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# KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

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## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**

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**COMPANY INFORMATION**

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|----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Directors</b>           | Thomas Barnds<br>Nigel Bedford<br>Ian Bendelow<br>Jason Klein                                                                                         |
| <b>Registered number</b>   | 09353225                                                                                                                                              |
| <b>Registered office</b>   | Unit 2A Herongate<br>Charnham Park<br>Hungerford<br>Berkshire<br>RG17 0YU                                                                             |
| <b>Independent auditor</b> | Grant Thornton UK LLP<br>Chartered Accountants & Statutory Auditor<br>1st Floor<br>One Valpy<br>Reading<br>RG1 1AR                                    |
| <b>Bankers</b>             | HSBC Bank Plc<br>Apex Plaza<br>Reading<br>Berkshire<br>RG1 1AX<br><br>Silicon Valley Bank<br>Alphabeta<br>14-18 Finsbury Square<br>London<br>EC21 1BR |

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**

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## KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

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### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2021

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The objectives of this report are to provide shareholders and other users of these statements:

- the appropriate level of background context for these financial statements;
- an analysis of the Group's past performance; and
- an insight into the Group's main objectives and strategies, and the principal risks it faces and how they might affect future prospects.

#### **The Group's Objectives and Strategy**

The Board sees the main business objective as delivering sustainable, responsible and profitable business growth in order to deliver:

- exceptional software and systems for the Group's current and future customers in the Distributive Trades sector globally;
- excellent levels of innovation and service to our customers;
- challenging yet rewarding careers for the Group's employees; and
- strong growth in shareholder value.

In order to meet its business objectives, the Group's strategy is to:

- maintain proactive customer engagement through the sales and operational teams to ensure customer satisfaction and maintain a strong understanding of customer needs.
- continue to research and develop the Group's software products, tools and services to ensure the most appropriate use of technology and business practice is available to add value to our customers' businesses.
- continue to make appropriate investment in the Group's employees through recruiting the right individuals and then developing staff through clear communication, coaching, mentoring and other training initiatives.
- continue to invest in the Group's business infrastructure, tools, and other resources to ensure efficient delivery of our products and services.

The Group provides customers the choice of a fully comprehensive end to end service through its market leading ERP software delivered on premise or as Software as a Service ("SaaS"), including cloud hosting, disaster recovery services, technology advice, training, consultancy, thought leadership, guidance and advice supported by a long term relationship.

Ultimately flexibility, experience and industry focus allows our business to support the customer to "Run Your Business Your Way".

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**


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**GROUP STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2021**


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**Business review****Acquisitions**

Since the Group's inception in 2010 the Group has made the following strategic acquisitions:

| <b>Acquisition target trading name</b> | <b>Acquired during the year ended 30 September</b> | <b>Principal customer locations</b>              | <b>Sector</b>                                   | <b>Acquisition rationale</b>                                                 |
|----------------------------------------|----------------------------------------------------|--------------------------------------------------|-------------------------------------------------|------------------------------------------------------------------------------|
| Kerridge Computer Company              | 2010                                               | UK, Ireland, South Africa, Netherlands           | Distribution                                    | MBO                                                                          |
| TIS Software                           | 2011                                               | UK                                               | Distribution                                    | Market share and technology                                                  |
| Datawright                             | 2012                                               | UK                                               | Manufacturing and field service                 | Technology                                                                   |
| Dancik International                   | 2015                                               | USA                                              | Distribution                                    | Platform for launch in USA, organically growing customer base and technology |
| Mincron SBC                            | 2016                                               | USA                                              | Distribution                                    | Platform for launch in USA, organically growing customer base and technology |
| Integrity Retail IQ Limited            | 2017                                               | South Africa                                     | Retail                                          | Technology                                                                   |
|                                        | 2017                                               | Southern Africa                                  | Retail and distribution                         | Market share and technology                                                  |
| Lakeview                               | 2017                                               | UK                                               | Manufacturing and distribution                  | Market share and technology                                                  |
| AGP                                    | 2018                                               | Netherlands                                      | Distribution                                    | Market share                                                                 |
| Electronic Data Processing             | 2018                                               | UK                                               | Distribution                                    | Market share and technology                                                  |
| inspHire                               | 2018                                               | UK, Netherlands, USA, Australia and South Africa | Hire and rental                                 | Market share and technology                                                  |
| Current-RMS                            | 2018                                               | Global                                           | Hire and rental                                 | Market share and technology                                                  |
| inspHire Australia                     | 2019                                               | Asia-Pacific                                     | Hire and rental                                 | Market share                                                                 |
| MAM Software                           | 2020                                               | UK, USA, Canada                                  | Automotive aftermarket service and distribution | Market share and technology                                                  |
| Group Inc                              |                                                    |                                                  |                                                 |                                                                              |
| Virtus NV                              | 2020                                               | Benelux                                          | Distribution                                    | Market share                                                                 |
| Unit4 Wholesale BV                     | 2020                                               | Benelux                                          | Distribution                                    | Market share                                                                 |

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## KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

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During the year, the Group continued to work to integrate the acquisitions made in prior financial years.

#### **Research and development**

Our Group's business focus is the design and build of software and supporting IT solutions for our customers so as to improve our customers' efficiency, control processes, transaction visibility, customer service and financial performance.

This is achieved through continual research and development in modern coding languages and platform technologies and careful consideration of customer business needs, business processes and trends in the market. This is continually reflected in the Group's software functionality and its sales, implementation and supporting services to ensure the best possible complete solution is available in the sector.

#### **Summary of financial performance**

We are delighted to report another strong performance for the Group in the financial year ended 30 September 2021. The Group has achieved a robust trading performance throughout the Covid-19 pandemic. The Group's high proportion of contractual recurring revenues helped the Group achieve stable and predictable trading and the Group also benefitted from increased confidence and non-recurring project spend as our customers continued to adapt to new ways of working during the Covid-19 pandemic.

In the financial year under review the Group generated:

- Turnover of £124.4m (2020: £108.1m); and
- Operating profit before depreciation, goodwill and intangibles amortisation and impairment charges, foreign exchange differences and non-recurring items ("Underlying EBITDA") of £32.6m (2020: £27.8m).

Both turnover and Underlying EBITDA were in line with Board's expectations. The results for the financial year include the full year effect of the MAM Software, Virtus and Unit 4 acquisitions concluded in the prior year.

The Group had cash balances of £24.1m (2020: £30.5m) at the year end. Cash balances reduced year on year, partly as a result of £7.5m of short term debt being repaid and the majority of taxes delayed under government business support plans made available during Covid-19 being repaid ahead of schedule.

#### **Business outlook**

The business maintains a positive outlook despite the challenging economic climate at large. Its exposure to a wide geographic market and significant levels of contractual recurring revenue coupled with the highly mission critical nature of the software and services which the Group provides will enhance its ability to achieve return from investments in its products, staff and infrastructure. The directors continually monitor the social, political and economic climates in the principal jurisdictions in which the Group operates in order to identify business risks and opportunities early in order to mitigate and exploit them as or before they arise.

Organic sales growth of contractual recurring revenues continues to be strong and has been achieved from both new and existing customers; all keen to take advantage of the operational benefits provided by the increasing depth in the Group's software solutions and supporting services. The Group continues to offer customers a choice between perpetual, cloud hosted and full SaaS licencing models. In recent years, the Group has seen customer demand shift in favour of cloud hosted and full SaaS licencing models and this has continued during the year ended 30 September 2021 with the majority of new business sold in the current financial year being on a SaaS basis, customers are now clearly favouring this licencing model. This has led to significant growth in recurring revenue in the current financial year and further increased the extent to which total revenue is underpinned by recurring annual contracts.

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## KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

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The Group's software systems are delivered using fast, scalable and resilient platforms with customers being given the choice of own on premise solutions or increasingly deploying systems through SaaS on a fully hosted cloud solution.

As the Group grows, investment levels are maintained in systems, people and experienced management to ensure that customers benefit from continued high levels of customer service delivered using modern, stable and scalable systems. Delivering value to our customers in all aspects of what we do remains a primary driver of business development and that requires continuous investment in our people.

#### **Employees**

The Group believes in keeping employees informed and involved in the progression of our business and its performance. Accordingly, the Group maintains regular communications with all staff as well as established consultation processes. During the Covid-19 pandemic, employees' dedication to and support of the business and their ability to work flexibly and maintain productivity, often in challenging circumstances, have been crucial in enabling us to continue to service customers and to meet our objectives over the last year. We thank all our employees for their hard work and tenacity during the challenges presented by the pandemic.

During the last year, the Group has offered additional training to support the unique situation, utilising a 3rd party training provider to offer a range of remote courses. In addition, mental health leadership courses are held regularly to ensure managers are equipped to support everyone in their team.

The Group is an equal opportunity employer and gives equal consideration to any application from any background. Any disabled person is considered on an equal basis where they can adequately fulfil the job. When an existing employee becomes disabled, it is the Group's policy, wherever practical to provide continuing employment under normal terms and provide training and career development.

#### **Going concern**

The directors have prepared the Company and Group financial statements on a going concern basis, they do so after having considered the current levels of cash and borrowing facilities available to the Group and key measures of financial and non-financial performance, both in the period immediately prior to the approval of these financial statements and as anticipated in the period ending no less than twelve months after the date of authorisation of these financial statements ("Going Concern Period"). More detail around the factors considered by the directors and the key measures tracked are provided in note 2 to the financial statements.

#### **Principal risks and uncertainties**

##### ***Covid-19 Pandemic***

This event continues to be one of the most significant economic shocks for the global economy in recent history. At the date of approval of these accounts its effects continue to impact all levels of society but, as the pandemic progresses the level of associated uncertainty is decreasing as the world takes steps back towards normality.

We are continuing to monitor the progression of the pandemic and, when necessary, we are able to deliver the majority of our services remotely if required including customer support to implementation activities. We are continuing to monitor our supply chain to ensure availability of equipment and materials in order to allow us to continue to deliver high levels of customer service.

Our customers principally operate in the distributive trades, including the construction sector, and in the automotive aftermarket and service sector. Each of these sectors has been deemed a 'key' industry under various lockdown restrictions and, apart from substantial disruption at the beginning of the pandemic, have been able to adapt to new ways of working. Popularity of home improvements, central infrastructure investment to stimulate growth and lack of supply of new motor vehicles are all likely to have benefitted our customers. Customers that operate in the events management sector are also benefitting from trade show activities beginning to show signs of return to normality.

