

REGISTERED NUMBER: 11354408 (England and Wales)

XEINADIN GROUP LIMITED
GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022

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XEINADIN GROUP LIMITED

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FOR THE YEAR ENDED 31 MAY 2022**

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XEINADIN GROUP LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 MAY 2022

DIRECTORS:

D Crowley
Mrs P Benoit
S O Nice

REGISTERED OFFICE:

8th Floor
Becket House
36 Old Jewry
London
EC2R 8DD

REGISTERED NUMBER:

11354408 (England and Wales)

AUDITOR:

BDO LLP
55 Baker Street
London
W1U 7EU

XEINADIN GROUP LIMITED
GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MAY 2022

The Directors present their Strategic Report for the year ended 31 May 2022.

BUSINESS STRATEGY

Xeinadin is a leading professional services company providing a full suite of accountancy, tax and other business advisory services to entrepreneurs, SME's, corporations, and not-for-profit organisations situated throughout the United Kingdom (UK) and the Republic of Ireland (ROI). Through unmatched collaboration and innovation, we support and inspire clients to reach their strategic business goals or accomplish the mission of their organisation.

Our focus is predominantly on SME market clients and currently we advise over 60,000 clients across a wide range of sectors. Our vision is to be the most trusted business advisor and accountant for small and medium sized enterprises. Xeinadin interacts as a trusted advisor, partner and support network delivering an innovative approach blending our technical and specialist knowledge together with technology to provide data driven advice to clients in a local environment.

FORMATION AND CORPORATE ACTIVITY

The Group was formed on 1 June 2019 by the combination of 115 small and medium sized accountancy practices. In the intervening three years the business combination in its new corporate environment has traded very successfully. Since formation a small number of member offices took the decision to exit the Group either via the voluntary exit window or as allowed by the Xeinadin Board. In the year to 31 May 2022 three member offices (2021: nine) exited the group, mostly because they were not suited to or did not appreciate the benefits arising from the corporate environment of the Group.

As highlighted in last year's strategic report, the Group had been exploring sources of funding to realise the full benefits of consolidation for the benefits of our clients and staff. On the 20 May 2022 the Group entered into a strategic partnership with the private equity firm Exponent. This partnership involved Exponent making a significant minority investment in the Group to support the business's growth plans. The structure of this transaction resulted in Xeinadin Group Limited taking full ownership of the subsidiary companies and is now owned by a new ultimate parent company Xeinadin Topco1 Limited. Further details can be found in the accounting policy note 2, "basis of consolidation".

In the year to 31 May 2022 the Group was strengthened with the acquisition of six firms (2021: nil) that will increase our local presence and strengthen the service offering to our clients. Post year end the Group has acquired a further four firms and is in negotiations with a number of potential target firms as the Group seeks to be a significant consolidator in the sector.

Following the investment above the Group has commenced a transformation programme focussed on delivering the foundational capabilities to build our target operating model to deliver the Xeinadin vision and strategy. This will include the development of common IT and security infrastructure and standardised framework and processes for Practice Management and HR. In so doing we will be able to harness the power of our data to develop added value services for our clients reinforcing our vision to be the trusted advisor to the SME market.

TRADING ENVIRONMENT

The year ended 31 May 2022 began to see a recovery as business began to return as the impact of the Covid pandemic lessened and the restrictions eased with the success of the vaccine roll out. Our client base has proved to be very resilient with almost all our clients remaining in business however the travel and hospitality sectors have taken longer to recover.

The support our trusted advisory teams have provided to our clients to has further strengthened that trusted relationship with them. It has helped put the business back into growth and enabled us to grow our client base with increased net new business generation and increased levels of business referral across the Group.

We anticipate the economic headwinds including inflation, energy prices, interest rates and a tight labour market to impact the year ahead. These headwinds will impact all sectors of the economy and will inevitably result in higher levels of business failures.

The accounting and business advisory sector has generally proved to be resilient during recessionary periods and this is supported by the experience of the practices in the Group. As highlighted with the support given to our clients during the pandemic our clients put value in the support and advice our teams can provide to help them navigate their businesses through these challenges.

The tight UK & ROI labour market is very keenly felt in the accounting and professional services sector where there has clearly been a change to the labour market conditions following the pandemic. To mitigate this impact, Xeinadin's talent acquisition strategy is focussed on leveraging the brand to increase our market presence, expanding our dedicated talent acquisition team and further developing our compelling employee value proposition.

BUSINESS REVIEW

Financial performance

Revenue for the year at £106.9m (2021: £104.1m) was in line with budget expectations. Excluding the impact of the exited offices, Group revenue for the year was constant, a very resilient performance bearing in mind as described above, the impact of the Covid 19 pandemic and in particular a delay in the normal accountancy and tax work due to filing deadline extensions.

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The main measures of the Group's performance are Revenue, Operating Profit and Earnings before, Non-trading items, Interest, Taxation, Depreciation and Amortisation (EBITDA). EBITDA for the year was £28.6m (2021: £34.8m). The reduction in EBITDA of £6.2m is largely due to the increase in salary costs of £5.3m as explained below.

EBITDA reconciles to profit after tax as follows

	2022	2021
	£m	£m
EBITDA	28.6	34.8
Amortisation of Intangible Fixed Assets	(9.2)	(9.4)
Impairment of Goodwill	(4.8)	-
Depreciation of Tangible Fixed Assets	(2.7)	(2.6)
Transaction costs	(8.9)	-
Financial settlement	-	(3.1)
Interest	(0.3)	(0.3)
Loss on Disposal of Subsidiaries	(3.9)	(16.3)
Taxation	(2.6)	(6.4)
(Loss) after Taxation	(3.8)	(3.3)

The loss for the year of £3.8m is after deducting £17.4m of non-trading and exceptional items, these include transaction costs of £8.9m, impairment of goodwill of £4.8m and the loss on disposal of three subsidiaries (£3.9m loss on disposal, net of £0.2m release of deferred taxes on acquired intangibles). The subsidiaries that left the Group had previously joined without cash consideration being paid and also left the Group for no consideration, hence the significant loss on disposal. Further information is set out in note 6 and note 15.

As shown on page 12, the trading profit for the year amounts to £16.7m (2021: £22.7m) which as a percentage of turnover is 15.6% (2021: 21.8%). The reduced margin was as expected and as per budgeted assumptions as the employees who were historically partners in their own businesses moved to market value salaries as employees of the business, together with an increase in head office salary costs brought about by an increase in the number of staff employed.

Since the year end, the Group has continued to trade successfully with all key KPIs being materially maintained. There have been no further exits from the Group since year end.

Financial position

The consolidated statement of financial position on page 14 shows the Group financial position at the year end. The Group's financial position was considered strong in terms of working capital and cash and the Directors believe the Group to be well positioned for future growth.

The major changes in the Group's financial position during the year were as follows:

- The movement in goodwill relates to additions made during the year of £11.5m, net of goodwill disposed of in respect of exited firms £2.9m.
- The movement in other intangibles relates to additions of £8.2m, net of £9.2m for amortisation and £0.8m in respect of the three member firms exiting the Group.
- Right of use assets includes new leases taken out during the year of £3.6m, net of depreciation and exchange differences of £2.1m and asset disposals of £1.9m.
- The average credit period on trade receivables was 77 days (2021: 71 days) and for contract assets 43 days (2021: 38 days), the increase in the number of lockup days was largely due to the impact of Covid-19.
- Trade and other payables show an increase of £27.8m (of which £6.9m is due after more than one year) which was largely due to the deferred consideration payable for the businesses acquired during the year.
- Non-controlling interests were eliminated following the completion of the transaction on 20th May 2022 when Xeinadin Group Limited assumed full ownership of all subsidiaries. On the same date, a merger reserve was created on the purchase of the minority interest in the Group's subsidiaries, after applying merger relief under section 612 (Merger Relief) of the Companies Act 2006.

PRINCIPAL RISKS AND UNCERTAINTIES

Business risk

The Group is managed through fourteen Regional Hubs across the UK and Ireland. This structure aims to optimise span of control and identify opportunities for both Revenue Growth and Cost Synergies.

Risk management is an important element of the management process throughout the Group, and internal controls have been developed and are continuously reviewed to address the principal business risk which is considered to be operational risk. The company has a range of processes in place to accurately identify, control and mitigate risks across all areas of the business.

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The Group's most important assets are its team members, clients, and IT infrastructure.

- As a people led organisation Xeinadin supports its team members by developing, training, and understanding them. During the current year the business has continued to roll out the "Evolve" programme a professional development training programme for all client facing teams.
- The needs of the Group's clients are continually reviewed to ensure that the Group meets its objective of providing an industry leading business advisory service.
- Xeinadin recognises the importance of safeguarding data, and we are continuously assessing our GDPR and security policies and procedures to ensure compliance.
- The Group recognises the importance of its IT infrastructure both internally and client facing and is building a roadmap as part of the Transformation programme to become industry leading through its investment in this area.
- Current economic conditions are being monitored closely but as Xeinadin is not reliant on any major clients or sectors, the Group firms have proven to be extremely resilient to economic downturns.

Management monitors other risks and uncertainties within the business. These include competition, and changes in regulation. Controls exist to ensure information is made available to enable management to monitor the performance of the Group. The controls address the performance of the Group based on monthly management accounts and key KPIs which include details of fee income, overhead costs and working capital performance. The business regularly monitors new business wins, client attrition and relies on monthly management accounts together with an annual budget and quarterly forecasting system to identify any trading downturn in time to carry out the necessary mitigating actions.

OTHER RISKS AND UNCERTAINTIES

Currency risk

The Group is not exposed to material currency risk as firms in the Republic of Ireland match both cash inflows and outflows in euros. There is less than 1% of the Group's income base which is not denominated in either sterling or euro currency, driving any currency volatility. Any foreign exchange impact reported in the financial statements is primarily due to translating the consolidated results of the Group into sterling at the balance sheet date.

Liquidity risk

The Group generates sufficient working capital to meet its requirements both in terms of organic and acquisition growth. As part of the recent investment by exponent the extended group has taken on external borrowings. The Groups cashflows are forecasted out over a minimum of three years ensuring sufficient funding to meet borrowing requirements and strategic goals of the wider Group.

Credit risk

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade receivables are reviewed on a regular basis and where required; an impairment to expected credit loss is provided. These assessments have been completed using our best knowledge of the impact to the industries and our clients within the sectors most impacted by the current economic environment.

Cash flow risk

Cash flow risk is primarily mitigated by a central collection process and statistics monitored by the Group finance team which prevents debts from becoming significantly aged. Regular updates with the member firms ensures the required feedback and any relevant actions to take, to ensure the Group mitigates any significant debts from becoming uncollectable.

Price risk

The directors and management work hard to grow and develop the Group and maintain strong relationships with both the Group's partners and customers. However, the Group faces industry wide risks in the form of both competition and legislation. The Group is still competing against smaller accountancy firms so must ensure its pricing is appropriate to such markets. Offering a local service with emphasis on client satisfaction mitigates some of the risk. The directors continue to manage such risks through regular reviews at monthly board meetings.

Going concern

The current levels of inflation and interest rates are likely to weaken economic growth in general however the experience of the practices in the Group is that the accounting and professional services sector is generally quite resilient in these environments.

The Group is not materially reliant on bank funding, given the strong cash generation of its member firms. The Directors have prepared base case financial forecasts for the period April 2022 to November 2023, and these provide a good level of comfort in the assessment of liquidity for the Group. The uncertainty due to the impact of the economic headwinds is to be considered and monitored closely in these forecasts as part of the Group's adoption of the going concern basis (further detail on stress-testing performed over the Group's future cash flows is given on page 22).

The business continues to monitor initiatives put in place in this regard to Covid 19, keeping people connected by continuing to offer additional online support for its staff and flexible working arrangements.

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The Group continues to operate a low-risk business model with no significant business or customer concentration and continues to be successfully adaptable to home working. During the year the Group continued to operate the Government support schemes in both the UK and Ireland, the terms of which have been complied with, see note 4 for details of Government grants received.

Brexit

The Group is not directly impacted by the changes arising from the UK leaving the European Union ('Brexit') and the Group's diverse client-base and sectors shields it from any indirect impact.

Russia-Ukraine conflict

The Group is not directly impacted by the conflict between Russia and Ukraine, as the Group has no subsidiaries or customers located in those countries. The conflict has however increased inflationary pressures, which in turn has caused interest rates to rise, therefore leading to a more challenging economic outlook.

Future developments

The Group will continue to advance its strategic plan to become a leading advisory firm to the SME sector underpinned by a strong technology platform. The Group intends to seek further acquisitions that will contribute to our strategic goal to grow the Group substantially over the future years. The Group will also grow organically via its implemented hub structure.

GREENHOUSE GAS EMISSIONS

Xeinadin is a newly formed Group, and whilst reporting at a Group level for the financial year, has taken the option to exclude from the report, any energy and carbon information relating to its subsidiaries where the subsidiaries would not themselves be obliged to include if reporting on their own account. Xeinadin qualifies as a Consolidated Group, but no subsidiaries need to be included as they fall under the reporting thresholds.

As the business matures its processes to monitor the Group's greenhouse gas emissions, the business intends to put in measures to track its emissions in line with the guidelines set up under the 2018 Streamlined Energy and Carbon Reporting regulations (SECR). The Directors are committed in connection with the overall Group strategy on climate change and have put several measures in place outlined below to reduce its Carbon footprint over the coming financial years and to track this performance to evidence such plans.

Whilst no quantitative data is required for the publication of its financial statements under the Companies (Director's report) and Limited Liability Partnerships (Energy and Carbon report) Regulation 2018, in terms of CO2 tonnes generated and its intensity calculations, the following measures have been deployed to support the Group's overall Climate Change initiatives. The business concurs that CO2 emissions in connection with its energy usage and business travel exist, which need to be managed and monitored accurately in the future.

