by instalments	**38,254,345**
	38,254,345

Included within other creditors are loan notes totalling £38,254,345 which accrue interest at a rate of 8% per annum.

Notes to the financial statements
For the period ended 30 April 2022

21. Provisions

Group

	Dilapidations provision £
At 1 December 2020	
Charged to profit or loss	**30,000**
At 30 April 2022	**30,000**

22. Share capital

	2022 £
Allotted, called up and fully paid	
53,535 Class A ordinary shares of £0.01 each	**535**
25,465 Class B ordinary shares of £0.01 each	**255**
18,250 Class C1 ordinary shares of £0.01 each	**183**
	973

During the period, the company issued 53,535 Class A ordinary shares with an aggregate nominal value of £535. Consideration of £53,535 was received in respect of these shares.

During the period, the company issued 25,465 Class B ordinary shares with an aggregate nominal value of £255. Consideration of £25,465 was received in respect of these shares.

During the period, the company issued 18,250 Class C1 ordinary shares with an aggregate nominal value of £183. Consideration of £18,250 was received in respect of these shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All ordinary shares rank equally with regard to the company's residual assets.

23. Reserves

Share premium account

The share premium account represents the difference between the par value of the shares issued and the subscription price.

Profit and loss account

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

Notes to the financial statements

For the period ended 30 April 2022

24. Analysis of net debt

	Cash flows £	Acquisition and disposal of subsidiaries £	New loans entered in to £	Other non-cash changes £	At 30 April 2022 £
Cash at bank and in hand	2,751,315	2,172,673	-	-	4,923,988
Debt due after 1 year	-	-	(35,710,200)	(2,544,144)	(38,254,344)
Debt due within 1 year	734,984	-	(5,438,000)	(285,060)	(4,988,076)
	3,486,299	2,172,673	(41,148,200)	(2,829,204)	(38,318,432)

25. Business combinations

The following business combinations took place during the period which have been accounted for using the acquisition methodology:

On 12 February 2021, the group acquired Gravita Business Services Limited;
On 31 March 2022, the group acquired 100% of Gravita AH Limited.

Details of each acquisition are detailed below:

Acquisition of Gravita Business Services Limited

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £	Fair value adjustments £	Fair value £
Fixed Assets			
Tangible	30,052	-	30,052
	30,052	-	30,052
Current Assets			
Debtors	776,555	-	776,555
Total Assets	806,607	-	806,607
Total Identifiable net assets	806,607	-	806,607
Goodwill			26,317,178
Total purchase consideration			27,123,785

Notes to the financial statements

For the period ended 30 April 2022

25. Business combinations (continued)

Consideration

	£
Cash	14,116,096
Debt instruments	13,007,689
Total purchase consideration	**27,123,785**

Cash outflow on acquisition

	£
Purchase consideration settled in cash, as above	14,116,096

The results of Gravita Business Services Limited since acquisition are as follows:

	Current period since acquisition £
Turnover	8,078,989
(Loss) for the period since acquisition	(1,834,975)

Acquisition of Gravita AH Limited

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £	Fair value adjustments £	Fair value £
Current Assets			
Debtors	1,050,435	-	1,050,435
Cash at bank and in hand	2,172,673	-	2,172,673
Total Assets	3,223,108	-	3,223,108
Creditors			
Due within one year	(454,312)	-	(454,312)
Total Identifiable net assets	2,768,796	-	2,768,796
Goodwill			2,596,321
Total purchase consideration			5,365,117

Notes to the financial statements
For the period ended 30 April 2022

25. Business combinations (continued)

Consideration

	£
Cash	2,351,916
Deferred consideration	2,917,292
Directly attributable costs	95,909
Total purchase consideration	**5,365,117**

Cash outflow on acquisition

	£
Purchase consideration settled in cash, as above	2,351,916
Directly attributable costs	95,909
	2,447,825
Less: Cash and cash equivalents acquired	(2,172,673)
Net cash outflow on acquisition	**275,152**

The results of Gravita AH Limited since acquisition are as follows:

	Current period since acquisition £
Turnover	140,479
Profit for the period since acquisition	34,509

26. Contingent liabilities

The group had no contingent liabilities at 30 April 2022.

27. Capital commitments

The group had no capital commitments at 30 April 2022.

Notes to the financial statements
For the period ended 30 April 2022

28. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £198,816. Contributions totalling £91,098 were payable to the fund at the reporting date and are included in creditors.

29. Commitments under operating leases

At 30 April 2022, the group and the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £
Not later than 1 year	**245,000**
Later than 1 year and not later than 5 years	**333,603**
	578,603

30. Related party transactions

The Company has taken advantage of the exemption to disclose related party transactions with other group companies whose shares are 100% controlled within the group as conferred by FRS 102 paragraph 33.1A "Related Party Disclosures".

During the period, the group paid expenses on behalf of Gravita Audit Limited totalling £292,175 and loaned Gravita Audit Limited £3,772,515. At the period end, Gravita Audit Limited owed the group £4,064,689. Gravita Audit Limited is a related party by virtue of being an associate.

At the period end, the group was owed £964,500 by Gravita II LLP in relation to a loan. Gravita II LLP is a related party by virtue of being an associate.

At the period end, the group owed £938,613 to Jeffrey Henry Financial Services Limited. Jeffrey Henry Financial Services Limited is a related party by virtue of being an associate.

During the period, the group received revenue from Jeffreys Henry LLP in relation to work performed by the group totalling £7,700,343. The group made net recharges to Jeffreys Henry LLP totalling £537,748. At the period end, the amount owed by Jeffreys Henry LLP to the group was £2,220,091 (net of a provision of £615,813). Jeffreys Henry LLP is a related party by virtue of being an associate.

The only key management personnel are the directors.

Notes to the financial statements
For the period ended 30 April 2022

31. Post balance sheet events

Business Combinations

After the period end the group and its associates acquired Carter Backer Winter and Davis Grant. This was through the purchase of 49% of the issued share capital of both CBW Audit Ltd and Davis Grant Ltd, and a corporate membership in Carter Backer Winter LLP and Davis Grant 1 LLP. A 100% economic value entitlement has been acquired but the audit businesses remain under the control of the designated members with Responsible Individual (RI) status.

The principal activities of the above companies are the provision of accounting services and the total consideration in respect of these acquisitions amounted to £19.4m which relates to the sum paid by Gravita Group.

Goodwill impairment review and recoverability of debt from related undertakings

In February 2023 the former equity partners of a related associated undertaking left employment of the group. Following a consolidation of our brand and simplification of our structure a number of entities, predominantly those that no longer provide services to clients, have been wound up. After the year end an associated undertaking has appointed liquidators in relation to a creditors' voluntary liquidation. At the date of signing these financial statements, the directors consider that the carrying value of goodwill arising from the acquisition of the associated undertaking is impaired to £nil and a total impairment charge of £26,317,178 is included in Administrative expenses in the Statement of comprehensive income.

The directors reviewed the debt from related undertakings in light of the creditors' voluntary liquidation of the associated undertaking which resulted in a provision of £615,813 being applied to the debt owed to Gravita Group at the period end. This provision is included in Administrative expenses in the Consolidated statement of comprehensive income.

32. Controlling party

The smallest and largest group in which the results of the company are consolidated is that headed by itself and results for the group are presented within these financial statements.

The ultimate controlling party is Tenzing PE II GP LLP (as nominee for Tenzing Private Equity II LP) an LLP incorporated in Scotland.