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**

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**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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***Brexit***

The UK formally left the EU on 31 January 2020 and the transition period ended on 31 December 2020. During the transition period we monitored key risks and opportunities to assess how we might make changes to our business to ensure we mitigate any risks and maximise the opportunities. To date, Brexit has had limited impact upon our business

***Financial risk management objectives and policies***

The Group uses a variety of financial instruments including cash, equity investments and various items, such as trade debtors and trade creditors, which arise directly from its operations. The main purpose of these financial instruments is to provide working capital for the Group's operations.

Given the size of the Group, the directors have not delegated the responsibility of monitoring financial risk management to a sub committee of the Board. The policies set by the board of directors are implemented by the Group's finance department. The directors are of the view that the main risks arising from the Group's financial instruments are foreign exchange rate risk, interest rate risk, liquidity risk and credit risk.

The directors set and review policies for managing each of these risks and they are summarised below.

***Foreign exchange rate risk***

Exchange rate fluctuation represents a risk because some sales are priced in currencies other than sterling. In addition, the Group's overseas operations continue to grow. The directors do not consider that the potential downside associated with this risk at this stage in the Group's development is of sufficient size to require hedging however due consideration will be given if the risks are sufficiently higher enough to warrant a hedge.

***Interest rate risk***

The Group has financed its operations through a combination of bank and preference shares and shareholders' funds. The interest rate of the debt funding (which is denominated in sterling, Euro and US Dollar) is variable with relevant 'LIBOR' rates. Given the current level of such borrowings, the directors are of the view that the risk of material interest rate increase is limited. If the level of borrowings and potential for interest rate risk were to increase then the Group would use certain financial instruments to manage that risk by use, for example, of interest rate caps.

***Liquidity risk***

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The funding for significant new ventures is secured before commitments are made. The cash position is reviewed regularly and cash flows are at least monitored monthly.

***Credit risk***

The Group's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit rating agencies. The principal credit risk arises therefore from its trade debtors.

In order to manage credit risk the directors set a policy of monitoring exposure with customers based on a combination of payment history and third party credit references. Exposure levels are reviewed by senior management on a regular basis in conjunction with debt ageing and collection history.

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## KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

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#### ***Financial performance of and successful integration of acquisitions***

The directors carefully monitor the performance of acquisitions in line with pre-acquisition investment cases. In addition to financial performance, levels of customer and staff retention, customer service, cross selling and migration to common Group systems and processes are also closely monitored.

#### **Financial key performance indicators**

The Board uses a range of performance indicators to monitor and manage the business and ensure focus is maintained on the key priorities of the Group.

The Key Performance Indicators ("KPIs"), which are monitored at Board level, have been devised to allow the Board and shareholders to monitor the Group as a whole. The consolidated KPIs which the Board currently considers to be the most important are as follows:

|                                     | 12 months ended<br>30.09.2021 | 12 months ended<br>30.09.2020 | Growth  |
|-------------------------------------|-------------------------------|-------------------------------|---------|
| Recurring revenue (Note 1)          | £92.3m                        | £80.0m                        | £12.3m  |
| Non-recurring revenue               | £32.1m                        | £28.1m                        | £4.0m   |
| Total revenue                       | £124.4m                       | £108.1m                       | £16.3m  |
| Recurring revenue (% of revenue)    | 74.2%                         | 74.0%                         |         |
| Gross profit                        | £105.5m                       | £93.4m                        | £12.1m  |
| Gross profit(%)                     | 84.8%                         | 86.4%                         |         |
| Underlying EBITDA (Note 2)          | £32.6m                        | £27.8m                        | £4.8m   |
| Cash balances held at end of period | £24.1m                        | £30.5m                        | £(6.4)m |
| Net cash inflow from operations     | £20.7m                        | £29.6m                        | £(8.9)m |

**Note 1** – Revenue from renewable service contracts.

**Note 2** – Operating profit before depreciation, goodwill and intangibles amortisation, impairment charges, foreign exchange differences and non-recurring items

#### **Subsequent events**

On 6 October 2021, some of the Group's UK entities entered into agreements to transfer the trade and assets and liabilities to other UK Group entities. Details of the affected entities are provided in note 15. The transfers were part of an ongoing Group rationalisation process and were effective 30 September 2021.

On 11 October 2021 and 12 October 2021, some of the Group's US entities entered into agreements to merge into Kerridge Commercial Systems (KNC) Limited and that entity changed its name to Kerridge Commercial Systems Corporation. Details of the affected entities are provided in note 15. The transfers were part of an ongoing Group rationalisation process.

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## KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

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#### Section 172(1) of the Companies Act 2006

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so, have regard (amongst other matters) to:

- The likely consequences of any decisions in the long-term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between shareholders of the company.

The following paragraphs summarise how the Directors fulfil their duties:

#### Risk management

We provide business critical software and related services to our clients in an increasingly diverse global market. As we grow, our business and our risk environment becomes more complex.

It is therefore vital that we effectively identify, evaluate, manage and mitigate the risks we face, and that we continue to evolve our approach to risk management.

For details of our principal risks and uncertainties, and how we manage our risk environment, please see pages 5 to 6.

#### Our people

People are at the heart of our service delivery. They are central to the long term success of the business.

For our business to succeed, we need to retain, find, develop and manage talented people while ensuring we operate as efficiently as possible.

We ensure that we share common values that inform and guide our behaviour so we achieve our goals in the right way.

We communicate regularly with all of our staff, together as a group and individually, sharing our successes and seeking solutions to our challenges.

#### Business relationships

Our strategy prioritises organic growth, driven by servicing, cross-selling and up-selling existing customers and bring new customers to the business. To do this we seek to develop and maintain strong long term relationships with our customers. We value all our suppliers and have strong ongoing relationships with our key suppliers.

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**

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**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**Community and environment**

The Group is committed to being a responsible business and our behaviour is aligned with the expectations of our people, customers, investors, communities and society as a whole.

The Group seeks to and encourages its people to engage and interact with the communities around.

As an environmentally ethical Group we:

- continue to invest in energy efficiency technologies when refurbishing offices;
- encourage employees and customers to travel for work only when it makes work service delivery more efficient;
- develop work from home policies that balance remote working and in person collaboration and development;
- undertake most of our marketing digitally to reduce waste; and
- support employees through low carbon travel schemes

**Shareholders**

The Board actively engages and communicates with the Company's shareholders, whether they are members of the management team or our external investors.

**Directors' statement of compliance with duty to promote the success of the Group**

The Directors take full consideration of the principles outlined in Section 172 of the UK Companies Act 2006, including but not limited to the items outlined above, in each and every decision made to ensure the best long term outcome for the Group.

**Streamlined Energy and Carbon Reporting**

As a large Group, we are required to report under the Streamlined Energy and Carbon Reporting (SECR) regulations. Neither the Company or any of the Group's subsidiary undertakings individually meet the definition of a large company and therefore none of the Group's entities are obliged to report under the SECR regulations on their own account. We have elected not to include the energy and carbon performance of companies within the Group which do not themselves meet the threshold and as such we have nothing to report at a consolidated level.

This report was approved by the board and signed on its behalf.



**Ian Bendelow**  
Director

Date: 15/3/2022

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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The directors present their report and the financial statements for the year ended 30 September 2021.

**Results and dividends**

The loss for the year, after taxation, amounted to £12,758,000 (2020 - loss £11,319,000).

The directors do not recommend a dividend for the year (2020: £Nil).

**Directors**

The directors who served during the year were:

Thomas Barnds  
Nigel Bedford  
Ian Bendelow  
Jason Klein

**Directors' responsibilities statement**

The directors are responsible for preparing the Group Strategic Report, the Directors' 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 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 and profit or loss of the Group for that period. 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 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Future developments**

Future developments have been discussed in the 'Business Outlook' and 'Subsequent Events' sections of the Group Strategic Report.

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**Recruitment and employee relations**

Recruitment policies are designed to ensure equal opportunity of employment regardless of age, race or sex.

Appropriate consideration is given to disabled applicants in offering employment.

Good communications and relations with employees are maintained, mainly by practices within each operating unit appropriate for its own particular circumstances. Senior management in each entity are kept informed of Group developments in certain financial, commercial, strategic and personnel matters as needed and are thereby enabled to inform and discuss with employees as appropriate at the individual units.

**Parental guarantee**

A parental guarantee has been provided for the year ended 30 September 2021 by Kerridge Commercial Systems Group Limited for certain entities within the Group, these entities are exempt from audit under s479A-479C of the Companies Act 2006.

Details of the entities covered by this guarantee can be found in note 15

**Matters covered in the strategic report and SECR reporting**

Principal risks and uncertainties for the year ended 30 September 2021 are disclosed in the Strategic Report as required by S414C (11) of Companies Act 2006.

**Disclosure of information to auditor**

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

**Auditor**

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.



**Ian Bendelow**  
Director

Date: 15/3/2022



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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**

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### **Opinion**

We have audited the financial statements of Kerridge Commercial Systems Group Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2021, which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated and Company 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).

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 September 2021 and of the Group's 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 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group and the parent 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. 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**

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and of the parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group and the parent Company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Group's and of the parent Company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Group's and of the parent Company's financial resources or ability to continue operations over the going concern period.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED (CONTINUED)**

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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 and of 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.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

**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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

**Opinions 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 year 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.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KERRIDGE COMMERCIAL SYSTEMS  
GROUP LIMITED (CONTINUED)**

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**Matter on which we are required to report under the Companies Act 2006**

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.

**Matters on which we are required to report by exception**

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.

**Responsibilities of directors for the financial statements**

As explained more fully in the Directors' Responsibilities Statement, 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 financial statements.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED (CONTINUED)**

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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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

**How we obtained understanding of the legal and regulatory framework**

- We obtained an understanding of the legal and regulatory frameworks applicable to the parent Company and the Group and industry in which it operates through our commercial and sector experience; making enquiries of management and those charged with governance. We corroborated our enquiries through inspection of the parent Company's and the Group's board minutes and other relevant correspondence received by the parent Company and Group from its external advisors and other external organisations.

**Which laws and regulations we identified as being significant in the context of the parent Company and the Group**

- Through the understanding that we obtained, we determined that the most significant legal and regulatory frameworks which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks including 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); the Companies Act 2006; and the relevant taxation legislation.