The Group is in the process of signing up to the Science Based Target Initiative (SBTI) which is an internationally recognized programme designed to monitor and improve carbon footprint targets. Joining this program, which recognises the level of climate action needed globally to align to the Paris agreement and translates these into specific business targets, shows the Group's commitment to the world problems around climate change as well as setting a leadership example and guiding its clients accordingly on how they can adopt a greener approach to the way they operate in the future. This will further improve the Group's reputation, drive innovation, anticipate legislative changes, and ultimately reduce future business costs.

Xeinadin is aware of the threat of technological advancement and is currently developing forward thinking finance tools (product life cycle assessments, a sustainability ideas database and predictive tax and grant advice) to support and protect its current customer base in a changing environment. The business is looking to recycle its future IT equipment through a more circular supply chain as opposed to a linear approach and run change management courses to continually educate and reinforce its sustainability plans to its staff as well as its current and prospective clients.

Xeinadin is focused on the need to demonstrate its awareness of climate change to potential investors, by showing commitment to reduce its carbon footprint. More and more investors are backing environmentally conscious businesses and Xeinadin is targeting an annual reduction in its carbon footprint, including looking at investments which support its future sustainability strategy. This strategy extends beyond investment and focuses also on engaging with national Suppliers with vested interests in sustainability (carbon reduction initiative), aligned to the ISO 14001 accreditation and there's a clear intention to condense its supply chain around those likeminded suppliers. Over the coming year the business is planning to commence the process to gain the ISO 14001 accreditation.

The business offers its clients tax and grant advice (informing on the tax implications of environmental changes) as well as sharing its sustainability ideas with clients. By creating a proactive risk assessment tool for its clients, this will further raise awareness and connect to its client base to further add to the Group's intentions around sustainability.

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GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MAY 2022

The Group, as part of its continual improvement initiatives, is training both its team (creating Sustainability Consultants) and client base and is looking for sponsors to promote its mission around its carbon footprint objectives. These sponsors will champion the programme on behalf of the Group and focus on team awareness as well as change management strategies, including changes to its members' business models and operational processes.

The Group is aware of the effect of climate change on its financial performance. The directors accept other risks and opportunities under the TCFD guidance need to be considered. The directors remain focused on reducing the Group's carbon footprint through the several key initiatives set out above and will further support this by tracking its CO2 emissions over the coming financial years with improved reporting as part of both the SBTi and encouraging more environmentally friendly strategies. The directors will be setting up the processes and reporting required in order to create potential business opportunities with a low carbon strategy responding to climate change. Both client and future Investor perception is critical, as part of the Group's strategy of reducing its future greenhouse gas emissions, driving both the business future profitability and future valuation.

SECTION 172(1) STATEMENT

Section 172 of the Companies Act 2006 requires a Director of a company to act in a way he or she considers in good faith would most likely provide the success of the company for the benefit of its members as a whole and in doing so, have regards (amongst other matters) to the following key areas of focus:

- a) The likely consequences of any decisions in the long term
- b) The interests of its employees
- c) The need to foster the company's business relationships with suppliers, customers, and other key stakeholders
- d) The impact of the company's operation on both the community and the environment
- e) The desirability of the company maintaining a reputation for high standards of business conduct and
- f) The need to act fairly between all members of the company

In adherence to their duty under s172, the Directors have considered the above factors and consider the interests of all relevant stakeholders when making decisions on behalf of the Group. This has been set out below under the following subheadings:

The likely consequences of any decisions in the long term

The Xeinadin Group Ltd is a group of 104 accountancy firms and its principal activity is to service those companies in the Group, who in turn offer a range of tailored advisory services to their diverse client base. The Group considers the success of the business is not just down to its financial performance, but the social and environmental impact of its operation is equally important. As a UK and Ireland professional services business, the Group aims to:

- continuously develop the workplace for its employees through long term succession planning, ensuring talent retention and knowledge development by bringing up the next wave of pivotal staff.
- provide sustainable growth through responsible and innovative business practices through development of interactive systems and training. The business offers its clients tax and grant advice around sustainability, creating a proactive risk assessment tool for its clients, raising awareness, and connecting to its client base, to further add to client awareness on various environmental, commercial, and social matters. The business is continuously looking for more forward-thinking solutions as well as developing its BI systems at a Group level to provide more informed, responsive solutions for its clients.
- positively engage with all communities in which the Group operates through a range of both charitable and fund-raising activities.

There are Group policies and procedure in place to ensure the business succeeds in meeting its key performance indicators and it integrates responsible business practice through its clear management structure.

The interests of its employees

The Group places considerable value on the participation and involvement of all its directors and employees and has various channels of communication for engagement. The succession planning internally is being used to build up the next layer for bringing in after the retirement of key Directors. The business continued to roll out the Evolve programme to keep their staff abreast of the latest knowledge and empower their skillset to provide leading advice to their clients.

Employees continue to be at the heart of the business, all of whom play a pivotal part in the business continuing efforts to be at the forefront of the professional services industry, through offering leading industry service and expertise. During the year, regular meetings are held between management and its employees to communicate the financial performance and business strategy. Employees are regularly consulted to obtain their views on all matters affecting them and by doing so are aware of the financial, social, and economic factors affecting the performance of the company.

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The need to foster the company's business relationships with customers, suppliers, and other key stakeholders

The Group has processes and procedures in place to ensure that its suppliers are paid promptly and within agreed payment terms.

Strong client relations are achieved through receiving regular client feedback and the Group's ongoing commitment to delivering excellent customer service through a clear, solutions orientated approach, ongoing engagement and implementation of all regulatory requirements help the Group develop and maintain open and transparent relationships with all its regulators. Regular assurance reviews are carried out by the relevant professional institutes as part of ensuring the company's fairness and professional conduct in managing all client complaints and that these are dealt with on a timely basis.

The Group has developed good working relationships with Exponent and the Group's lender group. Exponent attend monthly Board meetings where ongoing performance is discussed. The Group also provides the lender group with regular performance updates and engages through regular reporting as required by the lender agreements.

The impact of the company's operation on both the community and the environment

The Group is committed to promoting the conservation of natural resources, preventing environmental pollution, and is continually improving its performance through its ongoing sustainability programme (See carbon emissions disclosure). The Group regards environmental regulations, laws, and codes of practice as the minimum standard that it should aim for and works towards exceeding these benchmarks.

The Group supports its corporate responsibility through all its subsidiary firms and actively encourages both directors and its staff to participate in its responsibility code.

The desirability of the company to maintain a reputation for high standards of business conduct

The Group is purpose led, helping its clients, its people, and its communities to all thrive. The Group strategy is built around a set of core values embedded into its operations and culture, which in turn guides the balanced decisions made by the directors of the Group. The Group's compliance with regulations (including various accountancy bodies), further supports the adherence to the highest standards of conduct and ethics.

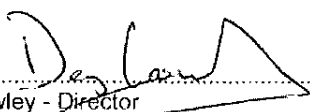
The appointment of an experienced board to oversee the development of the future strategy and ensure growth is pursued in a sustainable and responsible manner, further supports the Group's compliance to the highest code of behaviours.

The need to act fairly between members of the company

The Directors obtain feedback from the investors and incorporate feedback into their decision-making process where appropriate. The company is owned by Xeinadin Topco 1 Limited of which its directors are members. The Management structure, with control at a Group level, ensures the interests of all Group entities are very closely aligned, to ensure standards are being upheld and behaviours are in alignment with the Xeinadin practice.

As a result, the transactions between the company and other member firms of the Group are carried out at both an arm's length and on a commercial basis. There is a Group-wide growth mentality that supports the referral processes being used openly and honestly, to ensure that work is being properly passed over to the requisite member firms who are best placed to deal with it.

ON BEHALF OF THE BOARD:


D. Crowley - Director

Date: 21 February 2023

XEINADIN GROUP LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MAY 2022

The directors present their report with the financial statements of the company and the Group for the year ended 31 May 2022.

DIVIDENDS

The directors do not recommend payment of a dividend in respect of the year ended 31 May 2022 (2021: none).

FUTURE DEVELOPMENTS

The details of likely future developments in the Group's business are disclosed on page 5 of the Strategic Report.

GOING CONCERN

The financial statements are prepared on a going concern basis. The reasons for adopting this basis are disclosed on page 4 of the Strategic Report.

EVENTS SINCE THE END OF THE YEAR

Since the statement of financial position date, the Group has continued to trade successfully in line with management's expectations.

On 29 July 2022, a wholly owned subsidiary of the company purchased certain net assets of Peter Howard & Co partnership and 100% of the share capital of Peter Howard Foreman Limited. On 4 October 2022, the company purchased 100% of the share capital of Graham Paul Limited. On 12 October 2022, a wholly owned subsidiary of the company purchased certain net assets of Churchill Corporate Solutions LLP. On 1 December 2022, the company purchased 100% of the share capital of Clear Vision Financial Management Limited, and its subsidiary, R&D Tax Box Limited. On 1 February 2023, the company purchased 100% of the share capital of About Tax Limited. The reason for the business combinations is to generate synergies, acquire new customers, skilled workforce, and business expertise. The initial accounting for the business combinations is underway and additional disclosure will be made at the next reporting date.

Tax rates with effect from 1 April 2023 are expected to rise to 25% in accordance with the fact that the Finance Bill has received royal assent.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 June 2021 to the date of this report.

D Crowley
Mrs P Benoit

Other changes in directors holding office are as follows:

J D Lee - resigned 9 March 2022
R J Stebbings - resigned 15 June 2021
A C Crawford - resigned 9 March 2022
J Wall - resigned 20 May 2022
P C Matthews - resigned 15 June 2021
Mrs S M Clarke - resigned 20 May 2022
A S Marsh - resigned 20 May 2022
M K Kingston - resigned 12 July 2021
R G W Williams - appointed 22 June 2021 - resigned 20 May 2022
M H Burgess - appointed 15 June 2021 - resigned 20 May 2022
S O Nice - appointed 2 August 2021

DIRECTORS INDEMNITIES

The directors are covered by appropriate director's liability insurance maintained by Xeinadin Topco 1 Limited, the ultimate parent company and are also indemnified in the company's Articles of Association.

FINANCIAL RISK MANAGEMENT OBJECTIVES

The principal financial risks to which the Group are exposed to are disclosed in the Strategic report.

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

The Group is aware of the effect of climate change on its financial performance. The directors accept other risks and opportunities need to be considered as part of encouraging more environmental strategies. None of the Group's subsidiaries individually fall within scope of SECR reporting due to their size, hence the Group's SECR reporting requirement covers just the parent company, Xeinadin Group Limited. Xeinadin Group Limited, consumes less than 40,000 kwh per year, and hence is also exempt from SECR reporting. Further details regarding greenhouse gas emissions can be found on page 5 of the Strategic Report.

XEINADIN GROUP LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MAY 2022

EMPLOYEE INVOLVEMENT

The Xeinadin Group operates an equal opportunities policy that aims to ensure all employees are treated fairly across the Group. The Group places considerable value on the participative involvement of its directors and employees and has various channels of communication and engagement. During the year, regular meetings are held between management and its employees to communicate the performance of the Group and business strategy. Employees are regularly consulted on matters affecting them and by doing so are aware of the financial, social and economic factors affecting the performance of the Group.

The Group gives full and fair consideration to the application for employment from disabled persons where the requirement of the job may be adequately covered by a disabled person. With regards to existing employees who become disabled, the Group has continued to explore ways of providing continuing employment under normal terms and conditions. Disabled persons are offered the same opportunities regarding training, career progression and promotion.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors, and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; 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 and the Group'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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

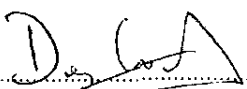
Each of the persons who are Directors at the time when the Directors report is approved has confirmed that:

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

AUDITORS

The auditors, BDO LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


.....
D Crowley - Director

Date: 21 February 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF XEINADIN GROUP LIMITED

Opinion on the financial statements

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 31 May 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Xeinadin Group Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 May 2022 which comprise the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated and company statements of financial position, the consolidated and company statement of changes in equity, the consolidated and company statement of cash flows, 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 international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the Parent Company financial statements, as applied in accordance with the provisions 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the 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.

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the strategic report, report of the Directors other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF XEINADIN GROUP LIMITED

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

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.

Extent to which the audit was capable of detecting irregularities, including fraud

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

- We conducted testing of journals across the largest 18 entities of the Group, focussing on audit of journals with parameters outside of normal expectations from revenue postings and transactions with minority owners of the Group;
- We tested consolidated adjustments posted to ensure that there were reasonable and expected, and where these exceeded a certain threshold, were corroborated to supporting documentation provided by Management;
- The audit team considered Management's judgments, utilising data available to support and challenge judgments made respectively, and considering whether any overall bias existed within accounting judgments and estimates made by Management in preparing the Group's financial statements. This included, where applicable, consideration of prior year outcome on judgments made at 31 May 2021;
- The audit team challenged individual subsidiaries of the Group on the existence of potential negligence claims (or otherwise) based on current circumstances and obtained a view on their likely outcome to the Group, in addition to establishing whether these were indicative of fraud in relation to the Group's compliance framework with regulatory bodies and otherwise;
- The audit team's approach to revenue involved specific focus on challenging assessments and assumptions made around accounting for contract asset and contract liability balances at the year end by challenging to timesheets or evidence of milestone completions, in addition to testing cut-off around year end to identify any material issues with revenue recognition around the year end which is considered to be most open to Management judgement;
- We conducted testing of employee costs to testing of existence of those employees to ensure validity of costs incurred in relation to employee wages and salaries; and
- We performed testing around transactions with Directors to ensure that no material fraud was occurring in respect of transactions being undertaken directly with Directors.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
XEINADIN GROUP LIMITED**

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Andrew Radford

A42BFCD38704BE

Andrew Radford (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
Date: 22 February 2023

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

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 MAY 2022**

The notes form part of these financial statements

XEINADIN GROUP LIMITED

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2022**

	Notes	2022 £'000	2021 £'000
(LOSS) FOR THE YEAR		(3,829)	(3,313)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Item that may be reclassified subsequently to profit or loss:			
Exchange gain (loss) on consolidation		5	(349)
Income tax relating to item that may be reclassified subsequently to profit or loss		—	—
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF INCOME TAX		5	(349)
TOTAL COMPREHENSIVE (LOSS) FOR THE YEAR		<u>(3,824)</u>	<u>(3,662)</u>
Total comprehensive income attributable to:			
Owners of the parent		<u>(11,771)</u>	<u>(2,115)</u>
Non-controlling interests		<u>7,947</u>	<u>(1,547)</u>
		<u>(3,824)</u>	<u>(3,662)</u>

The notes form part of these financial statements

XEINADIN GROUP LIMITED (REGISTERED NUMBER: 11354408)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 MAY 2022

	Notes	2022 £'000	2021 £'000
ASSETS			
NON-CURRENT ASSETS			
Goodwill	11	203,340	194,751
Other Intangible assets	12	62,568	64,344
Property, plant, and equipment	13	1,461	1,436
Right-of-use assets	13,20	8,729	9,137
		<u>276,098</u>	<u>269,668</u>
CURRENT ASSETS			
Trade and other receivables	16	25,474	23,781
Contract assets	3	12,703	10,713
Cash and cash equivalents	17	18,268	18,267
		<u>56,445</u>	<u>52,761</u>
TOTAL ASSETS		<u>332,543</u>	<u>322,429</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	18	40,877	19,944
Contract liabilities	3	2,670	3,331
Lease liabilities	20	2,296	1,800
Loans and borrowings	19	-	603
Tax payable		2,601	2,892
		<u>48,444</u>	<u>28,570</u>
NON-CURRENT LIABILITIES			
Trade and other payables	18	6,860	-
Lease liabilities	20	6,953	7,795
Loans and borrowings	19	-	975
Deferred tax	22	14,065	14,538
		<u>27,878</u>	<u>23,308</u>
TOTAL LIABILITIES		<u>76,322</u>	<u>51,878</u>
NET ASSETS		<u>256,221</u>	<u>270,551</u>

The notes form part of these financial statements

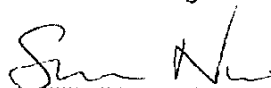
XEINADIN GROUP LIMITED (REGISTERED NUMBER: 11354408)

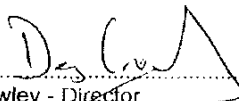
CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued
31 MAY 2022

SHAREHOLDERS' EQUITY

Called up share capital	23	3,279	-
Share premium	24	113,311	113,113
Merger reserve	24	150,473	-
Reverse acquisition reserve	24	(15)	(15)
Retained earnings	24	<u>(10,827)</u>	<u>3,659</u>
Total equity		256,221	116,757
Non-controlling interests		-	153,794
TOTAL EQUITY		<u>256,221</u>	<u>270,551</u>

The financial statements were approved by the Board of Directors and authorised for issue on 21 February 2023 and were signed on its behalf by:


.....
S O Nice - Director


.....
D Crowley - Director

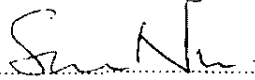
The notes form part of these financial statements

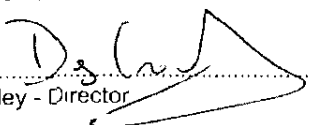
COMPANY STATEMENT OF FINANCIAL POSITION
31 MAY 2022

	Notes	2022 £'000	2021 £'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant, and equipment	13	26	30
Investments	15	<u>312,453</u>	<u>113,113</u>
		<u>312,479</u>	<u>113,143</u>
CURRENT ASSETS			
Trade and other receivables	16	47,082	806
Cash and cash equivalents	17	<u>3,973</u>	<u>279</u>
		<u>51,055</u>	<u>1,085</u>
TOTAL ASSETS		<u>363,534</u>	<u>114,228</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	18	36,855	1,124
Tax payable		-	1
		<u>36,855</u>	<u>1,125</u>
NON-CURRENT LIABILITIES			
Trade and other payables	18	4,261	-
Deferred tax	22	5	5
		<u>4,266</u>	<u>5</u>
TOTAL LIABILITIES		<u>41,121</u>	<u>1,130</u>
NET ASSETS		<u>322,413</u>	<u>113,098</u>
SHAREHOLDERS' EQUITY			
Called up share capital	23	3,279	-
Share premium	24	113,311	113,113
Merger reserve	24	223,682	-
Retained earnings	24	<u>(17,859)</u>	<u>(15)</u>
TOTAL EQUITY		<u>322,413</u>	<u>113,098</u>

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £(15,867,795) (2021 - £(23,188)).

The financial statements were approved by the Board of Directors and authorised for issue on 21 February 2023 and were signed on its behalf by:


S O Nice - Director


D Crowley - Director

The notes form part of these financial statements

XEINADIN GROUP LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MAY 2022**

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Merger reserve £'000	Reverse Acquisition reserve £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
Balance at 31st May 2020	-	5,774	113,113	-	(15)	118,872	170,409	289,281
Changes in equity								
Total comprehensive loss	-	(2,115)	-	-	-	(2,115)	(1,547)	(3,662)
Total comprehensive loss for the year	-	(2,115)	-	-	-	(2,115)	(1,547)	(3,662)
Dividends	-	-	-	-	-	-	(15,068)	(15,068)
Contributions by and distributions to owners	-	-	-	-	-	-	(15,068)	(15,068)
Business combinations	-	-	-	-	-	-	-	-
Balance at 31st May 2021	-	3,659	113,113	-	(15)	116,757	153,794	270,551
Changes in equity								
Total comprehensive income	-	(11,771)	-	-	-	(11,771)	7,947	(3,824)
Total comprehensive income for the year	-	(11,771)	-	-	-	(11,771)	7,947	(3,824)
Issue of share capital	3,279	(2,715)	198	224,420	-	225,182	-	225,182
Dividends	-	-	-	-	-	-	(7,606)	(7,606)
Contributions by and distributions to owners	3,279	(2,715)	198	224,420	-	225,182	(7,606)	217,576
Purchase of non-controlling interest	-	-	-	(73,947)	-	(73,947)	(154,135)	(228,082)
Balance at 31st May 2022	3,279	(10,827)	113,311	150,473	(15)	256,221	-	256,221

The notes form part of these financial statements

XEINADIN GROUP LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2022

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Merger reserve £'000	Total equity £'000
Balance at 1st June 2020	-	9	113,113	-	113,122
Changes in equity					
Total comprehensive income	-	(24)	-	-	(24)
Balance at 31st May 2021	-	(15)	113,113	-	113,098
Changes in equity					
Issue of share capital	3,279	(1,975)	198	223,682	225,184
Total comprehensive income	-	(15,869)	-	-	(15,869)
Balance at 31st May 2022	<u>3,279</u>	<u>(17,859)</u>	<u>113,311</u>	<u>223,682</u>	<u>322,413</u>

The notes form part of these financial statements

XEINADIN GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MAY 2022

	2022 £'000	2021 £'000
Cash flows from operating activities		
(Loss)/profit before income tax	(1,250)	3,050
Depreciation and amortisation charges	11,757	12,009
Impairment	4,783	-
Loss/(profit) on disposal of fixed assets	-	(8)
Loss on disposal of subsidiaries	3,910	16,257
Finance costs	337	350
Finance income	(15)	(9)
	<u>19,522</u>	<u>31,649</u>
Increase in trade and other receivables	(826)	(1,721)
Increase in contract assets	(958)	(1,686)
Increase/(decrease) in trade and other payables	3,635	(1,374)
(Decrease)/increase in contract liabilities	(661)	1,117
	<u>20,712</u>	<u>27,985</u>
Interest paid	(30)	(18)
Lease interest paid	(307)	(332)
Tax paid	(5,992)	(6,355)
Net cash from operating activities	<u>14,383</u>	<u>21,280</u>
Cash flows from investing activities		
Purchase of goodwill	(297)	(592)
Acquisition of subsidiaries (net of cash acquired)	(3,255)	-
Payments made to acquire intangible fixed assets	(1,358)	-
Payments made to acquire tangible fixed assets	(413)	(566)
Sale of tangible fixed assets	-	34
Disposal of subsidiaries (net of cash disposed of)	(192)	(707)
Investment income	15	9
Net cash used in investing activities	<u>(5,500)</u>	<u>(1,822)</u>
Cash flows from financing activities		
New secured/unsecured loans	2,301	440
Repayments of amounts borrowed	(1,578)	(482)
Right of use repayments in year	(2,054)	(1,756)
Dividends to non-controlling interests	(7,606)	(15,068)
Net cash used in financing activities	<u>(8,937)</u>	<u>(16,866)</u>
(Decrease)/increase in cash and cash equivalents	<u>(54)</u>	<u>2,592</u>
Cash and cash equivalents at beginning of year	<u>18,267</u>	<u>16,143</u>
Effect of foreign exchange rate changes	55	(468)
Cash and cash equivalents at end of year	<u>18,268</u>	<u>18,267</u>

The notes form part of these financial statements

XEINADIN GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2022

1. STATUTORY INFORMATION

Xeinadin Group Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. ACCOUNTING POLICIES

Basis of preparation

Sections 479A and 479C subsidiary companies audit exemption: parent undertaking declaration of guarantee

Xeinadin Group Limited, the parent company, has undertaken to guarantee all outstanding liabilities to which its UK trading subsidiaries are subject to at the end of the financial year, ending on 31 May 2022. This guarantee applies until a) they are satisfied in full, b) the guarantee is enforceable against the parent undertaking by any person to whom the subsidiary is liable in respect of those liabilities and c) relates only to the year under guarantee.

The exemption applies to all UK subsidiaries listed in note 15, excluding the entities which are dormant.

Basis of preparation

These financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared on the historical cost basis. The company has elected to take exemption under section 408 of the Companies Act 2006 not to present the company profit and loss account. The loss for the company for the year was £15,867,795 (2021: £23,188).

The company has applied FRS 101 'Reduced Disclosure Framework' in the year ended 31 May 2022. The following exemptions from the requirement of IFRS have been applied in the preparation of the company's financial statements and, where relevant, equivalent disclosures have been made in the Group financial statements, in accordance with FRS 101:

- Presentation of a statement of cash flows and related notes;
- Disclosure of the objectives, policies and processes for managing capital;
- Disclosures of key management personnel compensation;
- The requirement of in IAS 24 (related party disclosures) to disclose related party transactions entered into between two or more members of a group;
- Disclosure of the categories of financial instruments and the nature and extent of risks arising on these financial instruments;
- The effect of financial instruments on the statement of comprehensive income;
- Information about financial instruments that have been reclassified or derecognised, transfers of financial assets, credit losses recorded in a separate account, netting arrangements, loan defaults or breaches and collateral;
- Comparative period reconciliations for the number of shares outstanding; and
- Disclosure of the future impact of new international financial reporting standards in issue but not yet effective at the reporting date and comparative narrative information.

The results of the Group are expressed in £ Sterling, which is the Group's presentational currency since the majority of services, income, costs and underlying staff are dictated by the economic environment of the United Kingdom. The policy on foreign currency on page 25 discusses the method by which subsidiaries in differing functional currencies are converted into the presentational currency of £ sterling for the purposes of presenting the consolidated financial statements.

Basis of consolidation

The Group financial statements consolidate those of the company and its Subsidiaries (together referred to as 'the Group'). The Group financial statements also include the Group's share of the after-tax results, other comprehensive income and net assets of its associates on an equity-accounted basis from the point at which significant influence respectively commences, to the date that it ceases. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the day that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated on consolidation.

The combination of XGL and the other subsidiaries has been accounted for using the acquisition method.

XEINADIN GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022**

2. ACCOUNTING POLICIES - continued

Where a subsidiary is sold or no longer under Group control, an element of the acquisition date goodwill, net of any impairments, is included in determining the profit or loss on disposal.

Business combinations

The Group applies the acquisition method of accounting for business combinations when control is transferred to the Group.

The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition date fair values of assets transferred, liabilities incurred, and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Any contingent consideration is measured at fair value at the date of acquisition. Subsequent changes in the fair value of the contingent consideration are recognized in the consolidated statement of profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Assets acquired and liabilities assumed are generally measured at their acquisition date fair values. The valuation techniques used for measuring the fair value of material assets acquired are as follows:

- Intangible assets (brand names) – The relief from royalty method considers the discounted estimated royalty payments that are expected to be avoided because of the intangible assets being owned.
- Intangible assets (customer relationships) – the excess earnings method is used to value these intangible assets on acquisition. This method considers the use of the other assets in the generation of the projected cash flows of a specific asset to isolate the economic benefit generated by the subject intangible asset. The contribution of other assets, such as fixed assets, working capital, workforce, and other intangible asset, to overall cash flows is estimated through contributory asset "capital charges". The latter adjustment is made to separate the value of the intangible asset from the portion of the purchase price that has already been allocated to the net tangible assets and other intangible assets employed. Therefore, the value of the intangible asset is the present value of the after-tax cash flows potentially attributable to it, net of the return on fair value attributable to tangible and other intangible assets.
- Leases – a right of use asset and lease liability are recognised, measured as if the acquired lease were a new lease at the date of acquisition. The lease liability recognized is measured at the present value of the remaining lease payments, using a discount rate determined in accordance with IFRS16 at the date of acquisition.

Provisional amounts are included in acquired net assets when initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs. During the measurement period, provisional amounts will retrospectively be adjusted to reflect any new information obtained about facts and circumstances that existed at the acquisition date. The measurement period ends when all required information has been obtained, it is confirmed that it cannot be obtained or one year from the acquisition date, whichever date is the earliest. Any adjustments made in the measurement period will be reflected in the prior year financial statements. After the measurement period, any amendments will be recognized in the consolidated statement of profit or loss unless an error is corrected in accordance with IAS8.

Investment in associate

The Group has an associate company, Xeinadin Audit Limited, which is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not voting or joint control of those policies. The Group determines whether it has significant influence based on the voting and other rights it holds as a result of its investment and also any contractual arrangements in place.