**How we assessed the susceptibility of the parent Company's and the Group's financial statements to material misstatement, including how fraud might occur**

- We assessed the susceptibility of the parent Company's and the Group's financial statements to material misstatement, including how fraud might occur, by considering management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to the estimation and judgmental areas with a risk of fraud, including potential management bias, of revenue recognition and through management override of controls.
- Our audit procedures included:
  - Making enquiries of management concerning the parent Company's and the Group's policies and procedures relating to the identification, evaluation and compliance with laws and regulations, the detection and response to the risks of fraud and the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations. We also enquired with management and those charged with governance whether they were aware of any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual, suspected, or alleged fraud.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED (CONTINUED)**

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- Gaining an understanding of the controls that management has in place to prevent and detect fraud;
  - Using data interrogation software and our understanding of the parent Company and the Group to identify and test large or unusual journal entries which may indicate a higher risk of fraud;
  - Challenging significant accounting assumptions, estimates and judgements made by management, including those relevant to the areas of revenue recognition;
  - Gaining an understanding of and testing significant identified related party transactions;
  - Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item; and
  - Performing audit procedures to consider the compliance of disclosures in the financial statements with applicable financial reporting requirements.
- Our audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
  - These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

How we assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations

- Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - Understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - Knowledge of the industry in which the parent Company and the Group operates;
  - Understanding of the relevant legal and regulatory requirements specific to the parent Company and the Group including: the provisions of the applicable legislation; the regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules; and the applicable statutory provisions.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KERRIDGE COMMERCIAL SYSTEMS  
GROUP LIMITED (CONTINUED)**

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Which matters about non-compliance with laws and regulations and fraud were communicated with the audit team

- Communications within the audit team in respect of potential non-compliance with laws and regulations and fraud, included the potential for fraud in relation to the estimation and judgmental areas with a risk of fraud of revenue recognition and through management override of controls in the preparation of the financial statements.

**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.

*Grant Thornton UK LLP*

Paul Holland BSc BFP FCA  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Reading  
Date: 15/3/2022

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**

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**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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|                                           | Note | 2021<br>£000    | 2020<br>£000    |
|-------------------------------------------|------|-----------------|-----------------|
| Turnover                                  | 4    | 124,390         | 108,097         |
| Cost of sales                             |      | (18,935)        | (14,713)        |
| <b>Gross profit</b>                       |      | <b>105,455</b>  | <b>93,384</b>   |
| Administrative expenses                   |      | (98,312)        | (88,792)        |
| Other operating income                    | 5    | -               | 340             |
| <b>Operating profit</b>                   | 6    | <b>7,143</b>    | <b>4,932</b>    |
| Interest receivable and similar income    | 10   | 26              | 72              |
| Interest payable and similar expenses     | 11   | (15,041)        | (13,695)        |
| <b>Loss before tax</b>                    |      | <b>(7,872)</b>  | <b>(8,691)</b>  |
| Tax on loss                               | 12   | (4,886)         | (2,628)         |
| <b>Loss for the financial year</b>        |      | <b>(12,758)</b> | <b>(11,319)</b> |
| <b>Loss for the year attributable to:</b> |      |                 |                 |
| Owners of the parent                      |      | (12,758)        | (11,319)        |
|                                           |      | <b>(12,758)</b> | <b>(11,319)</b> |

The notes on pages 28 to 57 form part of these financial statements.

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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|                                                  | <b>Note</b> | <b>2021<br/>£000</b> | <b>2020<br/>£000</b> |
|--------------------------------------------------|-------------|----------------------|----------------------|
| Loss for the financial year                      |             | <b>(12,758)</b>      | <b>(11,319)</b>      |
| <b>Other comprehensive loss</b>                  |             |                      |                      |
| Currency translation differences                 |             | <b>(427)</b>         | <b>(871)</b>         |
| <b>Other comprehensive loss for the year</b>     |             | <b>(427)</b>         | <b>(871)</b>         |
| <b>Total comprehensive loss for the year</b>     |             | <b>(13,185)</b>      | <b>(12,190)</b>      |
| <b>(Loss) for the year attributable to:</b>      |             |                      |                      |
| Owners of the parent Company                     |             | <b>(12,758)</b>      | <b>(11,319)</b>      |
|                                                  |             | <b>(12,758)</b>      | <b>(11,319)</b>      |
| <b>Total comprehensive loss attributable to:</b> |             |                      |                      |
| Owners of the parent Company                     |             | <b>(13,185)</b>      | <b>(12,190)</b>      |
|                                                  |             | <b>(13,185)</b>      | <b>(12,190)</b>      |

The notes on pages 28 to 57 form part of these financial statements.

**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**  
**REGISTERED NUMBER:09353225**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2021**

|                                                         | Note | 2021<br>£000         | 2020<br>£000         |
|---------------------------------------------------------|------|----------------------|----------------------|
| <b>Fixed assets</b>                                     |      |                      |                      |
| Intangible assets                                       | 13   | 251,709              | 277,449              |
| Tangible assets                                         | 14   | 3,990                | 4,575                |
|                                                         |      | <u>255,699</u>       | <u>282,024</u>       |
| <b>Current assets</b>                                   |      |                      |                      |
| Stocks                                                  |      | 212                  | 168                  |
| Debtors: amounts falling due after more than one year   | 17   | 7,690                | 6,925                |
| Debtors: amounts falling due within one year            | 17   | 28,760               | 24,615               |
| Cash at bank and in hand                                | 18   | 24,147               | 30,540               |
|                                                         |      | <u>60,809</u>        | <u>62,248</u>        |
| Creditors: amounts falling due within one year          | 19   | (52,471)             | (59,546)             |
| <b>Net current assets</b>                               |      | <u>8,338</u>         | <u>2,702</u>         |
| <b>Total assets less current liabilities</b>            |      | <u>264,037</u>       | <u>284,726</u>       |
| Creditors: amounts falling due after more than one year | 20   | (193,529)            | (196,911)            |
| <b>Provisions for liabilities</b>                       |      |                      |                      |
| Deferred taxation                                       | 23   | (12,763)             | (10,483)             |
|                                                         |      | <u>(12,763)</u>      | <u>(10,483)</u>      |
| <b>Net assets</b>                                       |      | <u><u>57,745</u></u> | <u><u>77,332</u></u> |

**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**  
**REGISTERED NUMBER:09353225**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 30 SEPTEMBER 2021**

|                                                            | Note | 2021<br>£000         | 2020<br>£000         |
|------------------------------------------------------------|------|----------------------|----------------------|
| <b>Capital and reserves</b>                                |      |                      |                      |
| Called up share capital                                    |      | 54                   | 55                   |
| Share premium account                                      | 25   | 85,863               | 85,863               |
| Capital redemption reserve                                 | 25   | 2                    | -                    |
| Other reserves                                             | 25   | 119                  | 84                   |
| Profit and loss account                                    | 25   | (28,293)             | (8,670)              |
| <b>Equity attributable to owners of the parent Company</b> |      | <u><u>57,745</u></u> | <u><u>77,332</u></u> |

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

**Ian Bendelow**  
 Director



Date: 15/3/2022

The notes on pages 28 to 57 form part of these financial statements.

**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**  
**REGISTERED NUMBER:09353225**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2021**

|                                                       | Note | 2021<br>£000         | 2020<br>£000         |
|-------------------------------------------------------|------|----------------------|----------------------|
| <b>Fixed assets</b>                                   |      |                      |                      |
| Investments                                           | 15   | 56,273               | 56,273               |
|                                                       |      | <u>56,273</u>        | <u>56,273</u>        |
| <b>Current assets</b>                                 |      |                      |                      |
| Debtors: amounts falling due after more than one year | 17   | 33,132               | 36,429               |
| Debtors: amounts falling due within one year          | 17   | 290                  | 1,296                |
| Cash at bank and in hand                              | 18   | 32                   | 23                   |
|                                                       |      | <u>33,454</u>        | <u>37,748</u>        |
| Creditors: amounts falling due within one year        | 19   | (3,033)              | (1,297)              |
| <b>Net current assets</b>                             |      | <u>30,421</u>        | <u>36,451</u>        |
| <b>Total assets less current liabilities</b>          |      | <u>86,694</u>        | <u>92,724</u>        |
| <b>Net assets</b>                                     |      | <u><u>86,694</u></u> | <u><u>92,724</u></u> |
| <b>Capital and reserves</b>                           |      |                      |                      |
| Called up share capital                               |      | 54                   | 55                   |
| Share premium account                                 | 25   | 85,863               | 85,863               |
| Capital redemption reserve                            | 25   | 2                    | -                    |
| Profit and loss account                               | 25   | 775                  | 6,806                |
|                                                       |      | <u>86,694</u>        | <u>92,724</u>        |

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

**Ian Bendelow**

Director

Date:

15/3/2022



The notes on pages 28 to 57 form part of these financial statements.

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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|                                                                              | <b>Called up<br/>share<br/>capital</b> | <b>Share<br/>premium<br/>account</b> | <b>Capital<br/>redemption<br/>reserve</b> | <b>Employee<br/>benefit<br/>trust<br/>reserve</b> | <b>Profit and<br/>loss<br/>account</b> | <b>Total<br/>equity</b> |
|------------------------------------------------------------------------------|----------------------------------------|--------------------------------------|-------------------------------------------|---------------------------------------------------|----------------------------------------|-------------------------|
|                                                                              | <b>£000</b>                            | <b>£000</b>                          | <b>£000</b>                               | <b>£000</b>                                       | <b>£000</b>                            | <b>£000</b>             |
| At 1 October 2020                                                            | 55                                     | 85,863                               | -                                         | 84                                                | (8,670)                                | 77,332                  |
| <b>Comprehensive loss for the<br/>year</b>                                   |                                        |                                      |                                           |                                                   |                                        |                         |
| Loss for the year                                                            | -                                      | -                                    | -                                         | -                                                 | (12,758)                               | (12,758)                |
| Foreign exchange differences<br>on<br>translation of foreign<br>subsidiaries | -                                      | -                                    | -                                         | -                                                 | (427)                                  | (427)                   |
| <b>Total comprehensive loss for<br/>the year</b>                             | -                                      | -                                    | -                                         | -                                                 | (13,185)                               | (13,185)                |
| Lakeview EBT                                                                 | -                                      | -                                    | -                                         | 35                                                | (35)                                   | -                       |
| Purchase of own shares                                                       | (1)                                    | -                                    | 2                                         | -                                                 | (6,403)                                | (6,402)                 |
| <b>Total transactions with<br/>shareholders</b>                              | (1)                                    | -                                    | 2                                         | 35                                                | (6,438)                                | (6,402)                 |
| <b>At 30 September 2021</b>                                                  | <b>54</b>                              | <b>85,863</b>                        | <b>2</b>                                  | <b>119</b>                                        | <b>(28,293)</b>                        | <b>57,745</b>           |

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**


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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**


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|                                                                     | <b>Called up<br/>share capital</b> | <b>Share<br/>premium<br/>account</b> | <b>Employee<br/>benefit trust<br/>reserve</b> | <b>Profit and<br/>loss account</b> | <b>Total equity</b> |
|---------------------------------------------------------------------|------------------------------------|--------------------------------------|-----------------------------------------------|------------------------------------|---------------------|
|                                                                     | <b>£000</b>                        | <b>£000</b>                          | <b>£000</b>                                   | <b>£000</b>                        | <b>£000</b>         |
| At 1 October 2019                                                   | 49                                 | 67,798                               | 84                                            | 3,520                              | 71,451              |
| <b>Comprehensive income for the year</b>                            |                                    |                                      |                                               |                                    |                     |
| Loss for the year                                                   | -                                  | -                                    | -                                             | (11,319)                           | (11,319)            |
| Foreign exchange differences on translation of foreign subsidiaries | -                                  | -                                    | -                                             | (871)                              | (871)               |
| <b>Total comprehensive income for the year</b>                      | -                                  | -                                    | -                                             | (12,190)                           | (12,190)            |
| Shares issued during the year                                       | 6                                  | 18,065                               | -                                             | -                                  | 18,071              |
| <b>Total transactions with shareholders</b>                         | 6                                  | 18,065                               | -                                             | -                                  | 18,071              |
| <b>At 30 September 2020</b>                                         | <b>55</b>                          | <b>85,863</b>                        | <b>84</b>                                     | <b>(8,670)</b>                     | <b>77,332</b>       |

The notes on pages 28 to 57 form part of these financial statements.