The Group has a 45% shareholding in Xeinadin Audit Limited. This shareholding contains no voting rights but do have 100% entitlement to dividends. The other 55% shareholding is held by five directors from various Xeinadin firms, this shareholding contains voting rights but no entitlement to dividends.

As a result of its economic interest, the Group's investment in associate is accounted for using the equity method. Under the equity method, the investments are initially measured at cost. Subsequently, the carrying amounts are adjusted to recognise changes in the Group's share of net assets of the associate during the accounting period. The income statement reflects the Group's share of the associate's profit or loss after tax.

XEINADIN GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MAY 2022

2. ACCOUNTING POLICIES - continued

The aggregate of the Group's share of profit or loss of associate is shown in the face of the income statement within operating profit. The financial statements of the associate are prepared for the same accounting period as the Group. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment. At each reporting date, the Group determines whether there is objective evidence that the impairments are impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognise the loss in the income statement.

Going concern

The accounts are prepared on a going concern basis as at the time of approving the financial statements the Directors having reassessed the principal risks and uncertainties have a reasonable expectation that the Group and company have adequate resources to continue in operational existence for the foreseeable future. In excess of 90% of the Group revenues are recurring which underpins a strong trading performance. The Group is cash generative and is financed by a combination of cash reserves and cash flow generated from trading. The costs of the HQ function are billed to and paid by member firms.

In the year to 31 May 2022, the Group has shown an increase in revenues and cash generation remains strong. The Directors have considered a base case FY23 budget scenario against 2 scenarios, one of which excludes any further acquisitions (other than those committed to in quarter 4 FY22) and the second one which again excludes any further acquisitions, but also assumes flat revenue year on year growth and no working capital improvement. Under both scenarios, the Group would still be able to meet its bank covenants. Core EBITDA would need to fall to 64% of FY22 level (£20m) in order to breach bank covenants for FY23.

Accordingly, the Directors continue to adopt the going concern basis in preparing the strategic report, directors report and accounts. The period over which the Directors have reviewed, is up to and including 28 February 2024, being at least 12 months from the date of signing these Financial Statements.

Revenue recognition

Revenue is measured as the fair value of consideration received or receivable for satisfying performance obligations contained in contracts with clients, including expenses and disbursements but excluding discounts and Value Added Tax.

Variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal will not be required when the uncertainties determining the level of variable consideration are subsequently resolved. Revenue is recognised when or as the Group satisfies performance obligations by transferring control of services to clients. This occurs as follows for the Group's various contract types:

Time-and-materials contracts are recognised over time as services are provided at the fee rate agreed with the client where there is an enforceable right to payment for performance completed to date.

Fixed-fee contracts are recognised over time based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided where there is an enforceable right to payment for performance completed to date. This is determined based on the actual inputs of time and expenses relative to total expected inputs.

Contingent-fee contracts, over and above any agreed minimum fee, are recognised at the point in time that the contingent event occurs, and the Group has become entitled to the revenue

Where contracts include multiple performance obligations, the transaction price is allocated to each performance obligation based on its stand-alone selling price. Where these are not directly observable, they are estimated based on expected cost-plus margin. Adjustments are made to allocate discounts proportionately relative to the stand-alone selling price of each performance obligation.

Estimates of revenues, costs, or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the statement of profit or loss in the period in which the circumstances that give rise to the revision become known.

For time-and-materials, fixed-fee and licence-fee contracts, fees are usually billed on account based on a payment schedule.

XEINADIN GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022**

2. ACCOUNTING POLICIES - continued

For performance-fee and contingent-fee contracts, fees are usually billed and paid when entitlement to the revenue has been established. If the revenue recognised by the Group exceeds the amounts billed, a contract asset is recognised. If the amounts billed exceed the revenue recognised, a contract liability is recognised. Contract assets are reclassified as receivables when billed and the consideration has become unconditional because only the passage of time is required before payment is due.

The Group's standard payment terms require settlement of invoices within 30 days of receipt.

The Group does not adjust the transaction prices for the time value of money as it does not expect to have any contracts where the period between the transfer of the promised services to the client and the payment by the client exceeds one year.

Other income includes the recognition of government supported income from its Coronavirus Job Retention Scheme. Income is recognised in the same period as the corresponding employee costs.

Cash and cash equivalents

Cash represents cash in hand and deposits held on demand with financial institutions. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less (as at their date of acquisition). Cash equivalents are readily convertible to known amounts of cash and subject to an insignificant risk of change in that cash value.

In the presentation of the Statement of Cash Flows, cash and cash equivalents also include bank overdrafts. Any such overdrafts are shown within borrowings under 'current liabilities' on the Statement of Financial Position.

Goodwill

The acquisition method of accounting is used to account for business combinations. Goodwill arises on acquisitions and business combinations where the fair value of the consideration given exceeds the fair value of the separately identified assets and liabilities transferred. Associated costs are written off as incurred. Goodwill is capitalised as an intangible asset with an indefinite life, with any impairment in carrying value being charged to the consolidated statement of comprehensive income.

The recoverable amount of the CGU has been determined based on value in use (VIU) calculations. The Group is satisfied that no further impairment provision was required against the carrying value of the Group's goodwill at the current or previous financial year end.

The use of the VIU method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows. The future cash flows used in the VIU calculation are based on financial budgets approved by management, based on prior year profit experience, and applied to the five-year period to May 2027, followed by a terminal value with the May 2027 annual cash flows extrapolated into perpetuity at a long-term growth rate. We have assumed a long-term growth rate of approximately 1.9%. The discounted rates used in the VIU calculation are based on a post-tax estimated weighted average cost of capital and separate rates have been selected for UK, 10.25% (2021: 10.75%) and ROI, 10.25% (2021: 10.50%).

Other intangible assets

Client Relationships

Client Relationships acquired by the Group as part of a business combination are stated at cost less accumulated amortisation and impairment losses (see previous note on Goodwill for method of calculating impairment losses). Cost reflects management's judgement of the fair value of the individual intangible asset calculated by reference to the net present value of future benefit accruing to the Group from the utilisation of the asset discounted at the appropriate discount rate.

Client relationships are amortised over a period of 7 to 10 years based on the director's estimate of useful life.

Brand Value / Trade Name

The firms acquired have retained their trading name due to the value of the brand in their specific marketplace. These are stated at cost less accumulated amortisation and impairment losses. Cost for each acquisition is calculated in a similar manner to client relationships and reflects management's judgement on the fair value of the assets.

Brand Value / Trade names are amortised over 5 to 10 years based on the directors' estimate of useful life.

XEINADIN GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MAY 2022

2. ACCOUNTING POLICIES - continued

Property, plant, and equipment

Property, plant, and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Right of use assets	- over the life of the lease
Fixtures and fittings	- 3 to 8 years
Computers	- 3 to 8 years

Financial instruments

i) Financial assets

Financial assets that meet the criteria required under IFRS9 to be held at amortised cost (being held for collection and passing the test of comprising solely payments of principal and interest) include trade and other receivables and cash and bank balances. These are initially recognised at transaction price. Such assets are subsequently carried at amortised cost using the effective interest method. Financial assets measured at amortised cost include cash, trade debtors and other debtors.

Impairment provisions for trade receivables are assessed for impairment based on the simplified approach within IFRS9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivable is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision. Details on credit loss calculations are included at note 16.

For other receivables, at the end of each reporting period financial assets measured at amortised cost are assessed for impairment based on the general impairment model within IFRS9. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii) Financial liabilities

Financial liabilities are recognised at amortised cost as required under IFRS9 include trade and other payables, overdraft and bank and other loans, and are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities measured at amortised cost include overdrafts, trade payables, other payables and accruals. It does not include other taxes and social security payable or contract liabilities.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled, or expires.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

XEINADIN GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022**

2. ACCOUNTING POLICIES - continued

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates and laws enacted or substantively enacted by the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates and laws enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination.

Foreign currencies

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result. Transactions in currencies other than the functional currency of each operation are recorded at the rates of exchange prevailing on the dates of the transactions. At the date of each statement of financial position, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the date of the statement of financial position. Gains and losses arising on retranslation are included in the consolidated income statement for the year.

On consolidation, the assets and liabilities of the Group's overseas operations are translated from their functional currencies at exchange rates prevailing at the date of the statement of financial position. Income and expense items are translated from their functional currencies at the average exchange rates for the year, which are materially consistent with the spot rates observed in the year of those entities. Exchange differences arising are recognised directly in equity and transferred to the Group's foreign currency translation reserve via the other comprehensive income statement. If an overseas operation is disposed of the cumulative translation differences are recognised as realised income or an expense in the year disposal occurs.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rate.

Leases

The Group assesses whether a contract is a lease at the inception of the contract. The Group recognises a right of use asset and a lease liability for all lease arrangements except for short term leases and leases of low value assets. For short term and low value leases the Group recognises the expense on a straight-line basis over the term of the lease.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term (excluding any adjustments related to any inflation index) with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to exercise that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- and the amount of any provision recognised where the Group is contractually required to dismantle, remove, restore the leased asset.

XEINADIN GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MAY 2022

2. ACCOUNTING POLICIES - continued

Subsequent to initial measurement lease liabilities increase as a result of interest charge at a constant rate on the balance outstanding and are reduced for lease payments made. Right of use assets are amortised on a straight-line basis over the remaining term of the lease. When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lease extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the remaining payments to be made over the revised term and reviews the discount rate applied to ensure it is still appropriate and will adjust if applicable. An equivalent adjustment is made to carrying value of the right to use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

Employee benefit costs

The Group operates a number of defined contribution pension schemes. Contributions payable to the Group's pension schemes are charged to the income statement in the period to which they relate.

Government grants

Government grants received on capital expenditure are generally deducted in arriving at the carrying amount of the asset purchased. Grants for revenue expenditure are included in other operating income, which in the current year relates to income received as a result of participation in the coronavirus job retention scheme. As such, the cost of employment relating to the individuals paid under this scheme are recognised gross of the grant income received.

Trade and other receivables

Trade and other receivables where payment is due within one year do not constitute a financing transaction and are recorded at the undiscovered amount expected to be received, less attributable transaction costs. Any subsequent impairment is recognised as an expense in the statement of profit or loss.

If payment is due after more than one year or if there is any other indication of a financing transaction, trade and other receivables are recorded initially at fair value less attributable transaction costs. In this situation, fair value is equal to the amount expected to be received, discounted at a market-related interest rate.

All trade and other receivables are subsequently measured at amortised cost, net of impairment.

Impairment and write-offs

The Group always recognises lifetime ECL (expected credit losses) for trade receivables and contract assets, which are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including the time value of money where appropriate.

The Group writes off a receivable when there is information indicating that the debtor is in severe difficulty and there is no realistic prospect of recovery. Financial assets written off are still subject to enforcement activities. Any recoveries made are recognised in the statement of profit or loss.

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected, risk adjusted, future cash flows at a pre-tax risk-free rate.

Dilapidations provisions relate to the estimated cost to put leased premises back to the required condition expected under the terms of the lease. These include provisions for required dilapidations along with provisions where leasehold improvements have been made that would require reinstatement back to the original status on exit. These are uncertain in timing as leases may be terminated early or extended. To the extent that exits of premises are expected within 12 months of the end of the year they are shown as current.

Professional indemnity provisions relate to complaints against the Group that arise in the ordinary course of business. The amount provided is based on management's best estimate of the likely liability and is recognised under IAS 37 gross of any insurance recovery assets.

XEINADIN GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MAY 2022

2. ACCOUNTING POLICIES - continued

Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the application of the Group's accounting policies, management is required to make judgment estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects the period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have significant effect on the amounts recognised in the financial statements are described below:

a) Basis of Consolidation

Details on the basis of consolidation and how directors developed the most appropriate accounting policy are outlined in the basis of consolidation within the accounting policy note 2.

As regards subsidiary companies, an assessment of control under IFRS 10 was undertaken. IFRS 10 explains that an investor controls an investee when it is exposed or has a right to variable returns from its involvement with the investee and has ability to direct those returns through its power over the investee.

In the case of the UK and Irish subsidiaries, control is assessed by Management as being prevalent based on:

- A 100% shareholding in the investee by XGL;
- The ability to achieve majority Board representation by XGL as majority shareholder;
- The ability to direct dividend policy of the investee through the shareholding; and
- The ability by XGL to direct the financial and operating performance of the investee through "step in" rights.

On the 20 May 2022 the Group entered into a strategic partnership with the private equity firm Exponent who took a significant minority interest in the Group.

As part of the transaction, XGL has exercised the call options in the Consolidation Agreements requiring the UK and Irish member firms to transfer all their shares in the UK subsidiaries and the Irish subsidiaries respectively to XGL.

The exercise of these call options by XGL also resulted in the conversion of the member shares held by individuals in XGL, and the 51% shares in subsidiaries held by XUPSL, into deferred shares. The deferred shares have no nominal value and carry no voting rights.

As a result of the conversion into deferred shares, the shares in the UK Subsidiaries transferred to XGL at this point represent all of the equity value of each UK Subsidiary. In addition, the shares in the Irish Subsidiaries transferred to XGL at this point represent all of the equity value of each Irish Subsidiary (subject to the value of the golden share). The golden shares remain held by XPSIL.

In consideration for the acquisition of the UK Members' shares in the UK Subsidiaries and the Irish Members' shareholdings in the Irish Subsidiaries, XGL issues shares to those UK and Irish member firms.

All entities in the Group were given opportunity to exit the Group during predetermined windows. 3 entities availed themselves of this opportunity during the year ended 31 May 2022 (2021: 9) see note 15.

Management do not consider the presence of these exit windows to affect their assessment of control since all entities were controlled up to the point of this exit option being exercised and therefore these events represent a loss of control and hence are accounted for as such under the requirements of IFRS 10.

On this basis the Board has concluded that it controls these entities under IFRS 10.

b) Impairment of Goodwill

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment, as an indefinite life asset. It does this by using a two-stage approach:

XEINADIN GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MAY 2022

2. ACCOUNTING POLICIES - continued

1. Allocating the carrying value of intangible assets excluding goodwill to individual cash generating units (CGU's) and then comparing the carrying value of each CGU with its recoverable amount.
2. By testing the Group of CGU's including the total carrying value of all intangible assets including goodwill and also recognising any Group impairment (See note 11 for further details).

In the opinion of management, the level at which goodwill is monitored, together with the lowest identifiable operating segment in FY22 and FY21 also being identified as the Group as a whole (based on the fact that the Chief Operating Decision Maker only receives information and makes resourcing/performance analysis decisions at a Group level), means that the impairment review for goodwill should be conducted at a level that includes the whole Group.

Goodwill arising on business combinations is not amortised. It is stated at cost less impairment value. The assessment of any impairment requires management judgement with regards to identifying what are the CGU's, deciding on how the goodwill on consolidation should be allocated for impairment and also estimating future performance and using appropriate discount rates when calculating value in use. Note 11 of the financial statements sets out how the directors decided that it would not be possible to allocate Goodwill on a non-arbitrary basis to individual CGU's and therefore a two-stage approach to calculating potential impairment was followed. It also sets out the various other key assumptions in preparing this impairment review.

Cashflow forecasts for value in use calculations are derived from a bottom-up budgeting approach which take into account a combination of internal and external factors based on past experience. However, expected cashflows can be materially uncertain and liable to change over time.

c) Revenue Recognition

In determining the amount of revenue to recognise in relation to contract assets/liabilities management are required to use judgement and estimates on the measurement of this income in accordance with IFRS15. Details of these assets/liabilities are included at Note 3 of the financial statements. The valuation is based on an estimate of the amount to be recovered/due from/to clients for unbilled items based on time spent, the expertise and skills provided and the stage of completion plus payment on account. The principal uncertainty over this estimation is around the amounts yet to be billed or recognised by the client. The level of uncertainty is reduced by the nature of Group income being almost all recurring income where the client will have an annual invoice and also that contingency billing is not a material item for the Group.

d) Impairment of Trade Receivables and Contract Assets

The Group makes an estimate of the recoverable value of trade receivables and contract assets. The carrying amount of trade receivables are held at selling price less lifetime estimated credit losses (ECL's). ECL's have been estimated based on historic credit losses adjusted where appropriate for the inclusion of management judgement to account for any forward-looking information for specific clients.

Full details on Trade Receivables and Contract Assets are set out in Note 16.

e) Valuation of Acquired Intangible Assets in a business combination.

At 31 May 2022, the cost of intangible assets acquired under the fair view exercise performed by Management's valuation expert, was £19.4m (£11.2m goodwill and £8.2m of other intangibles).

The Group's intangible assets are initially measured at fair value in accordance with IFRS3. During the year to 31 May 2022, the Group made 6 acquisitions, details of which are in Note 14.

In estimating the fair value of the intangible assets, the Group engaged an external valuation specialist who prepared a valuation at 31 May 2022 of client relationships, brands/trade name and goodwill arising on the business combination.

In conducting this valuation exercise, certain key assumptions were used regarding brand royalty rates and lives, customer attrition rates, and the discount rate used to discount the deferred consideration arising from the acquisitions.

Brand Assets were valued using a relief from royalty method and customer relations using a multi-excess earnings method.

XEINADIN GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022**

2. ACCOUNTING POLICIES - continued

During the year, the Group disposed of 3 subsidiaries from Xeinadin (note 15) and incurred a loss on disposal on losing control of these entities. Management have calculated a multiple that reduces the apportioned goodwill value applied to these entities to £2.6m (at the value of the multiple used at 1 June 2019, this would have been £3.6m), hence reducing the loss on disposal by £1.0m.

If a variance of 1 x EBITDA were to happen in the underlying workings for calculating this loss on disposal, then there would be a corresponding material increase/decrease in the loss on disposal accordingly:

- Increase in EBITDA multiple by 1 x: increase loss on disposal by £0.4m
- Decrease in EBITDA multiple by 1 x: decrease loss on disposal by £0.4m

Management is comfortable that sufficient sources of information have been consulted from a variety of data points to ensure the calculation of £2.6m is materially reasonable.

3. REVENUE

Geographical analysis of turnover

	2022	2021
	£'000	£'000
United Kingdom	84,068	81,240
Ireland	21,900	21,911
Rest of Europe	351	329
Rest of World	587	643
	<u>106,906</u>	<u>104,123</u>

Revenue from contracts with customers

The Group's turnover of £106.9m (2021: £104.1m) consists entirely of contract revenue from clients. No single customer represents more than 10% of revenue.

Practical expedients under IFRS 15

Under IFRS 15 companies are required to disclose the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the accounting period.

For the vast majority of the revenue contracts in issuance the Group has a right to consideration from the customer in an amount that corresponds directly with the value to the customer of the business performance completed to date. Therefore, the Group considers it is impractical to estimate the potential value of unsatisfied performance obligations and has elected to apply the practical expedient available under IFRS 15. The Group also has no material long term, fixed price contracts that exceed a year in length.

Contract balances

	2022	2021
	£'000	£'000
Receivables included in "Trade and other receivables"	<u>22,499</u>	<u>20,201</u>
Contract assets		
Current		
Contract assets	<u>12,703</u>	<u>10,713</u>
Contract liabilities		
Current		
Contract liabilities	<u>2,670</u>	<u>3,331</u>

XEINADIN GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022**

3. REVENUE – continued

Contract assets

Contract assets, which are stated net of expected credit losses, relate to the unbilled work of the subsidiary companies at the balance sheet date. It is expected that the majority of the net value will be billed within the first two months of the 2023 financial year. Of the amounts included as contract assets at 31 May 2021 £1,456k remained unbilled at 31 May 2022 and its recoverability has been reassessed.

Contract liabilities

Contract liabilities outstanding at the balance sheet date relate to the income received in advance by the subsidiary companies and it is expected that the income will be recognised as revenue during the first six months of the 2023 financial year.

4. OTHER OPERATING INCOME

Other operating income includes the following items:

	2022	2021
	£'000	£'000
Grants received	371	1,872
Rent received	133	198
Sundry income	312	404
	<u>816</u>	<u>2,474</u>

During the year, furlough grant monies of £360k (2021: £564k) were received and have been included within "grants received" above. The corresponding costs that these offset are included within the employment costs as per note 5.

5. EMPLOYEES AND DIRECTORS

	2022	Group	2022	Company
	£'000	2021	£'000	2021
	£'000	£'000	£'000	£'000
Wages and salaries	49,168	44,249	2,425	329
Social security costs	4,764	3,962	322	30
Other pension costs	1,915	2,369	20	4
	<u>55,847</u>	<u>50,580</u>	<u>2,767</u>	<u>363</u>

The average number of employees during the year was as follows:

	2022	Group	2022	Company
		2021		2021
Directors	10	10	10	10
Advisory and support	1,372	1,455	8	2
	<u>1,382</u>	<u>1,465</u>	<u>18</u>	<u>12</u>

	2022	Group	2022	Company
	£'000	2021	£'000	2021
	£'000	£'000	£'000	£'000
Directors' remuneration	2,033	780	1,692	257

Directors' remuneration for the Group includes the total amount payable to the directors of the parent company from all companies within the Group. The amount paid to the highest paid director was £471k (2021: £154k). Remuneration in the year for the Group's Key Management Personnel amounted to £2,033k (2021: £780k) and for the company, £1,693k (2021: £258k). During the year, certain directors received a one-off bonus following a minority interest investment in the Group as discussed in the Group Strategic Report. See note 28 for more information on Key Management Personnel.

XEINADIN GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022**

6. LOSS ON DISPOSAL OF SUBSIDIARIES

As set out in Note 15, 3 subsidiaries left the Group during the year ended 31 May 2022 (2021: 9). These firms joined the Group without any cash consideration being paid and also left the Group for no consideration. The loss on disposal comprises of the disposal of goodwill and intangible assets allocated to these subsidiaries, together with the profits of these firms that have been recognised since 1 June 2019. On leaving the Group the shares held by Xeinadin UK Professional Services Ltd in the subsidiaries were converted into deferred shares and transferred back to the original shareholders at par value. The 1p members shares held in Xeinadin Group Ltd by the equity directors of the leaving subsidiaries were converted into deferred shares and transferred to Mr Derry Crowley (CEO) at par value and are held in trust.

7. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging/crediting:

	2022	2021
	£'000	£'000
Depreciation - owned assets	511	459
Depreciation - right-of-use-assets	2,087	2,117
Loss/(profit) on disposal of fixed assets	2	(8)
Investment impairment	4,783	-
Customer relationships amortisation	8,330	8,587
Brand amortisation	829	844
Fees payable to the group's external auditor for the annual audit of the financial statements	620	520
Fees payable to the Group's external auditor and its associates for the annual audit of subsidiary company financial statements	150	157
Other fees payable to the Group's external auditor	35	22
Financial settlement	-	3,099
Loss on disposal of subsidiaries	3,910	16,257
Transaction costs	<u>8,962</u>	<u>-</u>

Transaction costs are consultancy fees relating to the minority interest investment by Exponent (£7.9m) and business combinations (£1.1m). The consultancy fees relating to the minority interest investments (see note 2), are expensed because they are not directly attributable to the pre-sale restructuring of Xeinadin Group Limited.

The impairment of investment cost (£4.8m) relates to the purchase of shares in non-trading entities. See note 15 for more information on investment additions. The investments were made after put and call option agreements over the shares, were entered into during the year. These entities do not constitute a business under IFRS3 and therefore no goodwill is recognized. The investment cost is fully impaired because no future cashflows are expected to arise from these entities.

8. NET FINANCE COSTS

	2022	2021
	£'000	£'000
Finance income:		
Deposit account interest	<u>15</u>	<u>9</u>
Finance costs:		
Bank interest	30	11
Bank loan interest	-	7
Leasing	<u>307</u>	<u>332</u>
	<u>337</u>	<u>350</u>
Net finance costs	<u>322</u>	<u>341</u>

XEINADIN GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022**

9. INCOME TAX

Analysis of tax expense

	2022	2021
	£'000	£'000
Current tax:		
Tax	5,039	5,753
Deferred tax	(2,460)	610
Total tax expense in consolidated statement of profit or loss	<u>2,579</u>	<u>6,363</u>

Factors affecting the tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2022	2021
	£'000	£'000
(Loss)/profit before income tax	<u>(1,250)</u>	<u>3,050</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	(238)	580
Effects of:		
Expenses not deductible for tax purposes	2,985	810
Other timing differences	49	(255)
Loss on disposal of subsidiaries	743	3,089
Difference in taxation rates in overseas subsidiaries	(364)	(980)
Impact of change in UK tax rate to enacted rate of 25%	<u>(596)</u>	<u>3,119</u>
Tax expense	<u>2,579</u>	<u>6,363</u>

10. DIVIDENDS

Dividends paid during the year to non-controlling interests in subsidiary companies amounted to £7.6m (2021: £15.1m).

11. GOODWILL

Group	£'000
COST	
At 1 June 2021	194,751
Additions	11,490
Disposals	<u>(2,901)</u>
At 31 May 2022	<u>203,340</u>
NET BOOK VALUE	
At 31 May 2022	<u>203,340</u>
At 31 May 2021	<u>194,751</u>

Impairment testing

Goodwill arising on business combinations is not amortised but is reviewed for impairment on an annual basis, or more frequently if there are indications that goodwill may be impaired.

IAS 36 acknowledges that sometimes goodwill arising on business combinations cannot be allocated to individual cash generating units (CGU's) on a non-arbitrary basis. The effect of this is a two-stage test where;

- The carrying value of goodwill will not be allocated to the CGU's so at first stage the CGU will be tested for impairment excluding goodwill and any impairment loss recognised.

XEINADIN GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022**

11. GOODWILL - continued

- The second stage involves testing the group of CGU's with the carrying value of goodwill included in that group of CGU's. The allocation of goodwill should reflect an allocation to CGU's, or group of CGU's, that reflects the group which will benefit from the goodwill. For impairment review purposes, the allocation should reflect the level at which management monitor goodwill but should not exceed the size of the operating segment. Any impairment is then recognised. The level at which goodwill is allocated is at Group level. The directors are satisfied that this represents the lowest level at which the goodwill is monitored for internal management purposes and is not larger than an operating segment. The directors believe that the Group operates as one operating segment, based on the nature of reporting received by the Chief Operating Decision Maker in the year ended 31 May 2022.

The recoverable amount is based on the present value of expected future cash flows (value in use) which was determined to be higher than the carrying amount, so no impairment loss was recognised. Management have considered the likely impact of the Covid-19 pandemic on future cash flows in their assessment of impairment.

Cash flow forecasts were based on financial budgets approved by Management covering a five-year period. Value in use was determined by discounting the future cash flows generated from the continuing operation of the Group and at each CGU and was based on the following key assumptions:

Based on FY22 actuals, Management's model builds in budget performance for FY23 and a 4-year Compound Annual Growth Rate (hereafter "CAGR") for revenue of 5.6%. The average annual growth rate over 5 years is 7.5%. Assuming 0.0% revenue growth over the next 5 years, with no change to underlying margins, there would be virtually no headroom. A reduction in revenue of -0.3% over the next 5 years would be required for an impairment charge to be incurred, again assuming a constant margin over the 5-year period.

Management's model assumes that the EBITDA margin will stay fixed at the FY23 budget level. A 7.3% reduction in the budget EBITDA margin to 20.9% would be required for an impairment charge to be incurred, assuming average annual revenue growth of 7.5% in the next 5 years.

A post-tax discount rate of 10.25% was applied to each firm based on location in determining the recoverable amount. A post-tax rate of 10.25% (2021: 10.75%) was applied to the UK CGU's (13.7% pre-tax) and 10.25% (2021: 10.50%) to the Irish CGU's (11.8% pre-tax). The discount rate is based on the Group's average post-tax weighted cost of capital of 10.25% (2021: 10.70%).

An absolute increase of 3.1% in post-tax weighted cost of capital would lead to the breakeven point in the model.