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**


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**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**


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|                                                | <b>Called up<br/>share capital</b> | <b>Share<br/>premium<br/>account</b> | <b>Capital<br/>redemption<br/>reserve</b> | <b>Profit and<br/>loss account</b> | <b>Total equity</b> |
|------------------------------------------------|------------------------------------|--------------------------------------|-------------------------------------------|------------------------------------|---------------------|
|                                                | <b>£000</b>                        | <b>£000</b>                          | <b>£000</b>                               | <b>£000</b>                        | <b>£000</b>         |
| At 1 October 2020                              | 55                                 | 85,863                               | -                                         | 6,806                              | 92,724              |
| <b>Comprehensive income for the year</b>       |                                    |                                      |                                           |                                    |                     |
| Profit for the year                            | -                                  | -                                    | -                                         | 372                                | 372                 |
| <b>Total comprehensive income for the year</b> | -                                  | -                                    | -                                         | 372                                | 372                 |
| Purchase of own shares                         | (1)                                | -                                    | 2                                         | (6,403)                            | (6,402)             |
| <b>At 30 September 2021</b>                    | <b>54</b>                          | <b>85,863</b>                        | <b>2</b>                                  | <b>775</b>                         | <b>86,694</b>       |

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**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**


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|                                                | <b>Called up<br/>share capital</b> | <b>Share<br/>premium<br/>account</b> | <b>Profit and<br/>loss account</b> | <b>Total equity</b> |
|------------------------------------------------|------------------------------------|--------------------------------------|------------------------------------|---------------------|
|                                                | <b>£000</b>                        | <b>£000</b>                          | <b>£000</b>                        | <b>£000</b>         |
| At 1 October 2019                              | 49                                 | 67,798                               | 5,570                              | 73,417              |
| <b>Comprehensive income for the year</b>       |                                    |                                      |                                    |                     |
| Profit for the year                            | -                                  | -                                    | 1,236                              | 1,236               |
| <b>Total comprehensive income for the year</b> | -                                  | -                                    | 1,236                              | 1,236               |
| Shares issued during the year                  | 6                                  | 18,065                               | -                                  | 18,071              |
| <b>At 30 September 2020</b>                    | <b>55</b>                          | <b>85,863</b>                        | <b>6,806</b>                       | <b>92,724</b>       |

The notes on pages 28 to 57 form part of these financial statements.

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**


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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**


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|                                                     | 2021<br>£000  | 2020<br>£000     |
|-----------------------------------------------------|---------------|------------------|
| <b>Cash flows from operating activities</b>         |               |                  |
| Loss for the financial year                         | (12,758)      | (11,319)         |
| <b>Adjustments for:</b>                             |               |                  |
| Amortisation and impairment of intangible assets    | 17,404        | 16,552           |
| Depreciation of tangible assets                     | 1,532         | 1,630            |
| Profit on disposal of tangible assets               | (441)         | (2)              |
| Interest payable                                    | 15,041        | 13,695           |
| Interest receivable                                 | (26)          | (72)             |
| Taxation charge                                     | 4,886         | 2,628            |
| (Increase)/decrease in stocks                       | (44)          | -                |
| (Increase)/decrease in debtors                      | (1,874)       | 3,767            |
| (Decrease)/increase in creditors                    | (950)         | 7,297            |
| Corporation tax (paid)                              | (5,257)       | (3,736)          |
| Foreign exchange movement                           | 3,209         | (849)            |
| <b>Net cash generated from operating activities</b> | <b>20,722</b> | <b>29,591</b>    |
| <b>Cash flows from investing activities</b>         |               |                  |
| Purchase of intangible fixed assets                 | (170)         | (4)              |
| Purchase of tangible fixed assets                   | (2,367)       | (1,063)          |
| Sale of tangible fixed assets                       | 1,912         | -                |
| Purchase of fixed asset investments                 | -             | (161,914)        |
| Interest received                                   | 26            | -                |
| Purchase of subsidiaries                            | 1,421         | -                |
| Interest payable - non-financing                    | (5)           | (133)            |
| Cash acquired with subsidiaries                     | -             | 8,422            |
| Fixed assets acquired with subsidiaries             | -             | (451)            |
| Interest received and other income                  | -             | 72               |
| <b>Net cash from investing activities</b>           | <b>817</b>    | <b>(155,071)</b> |

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**


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**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2021**


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|                                                               | <b>2021</b>     | <b>2020</b>    |
|---------------------------------------------------------------|-----------------|----------------|
|                                                               | <b>£000</b>     | <b>£000</b>    |
| <b>Cash flows from financing activities</b>                   |                 |                |
| Issue of ordinary shares                                      | -               | 18,071         |
| New secured loans (net of repayments)                         | (7,619)         | 130,582        |
| Interest paid                                                 | (13,914)        | (12,113)       |
| Purchase of own shares                                        | (6,399)         | -              |
| <b>Net cash (used in)/from financing activities</b>           | <b>(27,932)</b> | <b>136,540</b> |
| <b>Net (decrease)/increase in cash and cash equivalents</b>   | <b>(6,393)</b>  | <b>11,060</b>  |
| Cash and cash equivalents at beginning of year                | <b>30,540</b>   | <b>19,480</b>  |
| <b>Cash and cash equivalents at the end of year</b>           | <b>24,147</b>   | <b>30,540</b>  |
| <b>Cash and cash equivalents at the end of year comprise:</b> |                 |                |
| Cash at bank and in hand                                      | <b>24,147</b>   | <b>30,540</b>  |
|                                                               | <b>24,147</b>   | <b>30,540</b>  |

The notes on pages 28 to 57 form part of these financial statements.

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**


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**CONSOLIDATED ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**


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|                          | At 1<br>October<br>2020<br>£000 | Cash flows<br>£000 | Amortisation<br>of debt issue<br>costs<br>£000 | Foreign<br>currency<br>movements<br>£000 | At 30<br>September<br>2021<br>£000 |
|--------------------------|---------------------------------|--------------------|------------------------------------------------|------------------------------------------|------------------------------------|
| Cash at bank and in hand | 30,540                          | (6,393)            | -                                              | -                                        | 24,147                             |
| Debt due after 1 year    | (196,911)                       | 225                | (1,460)                                        | 4,617                                    | (193,529)                          |
| Debt due within 1 year   | (7,500)                         | 7,384              | -                                              | -                                        | (116)                              |
|                          | <u>(173,871)</u>                | <u>1,216</u>       | <u>(1,460)</u>                                 | <u>4,617</u>                             | <u>(169,498)</u>                   |

The notes on pages 28 to 57 form part of these financial statements.

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## KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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#### 1. General information

Kerridge Commercial Systems Group Limited is a private company limited by shares and incorporated in England and Wales. The registered office is located at Unit 2A Herongate, Charnham Park, Hungerford, Berkshire, RG17 0YU.

#### 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 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 Income Statement in these financial statements.

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 Income Statement from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 12 December 2014.

##### 2.3 Going concern

The financial statements have been prepared under the going concern basis. The directors have prepared forecasts, including relevant sensitivity and downside scenario analyses, to assess the future financing requirements of the Company, and wider Group, after considering levels of contractual revenues and renewal and reoccurrence rates, orders backlog, new order run rate, sales pipeline and employee costs and other operating costs.

Based on the work undertaken, the directors are satisfied that sufficient cash facilities are secured from cash on hand, available borrowing facilities and cash inflows from forecast trading to meet the Company's and Group's working capital requirements for a period ending not less than 12 months after the signature of these financial statements. The directors therefore consider it appropriate for the financial statements to be prepared on a going concern basis.

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**2. Accounting policies (continued)**

**2.4 Foreign currency translation**

**Functional and presentation currency**

The Group and Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Income Statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into GBP at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

**2.5 Revenue**

Revenue represents services supplied during the year after deduction of trade discounts and value added tax.

Revenue from ordinary activities includes sales of software licenses, instillation, consultancy support, training services and maintenance.

Revenues from software licence sales are recognised on delivery to a customer, when there are no significant vendor obligations remaining and the collection of the resulting receivable is considered probable. In instances where significant vendor obligations exist, revenue recognition is delayed until the obligation has been satisfied. Revenues from maintenance contracts are recognised on a straight line basis over the period of the contract. Revenues from installation training services and consultancy support are recognised when the services are performed. Revenue from subscription agreements contain a mix of both software license and maintenance, these are recognised over a straight line basis across the term of the contract.

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**2. Accounting policies (continued)**

**2.6 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Income Statement in the same period as the related expenditure.

**2.7 Research and development**

Research and development costs are recognised as an expense in the Statement of Comprehensive Income when they are incurred.

**2.8 Pensions**

The Group operates both defined contribution and defined benefit pension schemes. The premiums relating to defined contribution schemes are charged to the Consolidated Income Statement in the period in which they accrue.

The Group's net obligation in respect of its defined benefit pension scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of the scheme assets is deducted. The calculation is performed by a qualified actuary using the projected unit credit method.

Remeasurement gains and losses arising from changes in actuarial assumptions, plan experience and differences between the expected and actual return on plan assets are recognised in "other comprehensive income" in the Consolidated Statement of Comprehensive Income in the period in which they occur. All other movements in the pension asset or liability are recognised in the Consolidated Income Statement for the relevant period.

A surplus of scheme assets may be recognised to the extent it is recoverable through reduced employer contribution in the future or through refund from the scheme. If the scheme surplus is not deemed recoverable, an asset limit adjustment is applied to restrict the balance to zero.