The values assigned to the key assumptions represent management's estimate of expected future trends and are based on both external (industry experience, historic market performance and current estimates of risk associated with trading conditions) and internal sources (existing management knowledge, track record and in-depth understanding of the work types being performed).

Increases in costs are based on current inflation rates and expected levels of recruitment needed to generate predicted revenue growth.

Attrition rates are based on the historic experience and trends of client activity over a three to five-year period and applied to future fee forecasts.

Cash flows have been typically assessed over a five-year period. After year 5, management extrapolates using a terminal value calculation based on an estimated growth rate of 2%. This is based on long-term inflation expectations for the UK and Ireland.

Sensitivities

The Group has conducted a sensitivity analysis on the impairment test of the CGU carrying value. The directors believe that any reasonable change in the key assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU, based on the ability of management to perform cost saving actions in response to potential reduction in revenue that may occur in the short term.

The Group attributes a monetary value to the acquired goodwill based primarily on the anticipated future cash flows generated by the customers. Whilst the Group accounts for customer's attrition and direct costs the main driver of this value is the estimated revenue resulting from the customers of the Group. Management have estimated a year-on-year growth rate which has been applied to the model.

XEINADIN GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022**

12. INTANGIBLE ASSETS

Group	Customer relationships £'000	Brand £'000	Totals £'000
COST			
At 1 June 2021	75,200	7,570	82,770
Additions on acquisitions of subsidiaries	7,050	1,100	8,150
Disposals	(1,150)	(50)	(1,200)
At 31 May 2022	<u>81,100</u>	<u>8,620</u>	<u>89,720</u>
AMORTISATION			
At 1 June 2021	16,764	1,662	18,426
Amortisation for year	8,330	829	9,159
Eliminated on disposal	(412)	(21)	(433)
At 31 May 2022	<u>24,682</u>	<u>2,470</u>	<u>27,152</u>
NET BOOK VALUE			
At 31 May 2022	<u>56,418</u>	<u>6,150</u>	<u>62,568</u>
At 31 May 2021	<u>58,436</u>	<u>5,908</u>	<u>64,344</u>

Client Relationships:

The majority of the client relationships were acquired as part of the consolidation which occurred on 1 June 2019. This represents the value attributed to clients who provide repeat business to the Group on the strength of these relationships. Customer relationships are amortised on a straight-line basis over a 7–10-year period from 1 June 2019 which means three years have been amortised to date. Additions during the year are to be amortised on a straight-line basis over a 7-10-year period from the date of acquisition.

Brand/Trade Names:

The majority of the brand/trade names were acquired as part of the consolidation which took place on 1 June 2019. Member firm brands/trade names are associated with factors such as a high-quality service and trusted advice. Brand/trade names are amortised on a straight-line basis over a 5–10-year period from 1 June 2019 which means three years have been amortised to date. Additions during the year are to be amortised on a straight-line basis over a 5-10-year period from the date of acquisition.

The Group had the following intangible assets that were individually material at the year-end date of 31 May 2022.

Asset - customer relationships	Net book value £'000	Remaining useful economic life Years
Tish Press & Company KGE Limited	2,240	7
Cobham Murphy PHD Limited	3,640	7
Hallidays Group Limited	1,995	7
Kay Johnson Gee CR Limited	1,855	7
O'Brien & Partners KVE Limited	1,960	7
Phillip Carroll Limited	1,855	7
Smith Craven (Yorkshire) Limited	2,100	10

XEINADIN GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022**

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Fixture and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Sub total £'000	Right of use assets £'000	Totals £'000
COST						
At 1 June 2021	735	37	1,461	2,233	12,575	14,808
Additions	137	-	276	413	2,461	2,874
Additions on acquisitions of subsidiaries	96	-	97	193	1,143	1,336
Disposals	(50)	-	(28)	(78)	(2,191)	(2,269)
Exchange differences	(3)	(1)	(3)	(7)	(27)	(34)
At 31 May 2022	<u>915</u>	<u>36</u>	<u>1,803</u>	<u>2,754</u>	<u>13,961</u>	<u>16,715</u>
DEPRECIATION						
At 1 June 2021	234	2	561	797	3,438	4,235
Charge for year	125	8	378	511	2,087	2,598
Eliminated on disposal	(25)	-	(11)	(36)	(295)	(331)
Exchange differences	10	1	10	21	2	23
At 31 May 2022	<u>344</u>	<u>11</u>	<u>938</u>	<u>1,293</u>	<u>5,232</u>	<u>6,525</u>
NET BOOK VALUE						
At 31 May 2022	<u>571</u>	<u>25</u>	<u>865</u>	<u>1,461</u>	<u>8,729</u>	<u>10,190</u>
At 31 May 2021	<u>501</u>	<u>35</u>	<u>900</u>	<u>1,436</u>	<u>9,137</u>	<u>10,573</u>

Company

	Computer equipment £'000
COST	
At 1 June 2021	31
Additions	5
At 31 May 2022	<u>36</u>
DEPRECIATION	
At 1 June 2021	1
Charge for year	9
At 31 May 2022	<u>10</u>
NET BOOK VALUE	
At 31 May 2022	<u>26</u>
At 31 May 2021	<u>30</u>

14. BUSINESS COMBINATIONS

During the year ended 31 May 2022 the Group made 6 acquisitions "the acquisitions". These were acquisitions of shares or trade and assets that were purchased by the company or wholly owned subsidiaries. In each case, control was acquired by the Group and as such these are accounted for as Business Combinations under IFRS3.

XEINADIN GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022**

14. BUSINESS COMBINATIONS – continued

On 18 March 2022, Scott & Wilkinson (Lancaster) Limited purchased 100% of the share capital of Dalton Square Limited (DS) and acquired certain net assets of Scott & Wilkinson LLP (SW). Following the share purchase of Dalton Square Limited, certain net assets were transferred to Scott & Wilkinson (Lancaster) Limited at net book value. This transaction created an inter-company loan balance between the two entities.

On 24 May 2022, the Company purchased 100% of the share capital of Bostockwhite Limited (BW).

On 27 May 2022, the Company purchased 100% of the share capital of Kenneth Easby Limited (KE).

On 31 May 2022, the Company purchased 100% of the share capital of PWR Accountants Limited (PWR).

On 31 May 2022, Smith Craven (Yorkshire) Limited purchased certain net assets of Smith Craven partnership.

From the date of acquisition to 31 May 2022, the acquisitions contributed £0.5m of revenue and £0.1m of profit before taxation. If the acquisitions had taken place at the beginning of the year, this would have added £12.2m of revenue and £5.1m of profit before taxation to the Group results.

Goodwill is also increased by £0.3m due to small business acquisitions during the year.

Assets acquired and liabilities assumed

A purchase price allocation exercise has been completed which identified £8.1m of acquired intangible assets. The value of customer relationships acquired is £7.0m and they will be amortised over 7 to 9 years. The value of brands acquired is £1.1m and they will be amortised over 5 to 10 years. £11.2m of goodwill has arisen on acquisition and is primarily attributable to synergies, new customers, the acquired workforce, and business expertise.

The fair values of the identifiable assets and liabilities of the acquired entities, at the date of acquisition, were:

	S&W	DS	BW	KE	PWR	SC	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Right of use assets	-	389	278	65	99	312	1,143
Plant and equipment	57	-	13	31	7	85	193
Brand	200	-	100	350	50	400	1,100
Customer relationships	1,300	-	1,250	1,700	650	2,150	7,050
Trade receivables	-	54	262	456	176	-	948
Prepayments and accrued income	40	1	54	71	44	44	254
Contract assets	336	46	81	291	193	236	1,183
Other debtors	4	-	1	312	-	-	317
Cash and cash equivalents	-	406	577	1,590	451	-	3,024
TOTAL ASSETS	1,937	896	2,616	4,866	1,670	3,227	15,212
Trade payables	-	-	27	70	47	-	144
Accruals and other payables	-	-	44	18	-	63	125
Contract liabilities	-	-	-	-	-	-	-
Right of use liabilities	-	389	278	65	99	312	1,143
Taxation	-	64	241	419	206	-	930
Other creditors	-	35	-	7	20	-	62
Deferred tax arising on acquisition (due to fair value of brand and customer relationships)	366	-	328	500	170	622	1,986
TOTAL LIABILITIES	366	488	918	1,079	542	997	4,390
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	1,571	408	1,698	3,787	1,128	2,230	10,822
Goodwill arising on acquisition	1,089	1,129	2,172	2,367	1,091	3,345	11,193
TOTAL CONSIDERATION	2,660	1,537	3,870	6,154	2,219	5,575	22,015

XEINADIN GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022**

14. BUSINESS COMBINATIONS - continued

None of the goodwill is expected to be deductible for tax purposes.

The fair value of the trade receivables amounts to £0.9m. The gross amount of trade receivables is £1m and it is expected that full contractual amounts can be collected except for £0.1m, which is provided for.

Purchase consideration

Gross purchase consideration was £23.7m, with £10.6m being paid in the year ending 31 May 2022 (£6.3m paid directly by Xeinadin Group Limited and £4.3m paid on Xeinadin Group Limited's behalf by Xeinadin Bidco Limited, through the intercompany loan balance in note 18). Consideration paid in the year, net of cash acquired was £7.6m and is included in the cash flows from investing activities. The fair values of the total consideration transferred, at the date of acquisition, were:

	S&W £'000	DSL £'000	BW £'000	KE £'000	PWR £'000	SC £'000	Total £'000
Amount settled in cash	1,422	898	2,413	3,889	1,370	2,976	12,968
Contingent cash consideration	1,238	639	1,457	1,954	849	2,599	8,736
Loan issued	-	-	-	311	-	-	311
Fair value of consideration transferred	<u>2,660</u>	<u>1,537</u>	<u>3,870</u>	<u>6,154</u>	<u>2,219</u>	<u>5,575</u>	<u>22,015</u>

Amount settled in cash includes payments for working capital acquired and payments are due in accordance with purchase agreements. Additional payments of £2.1m have been paid after the reporting date in this respect. Contingent consideration is deferred payments that are due on the first and second anniversary of the completion date of each acquisition. The gross value of these payments is £10.4m and this has been reduced to recognize a probability weighted adjustment for amounts that may not be payable and the impact of discounting.

Deferred payments will be reduced by "clawback" to the extent that target revenue or EBITDA is not achieved in the first- and second-year post-acquisition. The minimum value of contingent consideration payable for each acquisition is £Nil. However, the most probable payment amount is £10.2m, a reduction of £0.2m. The range of outcomes (undiscounted) is shown below.

	S&W £'000	DSL £'000	BW £'000	KE £'000	PWR £'000	SC £'000	Total £'000
Minimum contingent cash consideration	-	-	-	-	-	-	-
Maximum contingent cash consideration	1,478	745	1,750	2,301	1,033	3,079	10,386

The contingent consideration is reduced by £1.5m for the impact of discounting future expected cashflows using a weighted average cost of capital of 10-10.5%.

Acquisition costs

Acquisition-related costs amounting to £1.1m have been included within other operating expenses as exceptional items.

XEINADIN GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022

15. INVESTMENTS

Group

**Interest
in
associate
£'000**

COST

Share of profit/(loss)

-

At 31 May 2022

-

PROVISIONS

Provision for year

-

At 31 May 2022

-

NET BOOK VALUE

At 31 May 2022

-

Interest in associate

The Group has an associate company, Xeinadin Audit Limited, which provides audit services to clients of the Group. The Group's share of the assets, liabilities and loss of associate is as follows:

	2022 £'000	2021 £'000
Non-current assets	-	-
Current assets	<u>517</u>	-
Share of gross assets	517	-
Share of non-current liabilities	-	-
Share of current liabilities	<u>(558)</u>	-
Share of net liabilities	<u>(41)</u>	-
Revenue	432	-
Cost of sales	(407)	-
Administrative expenses	<u>(66)</u>	-
Loss before Income tax	<u>(41)</u>	-
Loss for the year	<u>(41)</u>	-

The carrying value of the Group's investment in Xeinadin Audit Limited is £45. Under equity accounting for associates, the carrying value of the Group's investment in Xeinadin Audit Limited has been written down to £nil and the share of the loss recognised in the Group's income statement has been restricted to £45.

XEINADIN GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022**

15. INVESTMENTS - continued

Company	Shares in group undertakings £'000
COST	
At 1 June 2021	113,113
Additions	204,124
Impairment	<u>(4,784)</u>
At 31 May 2022	<u>312,453</u>
NET BOOK VALUE	
At 31 May 2022	<u>312,453</u>
At 31 May 2021	<u>113,113</u>

ADDITIONS

On 20 May 2022, the Company acquired the remaining share capital of its existing subsidiaries through share for share exchange. The cost of additions is the fair value of the shares issued. On 20 May 2022, the Company also purchased 100% of the share capital of Team Unprecedented Limited, Team XGL Limited and WIRIS Limited for a combined consideration of £4.8m. These entities have £Nil net assets and as a result the cost of investment has been fully impaired.

The Company acquired 100% of the share capital of Bostockwhite Limited, Kenneth Easby Limited and PWR Accountants Limited and details are provided in Note 14.

DISPOSALS

During the year ended 31 May 2022 the Group disposed of its shareholding in 3 (2021: 9) subsidiary companies. The proceeds of disposal were nil and there was a loss on disposal of £3.9m. Further information relating to the loss on disposal can be found in Note 6. These do not meet the requirements of IFRS 5 for presentation as a discontinued operation since they do not represent major geographical operations or major separate lines of business.

During the year the Group disposed of subsidiaries as follows:

31 May 2022	
Bennewith 2018 Ltd	3 February 2022
Gray & Co DAN Ltd	3 February 2022
McKenzies ATS Ltd	3 February 2022
31 May 2021	
BBK Accountants BMM Ltd	1 June 2020
JP Egan Ltd	1 June 2020
OPL Accountants Ltd	31 October 2020
Baker Clarke FDY Ltd	30 November 2020
Thurles Accountants Ltd	30 November 2020
Kevin Kearney Associates MII Ltd	26 March 2021
Joy Lane & Co Ltd	31 May 2021
RWB 2018 Ltd	31 May 2021
The Hudson Partnership Ltd	31 May 2021

The Group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

United Kingdom subsidiaries

A B G Accountancy 2018 Ltd (11238661)

The Quadrant Centre, Limes Road, Weybridge, Surrey, England, KT13 8DH

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

XEINADIN GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022**

15. INVESTMENTS - continued

Accountax 2018 Ltd (11239739)

Mulberry Lodge, Ladygate Drive, Grayshott, Hindhead, England, GU26 6DR

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Accounting & Taxation Centre LTD Ltd (11453185)

36 Queens Road, Newbury, England, RG14 7NE

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Anthistle Craven IRX Ltd (11415046)

Moreton House, 31 High Street, Buckingham, Buckinghamshire, England, MK18 1NU

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

ARA (Bristol) Ltd (11420396)

86 Shirehampton Road, Stoke Bishop, Bristol, England, BS9 2DR

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Arithma Accountants Ltd (11848732)

9 Mansfield Street, London, England, W1G 9NY

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Arlington Accountants Ltd (11833978)

C/O Arlington Accountants, Unit C Anchor House, School Lane, Chandler's Ford, Eastleigh, England, SO53 4DY

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

ASC Wylie UBU Ltd (N1652973)

7 Lisburn Street, Hillsborough, Co. Down, Northern Ireland, BT26 6AB

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

BarTax Accountants WFC Ltd (11295502)

2 Rose Bank, Bollington, Cheshire, England, SK10 5JA

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Bespoke Accounting 2018 Ltd (11903588)

2-4 Ash Lane Rustington, Littlehampton, West Sussex, England, BN16 3BZ

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Bostockwhite Limited (05839745)

Cabourn House, Station Street, Bingham, Nottinghamshire, NG13 8AQ

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Bowker Orford Ltd (11644565)

15/19 Cavendish Place, London, England, W1G 0DD

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

BRC Accountants PKL Ltd (11318648)

Suite 2 Healey House, Dean Road, Andover, Hampshire, United Kingdom, SP10 2AA

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Bushells Accountants 2018 Ltd (11240948)

6 Victoria Avenue, Harrogate, Yorkshire, England, HG1 1ED

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

XEINADIN GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022**

15. INVESTMENTS - continued

Calcutt Matthews WBZ Ltd (11375532)

19 North Street, Ashford, Kent, England, TN24 8LF

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Centurion VAT Specialists ALL Ltd (11847751)

Celtic House, Caxton Place, Cardiff, Wales, CF23 8HA

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Chhaya Hare Wilson CML Ltd (11267657)

26 High Street, Rickmansworth, Hertfordshire, England, WD3 1ER

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

CMS Accountants 2020 Ltd (11884345)

61a Bryn Street, Ashton-in-Makerfield, Wigan, England, WN4 9AX

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Cobham Murphy PHD Ltd (11905373)

116 Duke Street, Liverpool, Merseyside, England, L1 5JW

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Dalton Square Ltd (07051486)

Dalton House, 9 Dalton Square, Lancaster, LA1 1WD

Nature of business: Dormant company

Proportion of voting rights, ordinary share capital held 100%

David Jones & Co 2018 Ltd (11239617)

The Centre, Reading Road, Eversley Centre, Hampshire, England, RG27 0NB

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Davies McLennon Ltd (11419828)

93 Wellington Road North, Stockport, Cheshire, England, SK4 2LR

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

DJM Accountants BLJ Ltd (11266150)

26 High Street, Rickmansworth, Hertfordshire, England, WD3 1ER

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Egan Roberts Ltd (11410949)

Unit 46 Manor Court, Salesbury Hall Road, Ribchester, Lancashire, England, PR3 3XR

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Elman Wall Ltd (11546262)

8th Floor 36 Old Jewry, London, England, EC2R 8DD

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Fallows & Company CA Ltd (11266080)

Archway House, 81-82 Portsmouth Road, Surbiton, Surrey, England, KT6 5PT

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

FD Professional Services Ltd (11831592)

5b South Preston Office Village Cuerden Way, Bamber Bridge, Preston, England, PR5 6BL

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

XEINADIN GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022**

15. INVESTMENTS - continued

Fooks & Co 2018 Ltd (11238647)

14 High Street, Bargoed, Caerphilly, Wales, CF81 8RA

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Foster Mann (UK) Limited (11833403)

Unit 26g Springfield Commercial Centre, Bagley Lane, Farsley, Leeds, England, LS28 5LY

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

GCSD Accountants Ltd (11457078)

701 Stonehouse Park Sperry Way, Stonehouse, Gloucestershire, England, GL10 3UT

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

GW Jones & Co ICJ Ltd (11458079)

Office 1, The Coach House 24-26 Station Road, Shirehampton, Bristol, England, BS11 9TX

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Hallidays Group Ltd (11380661)

Riverside House Kings Reach Business Park, Yew Street, Stockport, Cheshire, England, SK4 2HD

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Harvey Smith & Co DVQ Ltd (11356850)

2 High Street, Burnham On Crouch, Essex, England, CM0 8AA

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Heylands Limited (11830385)

The Old Grange Warren Estate, Lordship Road, Writtle, Essex, England, CM1 3WT

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Hills Jarrett TXS Ltd (11357076)

G204 Weston House Allen House Business Centre, The Maltings, Station Road, Sawbridgeworth, England, CM21 9FP

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Hugh Davies & Co LIO Ltd (11295487)

35 Chequers Court Brown Street, Salisbury, Wiltshire, England, SP1 2AS

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

JW Walsh Accountants 2018 Ltd (11241662)

Albion House, 163-167 King Street, Dukinfield, Cheshire, England, SK16 4LF

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Kay Johnson Gee Ltd (11415125)

1 City Road East, Manchester, England, M15 4PN

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Kay Johnson Gee Corporate Recovery Ltd (11415156)

1 City Road, Manchester, England, M15 4PN

Nature of business: Corporate recovery services

Proportion of voting rights, ordinary share capital held 100%

XEINADIN GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022**

15. INVESTMENTS - continued

Kenneth Easby Limited (07107469)

Trinity House, Thurston Road, Northallerton, North Yorkshire, DL6 2NA

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Lee Accounting Services 2018 Ltd (11241654)

26 High Street, Rickmansworth, Hertfordshire, England, WD3 1ER

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Lewis Ballard BBB Ltd (11845798)

Celtic House Caxton Place, Pentwyn, Cardiff, United Kingdom, CF23 8HA

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Lucentum Business Services Ltd (11343916)

Kingfisher House, 11 Hoffmanns Way, Chelmsford, Essex, England, CM1 1GU

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Marlow Proactive Ltd (11405556)

14 Phoenix Park Telford Way, Coalville, Leicestershire, England, LE67 3HB

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

McGregors CCP Ltd (11395000)

12 Mansfield Office Suite 0.3, Hamilton Court, Mansfield, Nottinghamshire, England, NG18 5FB

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

McLintocks (NW) Ltd (11836795)

2 Hilliards Court, Chester Business Park, Chester, Cheshire, England, CH4 9PX

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

McManus Williams KGG Ltd (11404526)

Suite 2 Bellevue Mansions, 18-22 Bellevue Road, Clevedon, Somerset, England, BS21 7NU

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Meranther Ltd (11319655)

1 Strands Barn Strands Farm Lane, Hornby, Lancaster, Lancashire, England, LA2 8JF

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

MG Accountants SW Ltd (11846532)

Watcombe Priors Lodge, Teignmouth Road, Torquay, England, TQ1 4SQ

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

MMP Accounting Solutions Ltd (11842982)

42 Cudworth Road, Ashford, Kent, England, TN24 0BG

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Murray Associates ZKI Ltd (SC594767)

Business First, Linwood Point, Paisley, Renfrewshire, Scotland, PA1 2FB

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

XEINADIN GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022**

15. INVESTMENTS - continued

Newsham Hanson Accountants Ltd (11838807)

Edinburgh House, 1-5 Bellevue Road, Clevedon, Somerset, England, BS21 7NP

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Nickalls Accountants Ltd (11834183)

4 Bridge Street, Amble, Morpeth, Northumberland, England, NE65 0DR

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

O'Brien & Partners KVE Ltd (11453265)

Highdale House, 7 Centre Court Main Avenue, Treforest Ind Est, Pontypridd, Wales, CF37 5YR

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Palason Ltd (11459439)

72 Great Suffolk Street, London, England, SE1 0BL

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Passmore Weeks Management Services Limited (02806958)

36 Church Street, Stradbroke, Eye, Suffolk, England, IP21 5HS

Nature of business: Dormant company

Proportion of voting rights, ordinary share capital held 100%

Paul & Co (Accountants) Ltd (11267804)

8 Freetrade House, Lowther Road, Stanmore, Middlesex, England, HA7 1EP

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Pelham Accountants 2019 Ltd (11906481)

16 Dudley Street, Grimsby, Lincolnshire, England, DN31 2AB

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Phillip Carroll Ltd (11404925)

10 Ambassador Place Stockport Road, Altrincham, Cheshire, England, WA15 8DB

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

PWR Accountants Limited (07211542)

2 Beacon End Courtyard, London Road, Stanway, Colchester, Essex, CO3 0NU

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Riley Moss 2018 Ltd (11242309)

Riley House, 183-185 North Road, Preston, Lancashire, England, PR1 1YQ

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

RJG Accountants AKH Ltd (11266144)

10a East Street, Fareham, England, PO16 0BN

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Robinson Sterling SBU Ltd (11281848)

616d Green Lane, Ilford, Essex, England, IG3 9SE

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

XEINADIN GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022**

15. INVESTMENTS – continued

Rohans MJF Ltd (11295452)

Rohans House, 92-96 Wellington Road South, Stockport, Greater Manchester, England, SK1 3TJ

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Romsey Accountants GDT Ltd (11280977)

Unit 3, Shelley Farm Shelley Lane, Ower, Romsey, Hampshire, England, SO51 6AS

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Scott & Wilkinson (Lancaster) Limited (11358224)

Dalton House, 9 Dalton Square, Lancaster, England, LA1 1WD

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

See Beyond The Numbers Ltd (11506375)

St Andrews House Yale Business Village, Ellice Way, Wrexham, Wales, LL13 7YL

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Smith Craven (Yorkshire) Limited (14082637)

Sidings House, Sidings Court, Lakeside, Doncaster, South Yorkshire, United Kingdom, DN4 5NU

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Sole Associates SVR Ltd (11344101)

3 Park Court, Pyrford Road, West Byfleet, Surrey, England, KT14 6SD

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Stead Robinson HGA Ltd (11378203)

Dipford House, Queens Square Huddersfield Road, Honley, Holmfirth, England, HD9 6QZ

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Stewart Gilmour & Co. Ltd (SC600202)

24 Beresford Terrace, Ayr, Scotland, KA7 2EG

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Styles & Co JFC Ltd (11266079)

Heather House 473 Warrington Road, Culcheth, Warrington, Cheshire, England, WA3 5QU

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Team Unprecedented Limited (11754474)

8th Floor Becket House, 36 Old Jewry, London, EC2R 8DD

Nature of business: Dormant company

Proportion of voting rights, ordinary share capital held 100%

Team XGL Limited (11723628)

8th Floor Becket House, 36 Old Jewry, London, EC2R 8DD

Nature of business: Dormant company

Proportion of voting rights, ordinary share capital held 100%

The Profit Key 2018 Ltd (11239127)

10 Lower Church Street, Ashby De La Zouch, Leicestershire, England, LE65 1AB

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

XEINADIN GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022**

15. INVESTMENTS - continued

THP Glasgow Ltd (SC596861)

82 Berkeley Street, Glasgow, Scotland, G3 7DS

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Tish Leibovitch Ltd (11266262)

249 Cranbrook Road, Ilford, Essex, England, IG1 4TG

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Tish Press & Company KGE Ltd (11266092)

Create Business Hub, Ground Floor, 5 Rayleigh Road, Brentwood, Essex, England, CM13 1AB

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Tony Jacques YDD Ltd (11404789)

Kingfisher House, 140 Nottingham Road, Long Eaton, Nottinghamshire, England, NG10 2EN

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

TSH Professional Services Ltd (11447478)

89 High Street, Thame, Oxfordshire, England, OX9 3EH

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Tudor John Ltd (11410130)

Nightingale House, 46/48 East Street, Epsom, Surrey, England, KT17 1HQ

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Weaver Wroot Ltd (11238991)

Burlington House, 28 Dudley Street, Grimsby, Lincolnshire, England, DN31 2AB

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Williams Giles Professional Services Ltd (11411023)

12 Conqueror Court, Sittingbourne, Kent, England, ME10 5BH

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Wilshers DEJ Ltd (11943231)

10-11 Heathfield Terrace, London, England, W4 4JE

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Wiris Limited (11318230)

8th Floor Becket House, 36 Old Jewry, London, EC2R 8DD

Nature of business: Dormant company

Proportion of voting rights, ordinary share capital held 100%

Wren Professional Services Ltd (11832732)

4 Cross Street, Beeston, Nottingham, Nottinghamshire, England, NG9 2NX

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Xebra Accounting IHC Ltd (11425351)

5a The Gardens, Broadcut, Fareham, Hampshire, England, PO16 8SS

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

XEINADIN GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022**

15. INVESTMENTS - continued

Xeinadin UK Professional Services Limited (11358213)

8th Floor Becket House, 36 Old Jewry, London, United Kingdom, EC2R 8DD

Nature of business: Holding company

Proportion of voting rights, ordinary share capital held 100%

Xynamo 5 Ltd (11241219)

2 Upperton Gardens, Eastbourne, East Sussex, England, BN21 2AH

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Republic of Ireland subsidiaries