**2.9 Operating leases**

Rentals paid under operating leases are charged to the Consolidated Income Statement 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.

**2.10 Interest income**

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

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**2. Accounting policies (continued)**

**2.11 Finance costs**

Finance costs are charged to the Statement of Comprehensive Income 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.

**2.12 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- 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 they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent 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 tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**2. Accounting policies (continued)****2.13 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 Income Statement over its useful economic life.

**Other intangible assets**

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

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

The estimated useful lives range as follows:

|                        |   |                               |
|------------------------|---|-------------------------------|
| Software               | - | 15 years                      |
| Customer relationships | - | 15 to 20 years                |
| Brand                  | - | 15 years                      |
| Trademarks             | - | 5 years from date of granting |

**2.14 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.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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## KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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## 2. Accounting policies (continued)

### 2.14 Tangible fixed assets (continued)

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:

|                              |                   |
|------------------------------|-------------------|
| Freehold property            | - 50 years        |
| Long-term leasehold property | - Length of lease |
| Motor vehicles               | - 2 to 5 years    |
| Office equipment             | - 2 to 5 years    |

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.*

### 2.15 Impairment of fixed assets, goodwill and other intangibles

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.

### 2.16 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

### 2.17 Inventories

Stocks are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

### 2.18 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.

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**2. Accounting policies (continued)****2.19 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 no significant risk of change in value.

**2.20 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.

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 Consolidated Income Statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2.21 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.

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**2. Accounting policies (continued)**

**2.22 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 the Consolidated Income Statement in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are made, they are charged to the provision carried in the Statement of Financial Position.

**2.23 Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

**2.24 Employee benefit trust**

FRS 102 Section 9 requires the recognition of the assets and liabilities of the Employee Benefit Trust on the Statement of Financial Position of the sponsoring company as if those assets and liabilities were its own. The Company's own shares held in the Employee Benefit Trust are accounted for as a deduction from shareholders' funds. No gains or losses are reported in the profit and loss account or the statement of total recognised gains or losses on the purchase, sale, issue or cancellation of the Company's own shares.

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Estimates are based on historical experience and current knowledge to support assumptions that are considered reasonable in the circumstances. The actual amount or values may vary in certain instances from the assumptions and estimates made. Changes will be recorded, with corresponding effect in the Statement of Comprehensive Income, when, and if, better information is obtained.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment within the next financial year are included below.

Critical judgements that management has made in the process of applying accounting policies disclosed herein and that have a significant effect on the amounts recognised in the financial statements relates to the following:

***Estimated impairment of intangible assets, goodwill and investments in subsidiaries***

The Company and Group tests, when there are indicators of impairment, whether goodwill, intangible assets or investments have suffered any impairment, in accordance with its accounting policies. The recoverable amounts of cash generating units have been determined by discounting estimated future cash flows for the time value of money to arrive at estimates of value in use. Each of the components of the value in use calculation (the cash flow, the duration of the cash flow, the discount rate) requires the use of estimates. Because of this, in concluding upon the reasonableness of the final estimate of value in use, the directors use sensitivity analysis to consider the impact of variability in inputs to the calculation.

***Estimated useful economic life of intangible assets and goodwill***

When capitalising intangible assets and goodwill the directors consider the contractual and commercial nature of the underlying revenue and profit streams within a cash generating unit to determine an appropriate estimate of useful economic life. The continued appropriateness of estimated useful economic life is reconsidered annually.

***Defined benefit pension scheme***

The calculation of the deficit or surplus on the Group's defined benefit pension scheme is based on a number of actuarial assumptions including discount rate, future rate of inflation and future changes in mortality rates. These assumptions are reviewed regularly by the Directors with the scheme actuary. Details of the key actuarial assumptions are provided in note 27.

***Impairment of trade, inter-company and other debtors***

The Group and Company make an estimate of the recoverable value of trade, inter-company and other debtors. When assessing the impairment of trade, inter-company and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**4. Turnover**

An analysis of turnover by class of business is as follows:

|                                    | <b>2021</b>    | <i>2020</i>    |
|------------------------------------|----------------|----------------|
|                                    | <b>£000</b>    | <i>£000</i>    |
| Rendering of services              | <b>113,599</b> | <i>101,244</i> |
| Licensing of intellectual property | <b>8,453</b>   | <i>4,007</i>   |
| Sale of goods                      | <b>780</b>     | <i>1,074</i>   |
| Other revenues                     | <b>1,558</b>   | <i>1,772</i>   |
|                                    | <b>124,390</b> | <i>108,097</i> |

Analysis of turnover by country of destination:

|                   | <b>2021</b>    | <i>2020</i>    |
|-------------------|----------------|----------------|
|                   | <b>£000</b>    | <i>£000</i>    |
| United Kingdom    | <b>61,701</b>  | <i>57,070</i>  |
| Rest of the world | <b>62,689</b>  | <i>51,027</i>  |
|                   | <b>124,390</b> | <i>108,097</i> |

**5. Other operating income**

|                                                    | <b>2021</b> | <i>2020</i> |
|----------------------------------------------------|-------------|-------------|
|                                                    | <b>£000</b> | <i>£000</i> |
| Coronavirus job retention scheme grants receivable | <b>-</b>    | <i>340</i>  |

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**6. Operating profit**

The operating profit is stated after charging:

|                                                       | <b>2021</b>         | <i>2020</i>         |
|-------------------------------------------------------|---------------------|---------------------|
|                                                       | <b>£000</b>         | <i>£000</i>         |
| Depreciation of tangible assets                       | <b>1,532</b>        | <i>1,630</i>        |
| Profit on disposal of tangible fixed assets           | <b>(441)</b>        | <i>(2)</i>          |
| Amortisation of intangible assets, including goodwill | <b>17,404</b>       | <i>16,552</i>       |
| Impairment of intangible assets                       | <b>-</b>            | <i>605</i>          |
| Other operating lease rentals                         | <b>2,543</b>        | <i>2,059</i>        |
| Defined contribution pension cost                     | <b>2,594</b>        | <i>2,136</i>        |
| Defined benefit pension employer contribution         | <b>133</b>          | <i>-</i>            |
| Forex gains and losses - realised                     | <b>(221)</b>        | <i>219</i>          |
| Forex gains and losses - unrealised                   | <b>4,549</b>        | <i>3,439</i>        |
|                                                       | <b><u>4,549</u></b> | <i><u>3,439</u></i> |

**7. Auditor's remuneration**

|                                                                                                                 | <b>2021</b>      | <i>2020</i>      |
|-----------------------------------------------------------------------------------------------------------------|------------------|------------------|
|                                                                                                                 | <b>£000</b>      | <i>£000</i>      |
| Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements | <b>21</b>        | <i>18</i>        |
|                                                                                                                 | <b><u>21</u></b> | <i><u>18</u></i> |

**Fees payable to the Group's auditor and its associates in respect of:**

|                                                             |                   |                   |
|-------------------------------------------------------------|-------------------|-------------------|
| The auditing of accounts of the subsidiaries of the company | <b>251</b>        | <i>238</i>        |
| Taxation compliance services                                | <b>40</b>         | <i>32</i>         |
| All other services                                          | <b>33</b>         | <i>34</i>         |
|                                                             | <b><u>324</u></b> | <i><u>304</u></i> |

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**8. Employees**

Staff costs, including directors' remuneration, were as follows:

|                                     | <b>Group<br/>2021<br/>£000</b> | <i>Group<br/>2020<br/>£000</i> |
|-------------------------------------|--------------------------------|--------------------------------|
| Wages and salaries                  | <b>49,321</b>                  | 43,394                         |
| Social security costs               | <b>5,202</b>                   | 4,290                          |
| Cost of defined benefit scheme      | <b>133</b>                     | -                              |
| Cost of defined contribution scheme | <b>2,594</b>                   | 2,136                          |
|                                     | <b>57,250</b>                  | 49,820                         |

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

|                                | <b>2021<br/>No.</b> | <i>2020<br/>No.</i> |
|--------------------------------|---------------------|---------------------|
| Sales and administration staff | <b>242</b>          | 218                 |
| Operations staff               | <b>435</b>          | 491                 |
| Technical staff                | <b>340</b>          | 367                 |
|                                | <b>1,017</b>        | 1,076               |

The Company has no employees other than the directors, who did not receive any remuneration (2020: £Nil).

The directors were remunerated through one of the wider group companies, Kerridge Commercial Systems (Bidco) Limited, and so there have been no charges with this Company during the financial period.

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**9. Directors' remuneration**

|                                                               | <b>2021</b> | <i>2020</i> |
|---------------------------------------------------------------|-------------|-------------|
|                                                               | <b>£000</b> | <i>£000</i> |
| Directors' emoluments                                         | <b>486</b>  | <i>422</i>  |
| Company contributions to defined contribution pension schemes | <b>17</b>   | <i>14</i>   |
|                                                               | <b>503</b>  | <i>436</i>  |

During the year retirement benefits were accruing to one director (*2020 - one*) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £301,000 (*2020 - £266,000*).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (*2020 - £Nil*).

The directors consider that there are no (*2020: Nil*) Key Management other than the directors.

**10. Interest receivable and similar income**

|                                          | <b>2021</b> | <i>2020</i> |
|------------------------------------------|-------------|-------------|
|                                          | <b>£000</b> | <i>£000</i> |
| Share of associates' interest receivable | <b>18</b>   | <i>54</i>   |
| Other interest receivable                | <b>8</b>    | <i>18</i>   |
|                                          | <b>26</b>   | <i>72</i>   |

**11. Interest payable and similar expenses**

|                                  | <b>2021</b>   | <i>2020</i>   |
|----------------------------------|---------------|---------------|
|                                  | <b>£000</b>   | <i>£000</i>   |
| Bank interest payable            | <b>13,576</b> | <i>12,551</i> |
| Other interest payable           | <b>5</b>      | <i>-</i>      |
| Amortisation of loan issue costs | <b>1,460</b>  | <i>1,144</i>  |
|                                  | <b>15,041</b> | <i>13,695</i> |

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**12. Taxation**

|                                                                            | <b>2021<br/>£000</b> | <b>2020<br/>£000</b> |
|----------------------------------------------------------------------------|----------------------|----------------------|
| <b>Corporation tax</b>                                                     |                      |                      |
| Current tax on profits for the year                                        | <b>3,114</b>         | 2,793                |
| Adjustments in respect of previous periods                                 | <b>(151)</b>         | (243)                |
|                                                                            | <u><b>2,963</b></u>  | <u>2,550</u>         |
| <b>Foreign tax</b>                                                         |                      |                      |
| Foreign tax on income for the year                                         | <b>640</b>           | 897                  |
| Foreign tax in respect of prior periods                                    | <b>(89)</b>          | 39                   |
|                                                                            | <u><b>3,514</b></u>  | <u>3,486</u>         |
| <b>Deferred tax</b>                                                        |                      |                      |
| Origination and reversal of timing differences for the year                | <b>1,573</b>         | (923)                |
| Origination and reversal of timing differences in respect of prior periods | <b>(201)</b>         | 65                   |
|                                                                            | <u><b>1,372</b></u>  | <u>(858)</u>         |
| <b>Taxation on profit on ordinary activities</b>                           | <u><b>4,886</b></u>  | <u>2,628</u>         |

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**12. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2020 - *higher than*) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

|                                                                                                          | <b>2021<br/>£000</b> | <b>2020<br/>£000</b> |
|----------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Loss on ordinary activities before tax                                                                   | <b>(7,872)</b>       | <b>(8,691)</b>       |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%) | <b>(1,496)</b>       | <b>(1,651)</b>       |
| <b>Effects of:</b>                                                                                       |                      |                      |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment                | <b>3,206</b>         | <b>3,287</b>         |
| Capital allowances for year in excess of depreciation                                                    | <b>(163)</b>         | <b>47</b>            |
| Adjustments to tax charge in respect of prior periods                                                    | <b>(441)</b>         | <b>(139)</b>         |
| Foreign GAAP differences                                                                                 | <b>1,069</b>         | <b>152</b>           |
| Foreign tax rate differences                                                                             | <b>(238)</b>         | <b>(230)</b>         |
| Change in tax rate for deferred tax                                                                      | <b>3,037</b>         | <b>29</b>            |
| Deferred tax asset not recognised                                                                        | <b>(56)</b>          | <b>1,220</b>         |
| Other differences                                                                                        | <b>(32)</b>          | <b>(87)</b>          |
| <b>Total tax charge for the year</b>                                                                     | <b>4,886</b>         | <b>2,628</b>         |

**Factors that may affect future tax charges**

The Finance Bill 2021 was substantively enacted 10 June 2021, as a result the main rate of corporation tax will rise from 19% to 25% from 1 April 2023.

On this basis deferred tax has been calculated at the future rate of 25%.

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**


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**13. Intangible assets****Group**

|                                     | <b>Software<br/>£000</b> | <b>Customer<br/>Relation-<br/>ships<br/>£000</b> | <b>Brand<br/>£000</b> | <b>Goodwill<br/>£000</b> | <b>Trademarks<br/>£000</b> | <b>Total<br/>£000</b> |
|-------------------------------------|--------------------------|--------------------------------------------------|-----------------------|--------------------------|----------------------------|-----------------------|
| <b>Cost</b>                         |                          |                                                  |                       |                          |                            |                       |
| At 1 October 2020                   | 28,045                   | 47,498                                           | 3,943                 | 249,713                  | 65                         | 329,264               |
| Additions                           | 133                      | -                                                | -                     | -                        | 37                         | 170                   |
| Purchase price adjustment           | -                        | -                                                | -                     | 199                      | -                          | 199                   |
| Foreign exchange movement           | (194)                    | (201)                                            | (14)                  | (8,792)                  | -                          | (9,201)               |
| At 30 September 2021                | 27,984                   | 47,297                                           | 3,929                 | 241,120                  | 102                        | 320,432               |
| <b>Amortisation</b>                 |                          |                                                  |                       |                          |                            |                       |
| At 1 October 2020                   | 9,870                    | 12,827                                           | 1,953                 | 27,165                   | -                          | 51,815                |
| Charge for the year on owned assets | 1,874                    | 2,368                                            | 212                   | 12,950                   | -                          | 17,404                |
| Foreign exchange movement           | (64)                     | (45)                                             | (23)                  | (364)                    | -                          | (496)                 |
| At 30 September 2021                | 11,680                   | 15,150                                           | 2,142                 | 39,751                   | -                          | 68,723                |
| <b>Net book value</b>               |                          |                                                  |                       |                          |                            |                       |
| At 30 September 2021                | 16,304                   | 32,147                                           | 1,787                 | 201,369                  | 102                        | 251,709               |
| At 30 September 2020                | 18,175                   | 34,671                                           | 1,990                 | 222,548                  | 65                         | 277,449               |

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**


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**14. Tangible fixed assets****Group**

|                                     | <b>Freehold &amp;<br/>leasehold<br/>property<br/>£000</b> | <b>Office<br/>equipment<br/>£000</b> | <b>Total<br/>£000</b> |
|-------------------------------------|-----------------------------------------------------------|--------------------------------------|-----------------------|
| <b>Cost or valuation</b>            |                                                           |                                      |                       |
| At 1 October 2020                   | 2,742                                                     | 6,035                                | 8,777                 |
| Additions                           | 92                                                        | 2,293                                | 2,385                 |
| Disposals                           | (1,840)                                                   | (635)                                | (2,475)               |
| Exchange adjustments                | (3)                                                       | 61                                   | 58                    |
| At 30 September 2021                | <u>991</u>                                                | <u>7,754</u>                         | <u>8,745</u>          |
| <b>Depreciation</b>                 |                                                           |                                      |                       |
| At 1 October 2020                   | 831                                                       | 3,371                                | 4,202                 |
| Charge for the year on owned assets | 147                                                       | 1,385                                | 1,532                 |
| Disposals                           | (471)                                                     | (533)                                | (1,004)               |
| Exchange adjustments                | (4)                                                       | 29                                   | 25                    |
| At 30 September 2021                | <u>503</u>                                                | <u>4,252</u>                         | <u>4,755</u>          |
| <b>Net book value</b>               |                                                           |                                      |                       |
| At 30 September 2021                | <u>488</u>                                                | <u>3,502</u>                         | <u>3,990</u>          |
| At 30 September 2020                | <u>1,911</u>                                              | <u>2,664</u>                         | <u>4,575</u>          |

**Company**

No tangible fixed assets are held by Kerridge Commercial Systems Group Limited.

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**15. Fixed asset investments**

**Company**

|                          | <b>Investments<br/>in<br/>subsidiary<br/>companies<br/>£000</b> |
|--------------------------|-----------------------------------------------------------------|
| <b>Cost or valuation</b> |                                                                 |
| At 1 October 2020        | <b>56,273</b>                                                   |
| At 30 September 2021     | <b>56,273</b>                                                   |
| <b>Net book value</b>    |                                                                 |
| At 30 September 2021     | <b>56,273</b>                                                   |
| At 30 September 2020     | <b>56,273</b>                                                   |

**Subsidiary undertakings**

*All subsidiary undertakings are controlled by the Group and their results are fully consolidated within these financial statements.*

**Investments held directly by Kerridge Commercial Systems Group Limited with 100% voting rights. Capital comprises of ordinary shares or common stock.**

| <b>Name</b>                                 | <b>Country of incorporation /<br/>registered office address key (i)</b> |
|---------------------------------------------|-------------------------------------------------------------------------|
| Kerridge Commercial Systems (Midco) Limited | United Kingdom/A                                                        |
| Kerridge Commercial Systems US Holdco, Inc. | United States/B                                                         |

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**


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**15. Fixed asset investments (continued)**

**Investments held indirectly by Kerridge Commercial Systems Group Limited with 100% voting rights. Capital comprises of ordinary shares, common stock or local equivalent.**

| <b>Name</b>                                                         | <b>Country of incorporation /<br/>registered office address key (i)</b> |
|---------------------------------------------------------------------|-------------------------------------------------------------------------|
| Kerridge Commercial Systems (KNC) Limited                           | United States/C                                                         |
| Kerridge Commercial Systems (KTX) Limited <sup>(a)</sup>            | United States/D                                                         |
| inspHire Inc. <sup>(a)</sup>                                        | United States/E                                                         |
| MAM Software Group, Inc.                                            | United States/F                                                         |
| MAM Software, Inc. <sup>(a)</sup>                                   | United States/F                                                         |
| MAM Software Limited                                                | United Kingdom/A                                                        |
| Kerridge Commercial Systems (Bidco) Limited                         | United Kingdom/A                                                        |
| Kerridge Commercial Systems Limited                                 | United Kingdom/A                                                        |
| insphire Limited                                                    | United Kingdom/A                                                        |
| insphire International BV                                           | The Netherlands/G                                                       |
| insphire Australia Pty Limited                                      | Australia/H                                                             |
| Eagle Bidco 2018 Limited                                            | United Kingdom/A                                                        |
| Kerridge Commercial Systems (KSH) Limited                           | United Kingdom/A                                                        |
| Kerridge Commercial Systems (Ireland) Limited                       | Ireland/I                                                               |
| Kerridge Commercial Systems (Nederland) BV                          | The Netherlands/G                                                       |
| Kerridge Commercial Systems (KNG) BV                                | The Netherlands/J                                                       |
| Kerridge Commercial Systems (KNV) BV                                | The Netherlands/J                                                       |
| Kerridge Commercial Systems (KNR) BV                                | The Netherlands/G                                                       |
| Kerridge Commercial Systems Belgium NV                              | Belgium/K                                                               |
| Infomat NV                                                          | Belgium/K                                                               |
| Infomat BV                                                          | The Netherlands/G                                                       |
| Kerridge Commercial Systems (KNW) BV                                | The Netherlands/G                                                       |
| Kerridge Commercial Systems (Canada) Limited                        | Canada/L                                                                |
| Kerridge Commercial Systems (South Africa) Pty Limited              | South Africa/M                                                          |
| Kerridge Commercial Systems (KIR) Proprietary Limited               | South Africa/M                                                          |
| IQ Retail Proprietary Limited                                       | South Africa/N                                                          |
| Kerridge Commercial Systems (KKE) Proprietary Limited               | Kenya/O                                                                 |
| Kerridge Commercial Systems Trustee Company Limited                 | United Kingdom/A                                                        |
| Kerridge Commercial Systems (KSE) Limited <sup>(b,e)</sup> 05824170 | United Kingdom/A                                                        |
| Kerridge Commercial Systems (KNE) Limited <sup>(b,e)</sup> 01509879 | United Kingdom/A                                                        |
| Kerridge Commercial Systems (KBE) Limited <sup>(b,e)</sup> 01540180 | United Kingdom/A                                                        |
| Vecta Sales Solutions Limited <sup>(b,e)</sup> 04077932             | United Kingdom/A                                                        |
| Origin Software Solutions Limited <sup>(b,e)</sup> 08581904         | United Kingdom/A                                                        |
| Current-RMS Limited <sup>(c,e)</sup> 10648973                       | United Kingdom/A                                                        |
| BML (Office Computers) Limited <sup>(d)</sup>                       | United Kingdom/A                                                        |
| BCT Software Solutions Limited <sup>(d)</sup>                       | United Kingdom/A                                                        |
| Disys Associates Limited <sup>(d)</sup>                             | United Kingdom/A                                                        |

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**


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**Fixed asset investments (continued) (continued)**
**(continued)**

(a) Merged with Kerridge Commercial Systems (KNC) Limited on 12 October 2021  
 (b) Hived up into parent on 6 October 2021 (effective 30 September 2021); entity now dormant  
 (c) Hived into inspHire Ltd on 6 October 2021 (effective 30 September 2021); entity now dormant  
 (d) Entered member's voluntary liquidation on 14 July 2020 as part of a group rationalisation project  
 (e) Entities covered by a parental guarantee provided by Kerridge Commercial Systems Group Limited and exempt from audit under s479A-479C of the Companies Act 2006

(i) Registered office:

A: 2a Herongate, Hungerford, RG17 0Y

B: 2711 Centerville Road, Suite 400, Wilmington, New Castle, DE, 19808, USA

C: 2000 Centregreen Way, Cary, NC, 27513, USA

D: CityNorth 4, 16945 Northchase Drive, Ste 1125, Houston, TX 77060, USA

E: 1209 Orange Street, Wilmington, Newcastle, Delaware 19801, USA

F: 512 Township Line Rd, Blue Bell, PA 19422, USA

G: Nieuwe Gouwe Oostzijde (OZ) 2j, 2801 SB Gouda, The Netherlands

H: 225 Fullarton Road, Eastwood SA 5063, Australia

I: 209, Unit 3013, Lake Drive, Citywest Business Campus, Dublin 24, Ireland

J: De Amert 160, 5462 GH Veghel, The Netherlands

K: Laarstraat 16B, Garden Square Blok AB, 2610 Wilrijk, Belgium

L: 1200 Waterfront Centre, 200 Burrard Street, PO Box 48600, Vancouver BC, V7X 1T2, Canada

M: Building 4, Culross on Main, 34 Culross Road, Bryanston, 2195, South Africa

N: 25 Quantum Street, Technopark, Stellenbosch, 7600, South Africa

O: Regus, 13th Floor, Tower 2, Delta Corner Towers, Chiromo Road, Westlands, Nairobi, Kenya

**16. Stocks**

|                                     | <b>Group<br/>2021<br/>£000</b> | <i>Group<br/>2020<br/>£000</i> |
|-------------------------------------|--------------------------------|--------------------------------|
| Finished goods and goods for resale | <b>212</b>                     | <i>168</i>                     |

The difference between purchase price or production cost of stocks and their replacement cost is not material.

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**


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**17. Debtors**

|                                     | <b>Group<br/>2021<br/>£000</b> | <i>Group<br/>2020<br/>£000</i> | <b>Company<br/>2021<br/>£000</b> | <i>Company<br/>2020<br/>£000</i> |
|-------------------------------------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| <b>Due after more than one year</b> |                                |                                |                                  |                                  |
| Amounts owed by group undertakings  | -                              | -                              | <b>33,132</b>                    | 36,429                           |
| Deferred tax asset                  | <b>7,690</b>                   | 6,925                          | -                                | -                                |
|                                     | <hr/> <hr/>                    | <hr/> <hr/>                    | <hr/> <hr/>                      | <hr/> <hr/>                      |
|                                     | <b>Group<br/>2021<br/>£000</b> | <i>Group<br/>2020<br/>£000</i> | <b>Company<br/>2021<br/>£000</b> | <i>Company<br/>2020<br/>£000</i> |
| <b>Due within one year</b>          |                                |                                |                                  |                                  |
| Trade debtors                       | <b>19,838</b>                  | 17,674                         | -                                | -                                |
| Amounts owed by group undertakings  | -                              | -                              | <b>279</b>                       | 1,175                            |
| Other debtors                       | <b>259</b>                     | 159                            | <b>11</b>                        | 121                              |
| Prepayments and accrued income      | <b>7,395</b>                   | 6,303                          | -                                | -                                |
| Tax recoverable                     | <b>1,268</b>                   | 479                            | -                                | -                                |
|                                     | <hr/> <hr/>                    | <hr/> <hr/>                    | <hr/> <hr/>                      | <hr/> <hr/>                      |
|                                     | <b>28,760</b>                  | 24,615                         | <b>290</b>                       | 1,296                            |

Deferred tax assets are disclosed as due after more than one year; prior year comparatives have been restated since they were previously disclosed as due within one year.

**18. Cash and cash equivalents**

|                          | <b>Group<br/>2021<br/>£000</b> | <i>Group<br/>2020<br/>£000</i> | <b>Company<br/>2021<br/>£000</b> | <i>Company<br/>2020<br/>£000</i> |
|--------------------------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| Cash at bank and in hand | <b>24,147</b>                  | 30,540                         | <b>32</b>                        | 23                               |
|                          | <hr/> <hr/>                    | <hr/> <hr/>                    | <hr/> <hr/>                      | <hr/> <hr/>                      |

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**19. Creditors: Amounts falling due within one year**

|                                    | <b>Group<br/>2021<br/>£000</b> | <i>Group<br/>2020<br/>£000</i> | <b>Company<br/>2021<br/>£000</b> | <i>Company<br/>2020<br/>£000</i> |
|------------------------------------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| Bank loans                         | 116                            | 7,500                          | -                                | -                                |
| Trade creditors                    | 4,589                          | 4,796                          | 86                               | 427                              |
| Amounts owed to group undertakings | -                              | -                              | 2,651                            | 813                              |
| Corporation tax                    | 1,412                          | 2,321                          | -                                | -                                |
| Other taxation and social security | 4,375                          | 8,642                          | -                                | -                                |
| Other creditors                    | 3,896                          | 1,633                          | -                                | -                                |
| Accruals and deferred income       | 38,083                         | 34,654                         | 296                              | 57                               |
|                                    | <b>52,471</b>                  | <b>59,546</b>                  | <b>3,033</b>                     | <b>1,297</b>                     |

**20. Creditors: Amounts falling due after more than one year**

|            | <b>Group<br/>2021<br/>£000</b> | <i>Group<br/>2020<br/>£000</i> |
|------------|--------------------------------|--------------------------------|
| Bank loans | <b>193,529</b>                 | <b>196,911</b>                 |

**21. Loans**

|                                            | <b>Group<br/>2021<br/>£000</b> | <i>Group<br/>2020<br/>£000</i> |
|--------------------------------------------|--------------------------------|--------------------------------|
| <b>Amounts falling due within one year</b> |                                |                                |
| Bank loans                                 | 116                            | 7,500                          |
| <b>Amounts falling due 2-5 years</b>       |                                |                                |
| Bank loans                                 | 193,529                        | 196,911                        |
|                                            | <b>193,645</b>                 | <b>204,411</b>                 |

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**


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**21. Loans (continued)**

At 30 September 2021 the Group had the following outstanding loan balances:

- GBP 116,000 (2020: 7,500,000) repayable within one year. Interest was chargeable on this borrowing up to 3.00% plus GBP LIBOR
- GBP 104,189,000 (2020: GBP 104,189,000) repayable on 22 January 2024. Interest is chargeable on this borrowing up to 6.25% (2020: 6.25%) plus GBP LIBOR
- EUR 41,252,000 (2020: EUR 41,252,000) repayable on 22 January 2024. Interest is chargeable on this borrowing up to 6.25% (2020: 6.25%) plus EURIBOR
- USD 76,936,000 (2020: USD 76,936,000) repayable on 22 January 2024. Interest is chargeable on this borrowing up to 6.25% (2020: 6.25%) plus USD LIBOR

Included within bank loans at 30 September is £3,343,000 (2020: £4,792,000) of capitalised issue and arrangement fees.

The bank loans are secured on the assets of the Group.

**22. Financial instruments**

|                                                                       | <b>Group<br/>2021<br/>£000</b> | <i>Group<br/>2020<br/>£000</i> | <b>Company<br/>2021<br/>£000</b> | <i>Company<br/>2020<br/>£000</i> |
|-----------------------------------------------------------------------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| <b>Financial assets</b>                                               |                                |                                |                                  |                                  |
| Cash at bank and in hand                                              | <b>24,147</b>                  | 30,540                         | <b>32</b>                        | 23                               |
| Financial assets that are debt instruments measured at amortised cost | <b>21,875</b>                  | 19,525                         | <b>33,422</b>                    | 37,603                           |
|                                                                       | <b>46,022</b>                  | 50,065                         | <b>33,454</b>                    | 37,626                           |
| <b>Financial liabilities</b>                                          |                                |                                |                                  |                                  |
| Financial liabilities measured at amortised cost                      | <b>(214,121)</b>               | (223,756)                      | <b>(3,033)</b>                   | (1,277)                          |

Financial assets that are debt instruments measured at amortised cost comprise of trade debtors, other debtors, amounts owed by group companies and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, amounts due to group companies, bank loans and accruals.

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**23. Deferred taxation**

**Group**

|                                    | <b>2021</b>            | <i>2020</i>            |
|------------------------------------|------------------------|------------------------|
|                                    | <b>£000</b>            | <i>£000</i>            |
| At beginning of year               | <b>(10,483)</b>        | <i>(10,505)</i>        |
| Charged to profit or loss          | <b>(2,347)</b>         | <i>(160)</i>           |
| Foreign currency movement          | <b>45</b>              | <i>199</i>             |
| Deferred tax from acquisitions     | <b>-</b>               | <i>(17)</i>            |
| Impact assets becoming liabilities | <b>22</b>              | <i>-</i>               |
| <b>At end of year</b>              | <b><u>(12,763)</u></b> | <i><u>(10,483)</u></i> |

The provision for deferred taxation is made up as follows:

|                               | <b>Group</b>           | <i>Group</i>           |
|-------------------------------|------------------------|------------------------|
|                               | <b>2021</b>            | <i>2020</i>            |
|                               | <b>£000</b>            | <i>£000</i>            |
| Business combinations         | <b>(12,495)</b>        | <i>(10,393)</i>        |
| Short term timing differences | <b>(268)</b>           | <i>(90)</i>            |
|                               | <b><u>(12,763)</u></b> | <i><u>(10,483)</u></i> |

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**


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**24. Share capital****Allotted, called up and fully paid**

|                                                                    |           |           |
|--------------------------------------------------------------------|-----------|-----------|
| 267,724 (2020: 267,724) A Ordinary shares of £0.1 each             | <b>27</b> | <b>27</b> |
| 132,698 (2020: 142,096) B Ordinary shares of £0.1 each             | <b>14</b> | <b>14</b> |
| 71,206 (2020: 77,456) C Ordinary shares of £0.1 each               | <b>7</b>  | <b>8</b>  |
| 1,094 (2020: 1,094) D Ordinary shares of £1.0 each                 | <b>1</b>  | <b>1</b>  |
| 33,065 (2020: 33,065) E Ordinary shares of £0.1 each               | <b>3</b>  | <b>3</b>  |
| 13,500 (2020: 13,500) F Ordinary shares of £0.1 each               | <b>1</b>  | <b>1</b>  |
| 54,835,796 (2020: 54,835,796) A Preference shares of £0.00001 each | <b>1</b>  | <b>1</b>  |
| 23,816,615 (2020: 25,448,140) B Preference shares of £0.00001 each | <b>-</b>  | <b>-</b>  |
|                                                                    | <b>54</b> | <b>55</b> |

The shares have the following rights:

**A Preference shares and B Preference shares**

The holders of the A Preference and B Preference shares are entitled to receive, on the occurrence of an exit event, a premium over and above the issued share price of the preference shares settled by way of allocation of sales proceeds. On a winding up of the Company, the holders are entitled to receive any accrued dividends, plus an amount equal to the issue price of the shares. The shares do not carry voting rights and are not redeemable.

**A Ordinary shares, B Ordinary shares, C Ordinary shares and D Ordinary shares**

Ordinary shares are divided into 6 classes, A to F. Shares are not redeemable and, in any circumstances save for written resolutions, the voting rights are as follows:

Holders of A Ordinary Shares, B Ordinary shares, C Ordinary shares and E ordinary shares are entitled to one vote;

Holders of the D Ordinary Shares have enhanced voting rights and are entitled to eight votes for each share held;

Holders of F ordinary share do not have voting rights.

All ordinary shareholders are entitled to discretionary dividends. On a winding up they carry equal rights to the remaining assets of the Company once its liabilities have been settled and the holders of the A Preference shares and B Preference shares have been paid the amounts to which they are entitled.

**Repurchase and cancellation of shares**

In December 2020, the company repurchased and then cancelled a total of 1,631,525 B Preference shares, 9,398 B Ordinary shares and 6,250 C Ordinary shares.

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**

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**25. Reserves**

**Share premium**

Share premium is the amount above the nominal value received for shares sold, less transaction costs.

**Employee benefit trust reserve**

The Kerridge Commercial Systems Employee Benefit Trust (EBT) was set up for the benefit of employees and directors of Kerridge Commercial Systems Group Limited and its subsidiaries.

At 30 September 2021 the EBT had cash of £114,000 (2020: £114,000) and had liabilities of £30,000 (2020: £30,000). The EBT distributed £Nil to beneficiaries in 2021 (2020: £Nil) and incurred administration costs of £Nil (2020: £Nil). These amounts have been included in the results of Kerridge Commercial Systems Limited for the period ended 30 September 2021.

The Lakeview Employee Benefit Trust (EBT) was set up for the benefit of employees and directors of Kerridge Commercial Systems (KSE) Limited.

At 30 September 2021 the EBT had assets of £35,000 (2020: £35,000). The EBT distributed £Nil to beneficiaries in 2021 (2020: £Nil) and incurred administration costs of £Nil (2020: £Nil). These amounts have been included in the results of Kerridge Commercial Systems (KCSL) Limited for the period ended 30 September 2021.

**Capital redemption reserve**

A non-distributable reserve, following the redemption or purchase of the company's own shares.

**Profit and loss account**

Profit and Loss account includes all current and prior periods retained profits and losses.

**26. Contingent liabilities**

The ultimate parent company and all of its material subsidiaries are part of a Group cross guarantee in respect of bank loans held by Kerridge Commercial Systems (Bidco) Ltd and Kerridge Commercial Systems US Holdco Inc. The total amount due at 30 September 2021 by the Group is £104,189,000, \$76,936,000 and €41,252,000 (2020: £111,689,000, \$76,936,000 and €41,252,000).

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**


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**27. Pension commitments**

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge representing contributions paid and payable by the Group to the fund amounted to £2,594,000 (2020: £2,136,000). Contributions totaling £154,000 (2020: £193,000) were payable to the fund at the reporting date.

The Group operates a defined benefit pension scheme.

Reconciliation of present value of plan liabilities:

|                                                            | <b>2021</b>   | <i>2020</i>   |
|------------------------------------------------------------|---------------|---------------|
|                                                            | <b>£000</b>   | <i>£000</i>   |
| <b>Reconciliation of present value of plan liabilities</b> |               |               |
| At the beginning of the year                               | <b>11,797</b> | <i>11,705</i> |
| Expenses                                                   | <b>-</b>      | <i>7</i>      |
| Interest expense                                           | <b>186</b>    | <i>207</i>    |
| Actuarial gains/losses                                     | <b>(685)</b>  | <i>744</i>    |
| Benefits paid                                              | <b>(384)</b>  | <i>(866)</i>  |
| <b>At the end of the year</b>                              | <b>10,914</b> | <i>11,797</i> |

Reconciliation of present value of plan assets:

|                               | <b>2021</b>   | <i>As restated</i><br><i>2020</i> |
|-------------------------------|---------------|-----------------------------------|
|                               | <b>£000</b>   | <i>£000</i>                       |
| At the beginning of the year  | <b>11,797</b> | <i>11,705</i>                     |
| Employer contributions        | <b>133</b>    | <i>-</i>                          |
| Interest income               | <b>189</b>    | <i>222</i>                        |
| Actuarial gains/losses        | <b>(862)</b>  | <i>56</i>                         |
| Benefits paid                 | <b>(384)</b>  | <i>(866)</i>                      |
| Effect of asset limit         | <b>41</b>     | <i>680</i>                        |
| <b>At the end of the year</b> | <b>10,914</b> | <i>11,797</i>                     |

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**KERRIDGE COMMERCIAL SYSTEMS GROUP LIMITED**


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**27. Pension commitments (continued)**

Composition of plan assets:

|                                     | <b>2021</b>     | <i>As restated</i><br><b>2020</b> |
|-------------------------------------|-----------------|-----------------------------------|
|                                     | <b>£000</b>     | <b>£000</b>                       |
| Corporate bonds                     | <b>3,618</b>    | 4,396                             |
| Insured pensioners                  | <b>7,385</b>    | 7,531                             |
| Cash                                | <b>1</b>        | 1                                 |
| <b>Total plan assets</b>            | <b>11,004</b>   | 11,928                            |
|                                     | <b>2021</b>     | <b>2020</b>                       |
|                                     | <b>£000</b>     | <b>£000</b>                       |
| Fair value of plan assets           | <b>10,914</b>   | 11,797                            |
| Present value of plan liabilities   | <b>(10,914)</b> | (11,797)                          |
| <b>Net pension scheme liability</b> | <b>-</b>        | -                                 |

The Group has taken the conservative position of not recognising a defined pension scheme surplus of £90,000 (As restated 2020: £131,000). The (unrecognised) asset value as at 30 September 2020 has been restated as a transaction of £557,000 that occurred in the year to 30 September 2020 had not been deducted from Scheme assets. This has not impacted the Statement of Financial Position as at 30 September 2020 as the surplus had not been recognised.

**Total**

Defined benefit costs recognised in other comprehensive income is as follows:

|                                                                                | <b>2021</b>  | <b>2020</b> |
|--------------------------------------------------------------------------------|--------------|-------------|
|                                                                                | <b>£000</b>  | <b>£000</b> |
| Return on plan assets (excluding amounts included in net interest cost - gain) | <b>(862)</b> | 56          |
| Experience gains and losses arising on the plan liabilities                    | <b>56</b>    | (363)       |
| Effects of changes in the demographic and financial assumptions                | <b>629</b>   | (381)       |
| Effect of asset limit                                                          | <b>177</b>   | 688         |
| <b>Closing defined benefit obligation</b>                                      | <b>-</b>     | -           |

None of the fair values of the assets shown above include any direct investments in the Group's own financial instruments or any property occupied by, or other assets used by, the Group.

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**27. Pension commitments (continued)**

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

|                                                     | <b>2021</b>  | <i>2020</i>  |
|-----------------------------------------------------|--------------|--------------|
|                                                     | <b>%</b>     | <i>%</i>     |
| Discount rate                                       | <b>2.00</b>  | <i>1.60</i>  |
| Price inflation rate (RPI)                          | <b>3.50</b>  | <i>3.00</i>  |
| Price inflation rate (CPI)                          | <b>2.95</b>  | <i>2.45</i>  |
| Proportion of employees opting for early retirement |              |              |
| Mortality rates                                     |              |              |
| - for a male aged 65 now                            | <b>21.80</b> | <i>21.80</i> |
| - at 65 for a male aged 45 now                      | <b>23.10</b> | <i>23.10</i> |
| - for a female aged 65 now                          | <b>23.70</b> | <i>23.70</i> |
| - at 65 for a female member aged 45 now             | <b>25.30</b> | <i>25.20</i> |

No employees of the parent company were members of the defined benefit scheme.

**28. Commitments under operating leases**

At 30 September 2021 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

|                                              | <b>Group<br/>2021<br/>£000</b> | <i>Group<br/>2020<br/>£000</i> |
|----------------------------------------------|--------------------------------|--------------------------------|
| Not later than 1 year                        | <b>2,399</b>                   | <i>2,207</i>                   |
| Later than 1 year and not later than 5 years | <b>5,188</b>                   | <i>4,256</i>                   |
| Later than 5 years                           | <b>1,270</b>                   | <i>452</i>                     |
|                                              | <b>8,857</b>                   | <i>6,915</i>                   |

**Company**

The Company had no operating leases at 30 September 2021 or 30 September 2020.

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**29. Related party transactions**

During the year, the parent company was charged £220,000 (2020: £298,000) by Accel KKR Management Company LLC in respect of management charges and travel expenses.

Transactions between wholly owned group companies are exempt from the requirements of Financial Reporting Standard 102 section 33.

**30. Post balance sheet events**

On 6 October 2021, various of the Group's UK entities entered into agreements to transfer the trade and assets and liabilities to other UK Group entities. Details of the affected entities are provided in note 15. The transfers were part of an ongoing Group rationalisation process and were effective 30 September 2021.

On 11 October 2021 and 12 October 2021, various of the Group's US entities entered into agreements to merge into Kerridge Commercial Systems (KNC) Limited and that entity changed its name to Kerridge Commercial Systems Corporation. Details of the affected entities are provided in note 15. The transfers were part of an ongoing Group rationalisation process.

**31. Controlling party**

The ultimate controlling party is considered to be funds managed by Accel KKR Management Company LLC.