BCC Accountants Ltd

Dublin Road, Ashbourne, Co. Meath, Ireland

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Camden Accounting Limited

Colleran, 72 Northumberland Road, Dublin, Dublin 4, Ireland, D04 P2F8

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Cherdec Limited

Unit G West Cork Technology Park, Clonakilty, Co. Cork, Ireland

Nature of business: Holding company

Proportion of voting rights, ordinary share capital held 100%

Coyne Accountancy Galway Limited

The Halls, Quay Street, Galway, Ireland

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Cregan Accounting Ltd

Broadmeadow Hall, Applewood Village, Swords, Co. Dublin, Ireland

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Crowley & McCarthy Accountancy Limited

Unit G West Cork Technology Park, Clonakilty, Co. Cork, Ireland

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

Delog Ltd

18 Vicar Street, Kilkenny

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

DFS & Co Accounting Limited

Innovation House, Ballybrit Business Park, Ballybrit, Co. Galway, Ireland

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

DMN Accountants Ltd

Unit A4, Block A, Santry Business Park, Santry, Dublin 9, Ireland, D09 P2Y4

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

FCOS Financial Services Outsourcing Ltd

Unit G West Cork Technology Park, Clonakilty, Co. Cork, Ireland

Nature of business: Professional services

Proportion of voting rights, ordinary share capital held 100%

XEINADIN GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022**

15. INVESTMENTS - continued

JWM Accountants Ltd

13 14 South Main Street, NAAS, Co. Kildare, Ireland
Nature of business: Professional services
Proportion of voting rights, ordinary share capital held 100%

Ken Herbert & Co. Ltd

Ivydene House, Dublin Street, Kildare Town, Co. Kildare, Ireland
Nature of business: Professional services
Proportion of voting rights, ordinary share capital held 100%

Kinsella Mitchell and Associates Ltd

Finance House, 46 Prussia Street, Dublin 7, Ireland, D07 VW0Y
Nature of business: Professional services
Proportion of voting rights, ordinary share capital held 100%

LHB Accounting Limited

Liam Burns & Co. 97 Malahide Road, Dublin 3
Nature of business: Professional services
Proportion of voting rights, ordinary share capital held 100%

Manus Brady Accountancy Services Ltd

Block A, Cashel Business Centre, Cashel Road, Dublin 12, Ireland, D12 XY86
Nature of business: Professional services
Proportion of voting rights, ordinary share capital held 100%

O'Brien Neenan & Co. Ltd

St. Joseph's, Wilton, Bishopstown Road, Cork, Ireland, T12 E270
Nature of business: Professional services
Proportion of voting rights, ordinary share capital held 100%

O'Donovan Lavin & Co (Limerick) Ltd

1 Mount Kennett Place, Henry Street, Limerick, Ireland, V94 NP28
Nature of business: Professional services
Proportion of voting rights, ordinary share capital held 100%

O'Kelly Sutton Limited

Scarton House, Priory Court, Kildare, Ireland
Nature of business: Professional services
Proportion of voting rights, ordinary share capital held 100%

O'Mahony Donnelly Ltd

10 McCurtain Hill, Clonakilty, Co. Cork, Ireland, P85 K230
Nature of business: Professional services
Proportion of voting rights, ordinary share capital held 100%

RTW Accounting Services Ltd

16 Woodstown Village Centre, Knocklyon, Dublin 16, Ireland
Nature of business: Professional services
Proportion of voting rights, ordinary share capital held 100%

Somers Murphy & Earl Business Advisory Services Ltd

46 Upper Mount Street, Dublin, Ireland
Nature of business: Professional services
Proportion of voting rights, ordinary share capital held 100%

Tynan Dillon Advisers Ltd

74 Northumberland Road, Dublin 4, Ireland
Nature of business: Professional services
Proportion of voting rights, ordinary share capital held 100%

Xeinadin Professional Services (Ireland) Limited

Building G West Cork Technology Park, Null, Clonakilty, Cork, Ireland, P85VF62
Nature of business: Holding company
Proportion of voting rights, ordinary share capital held 100%

XEINADIN GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022**

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Current:				
Trade receivables	22,499	20,201	-	1
Amounts owed by group undertakings	-	-	46,867	688
Amounts owed by associates	81	-	81	-
Other debtors	463	1,588	28	75
Prepayments	2,431	1,992	106	42
	<u>25,474</u>	<u>23,781</u>	<u>47,082</u>	<u>806</u>

Trade receivables

The average credit period on trade receivables is 77 days (2021: 71 days). No interest is charged on outstanding receivables. The Group does not hold any collateral. The carrying amount of trade and other receivables approximates the fair value. The Group has adopted the simplified model as the assets are all basic and therefore lifetime expected credit losses are assumed.

The Group recognises a loss allowance of 10.37% (2021: 13.21%) for receivables over 120 days. These accounts include a loss allowance of £0.7m (2021: £0.7m) in respect of these debts over 120 days. Based on historical experience this is considered adequate as many customers are slow payers and will require repeat services. Therefore, will need to settle the fees before any additional services are provided.

Other than as disclosed below for the expected credit loss rate, there has been no change in the estimation techniques used during the current reporting period. In addition to the historical element of the credit loss experience the group has considered a combination of forward-looking information cut by industry exposure to macro-economic factors. The expected credit loss rate is reduced to 4.0% (2021: 4.7%) due to lower experienced losses and reduced credit risk since normal trading conditions resumed when covid-19 restrictions were lifted during the year ended 31 May 2022.

The following table details the risk profile of trade receivables and contract assets based on the Group's provision matrix.

	Gross carrying amount	Lifetime expected credit losses	Expected credit loss rate
	£'000	£'000	%
Trade receivables due days			
Current	9,295	86	0.93
More than 30 days	3,664	54	1.47
More than 60 days	2,377	60	2.52
More than 90 days	1,632	61	3.74
More than 120 days	6,462	670	10.37
	<u>23,430</u>	<u>931</u>	<u>3.97</u>
		2022	2021
		£'000	£'000
Trade receivables and contract assets			
Trade receivables		23,430	21,199
Contract assets		12,879	10,836
Expected credit losses		<u>(1,107)</u>	<u>(1,121)</u>
Net trade receivables and contract assets		<u>35,202</u>	<u>30,914</u>
		2022	2021
		£'000	£'000
Expected credit loss			
At 31 May 2021		1,121	1,366
Movement during the year		<u>(14)</u>	<u>(245)</u>
At 31 May 2022		<u>1,107</u>	<u>1,121</u>

XEINADIN GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022**

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Bank accounts	<u>18,268</u>	<u>18,267</u>	<u>3,973</u>	<u>279</u>

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Current:				
Trade payables	7,789	1,905	6,030	134
Amounts owed to group undertakings	10,467	-	23,795	232
Social security and other taxes	8,097	8,853	163	126
Other creditors	10,007	6,038	4,985	2
Accrued expenses	<u>4,517</u>	<u>3,148</u>	<u>1,882</u>	<u>630</u>
	<u>40,877</u>	<u>19,944</u>	<u>36,855</u>	<u>1,124</u>
Non-current:				
Other creditors	<u>6,860</u>	<u>-</u>	<u>4,261</u>	<u>-</u>
	<u>6,860</u>	<u>-</u>	<u>4,261</u>	<u>-</u>
Aggregate amounts	<u>47,737</u>	<u>19,943</u>	<u>41,116</u>	<u>1,124</u>

Trade payables and accruals comprise amounts outstanding for trade purchases and ongoing costs. The carrying amount of trade and other payables approximates the fair value.

19. FINANCIAL LIABILITIES - BORROWINGS

	Group	
	2022	2021
	£'000	£'000
Current:		
Bank loans	-	399
Other loans	-	204
Leases (see note 20)	<u>2,296</u>	<u>1,800</u>
	<u>2,296</u>	<u>2,403</u>
Non-current:		
Bank loans	-	962
Other loans	-	13
Leases (see note 20)	<u>6,953</u>	<u>7,795</u>
	<u>6,953</u>	<u>8,770</u>

XEINADIN GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022**

20. LEASING

**Group
Right-of-use assets**

Property, plant and equipment

	2022	2021
	£'000	£'000
COST OR VALUATION		
At 1 June 2021	12,575	11,520
Additions	2,461	2,165
Additions on acquisitions of subsidiaries	1,143	-
Disposals	(2,191)	(1,007)
Exchange differences	(27)	(103)
	<u>13,961</u>	<u>12,575</u>
DEPRECIATION		
At 1 June 2021	3,438	1,864
Charge for year	2,087	2,117
Eliminated on disposal	(295)	(315)
Exchange differences	2	(228)
	<u>5,232</u>	<u>3,438</u>
NET BOOK VALUE	<u>8,729</u>	<u>9,137</u>

The right-of-use assets relate predominately to office facilities occupied by the employees of the subsidiary companies who provide professional services to their customer base.

The Group does not consider that there would be any material impact on the business should extensions not be granted to the existing leases or if early termination was required by either the Group or the lessors.

The internal borrowing rate used is the rate appertaining to the individual subsidiary companies who are the parties to the leases, the internal borrowing rate varies across the Group between 3% and 5%.

**Group
Leases**

	2022	2021
	£'000	£'000
At 1 June 2021	9,595	9,875
Additions	2,461	2,165
Additions on acquisitions of subsidiaries	1,143	-
Loss of control	(1,896)	(689)
Lease payments in year	(2,361)	(2,088)
Interest unwinding	307	332
	<u>9,249</u>	<u>9,595</u>

XEINADIN GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022**

20. LEASING - continued

**Group
Lease liabilities**

Minimum lease payments fall due as follows:

	2022	2021
	£'000	£'000
Gross obligations repayable:		
Within one year	2,532	2,089
Between one and five years	5,398	8,517
In more than five years	2,181	-
	10,111	10,606
Finance charges repayable:		
Within one year	236	289
Between one and five years	480	722
In more than five years	146	-
	862	1,011
Net obligations repayable:		
Within one year	2,296	1,800
Between one and five years	4,918	7,795
In more than five years	2,035	-
	9,249	9,595

Lease liabilities

At 31 May 2022, the Group is committed to £9.2m (2021: £9.6m) in future lease payments, none of which relates to short-term leases. The carrying amount of the lease liabilities approximates the fair value.

The Group's obligations are secured by the lessors' title to the leased offices which have a carrying value of £8.7m (2021: £9.1m). The Group does not face a significant liquidity risk with regard to its lease liabilities and these are monitored as part of the overall process of managing cash flows.

21. FINANCIAL INSTRUMENTS

Group

Classes and categories of financial instruments and their fair values

The statement of financial position is analysed below:

	Amortised cost		Fair value through profit or loss		Balance in the statement of financial position	
	2022	2021	2022	2021	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Trade and other receivables	23,043	21,789	-	-	23,043	21,789
Cash and bank balances	18,268	18,267	-	-	18,268	18,267
Contract assets	12,703	10,713	-	-	12,703	10,713
Trade and other payables	39,640	11,091	-	-	39,640	11,091
Lease liabilities	9,249	9,595	-	-	9,249	9,595
Loans and borrowings	-	1,578	-	-	-	1,578

The financial instruments are stated at their amortised costs.

XEINADIN GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022**

21. FINANCIAL INSTRUMENTS - continued

The Group is exposed to the following financial risks from its use of financial instruments which mainly comprise of trade receivables, contract assets and cash.

Market risk

a) Interest rate

The Group exposure to interest rate risk is low as it does not have any outstanding bank loans.

b) Foreign exchange risk

The majority of the Group's sales are made, and income is earned, in GBP with the balance in Euros.

The Group does not hedge the impact of exchange rate movements arising on translation of earnings into sterling at average exchange rates. The following is the Euros rate applied during the year:

Euros to GBP: Average rate x 0.8470 (2021: 0.8896), closing rate x 0.8505 (2021: 0.8604).

The majority of the Group's transactions are carried out in the respective functional currencies of the group's operations and so transaction exposure is minimal. Given the minimal nature of these exposures the group does not have any cashflow hedging instruments.

Credit risk

This is the risk that counterparties to financial instruments do not perform according to the terms of the contract or instrument. The Group's credit risk is primarily attributable to trade receivables. The board consider this to be a lower risk because the nature of business involves a high volume and low value transactions. The credit risk is spread over a large number of unrelated counterparties and customers. In addition, the Group holds long standing relationships with a very large percentage of its customers and closely monitors the credit worthiness of customers and reviews aged analysis reports. If amounts are no longer considered recoverable, they are written off. The Group applied IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables and contract assets. The expected loss rates derived from this assessment are adjusted to reflect current and forward-thinking information affecting the ability of customers to pay. The Group has over 40,000 customers, the largest of which generates total fees of less than £200,000 and as a consequence the credit risk is widely spread, and the Group has no exposure to any one single customer. Cash balances are held with strong rated commercial banks and therefore the credit risk is expected to be low.

Liquidity risk

This is the risk that the Group cannot meet its financial obligations as they fall due. This is considered to be a low risk as the Group has significant cash reserves and very low borrowing levels. In order to minimise the risk, the board regularly monitors forecasts and actual cash flows in order to ensure the Group can meet its obligations.

The below table shows the gross, contractual cash flow commitments on the Group's financial liabilities.

2022	Carrying amount £'000	Gross contractual cash flows £'000	Falling due in 1 year £'000	Falling due in 1-2 years £'000	Falling due in 2-5 years £'000	Falling due in 5+ years £'000
Trade and other payables	39,640	39,640	32,780	6,860	-	-
Bank and other loans	-	-	-	-	-	-
Lease liabilities	9,249	10,111	2,532	1,800	3,598	2,181
Total	48,889	49,751	35,312	8,660	3,598	2,181
2021	Carrying amount £'000	Gross contractual cash flows £'000	Falling due in 1 year £'000	Falling due in 1-2 years £'000	Falling due in 2-5 years £'000	Falling due in 5+ years £'000
Trade and other payables	11,091	11,091	11,091	-	-	-
Bank and other loans	1,578	1,664	615	438	600	11
Lease liabilities	9,595	10,606	2,089	2,275	6,242	-
Total	22,264	23,361	13,795	2,713	6,842	11

XEINADIN GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
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22. DEFERRED TAX

Group	2022	2021
	£'000	£'000
Balance at 1 June	14,538	13,928
Arising on capitalisation of intangibles	1,986	-
Released on amortisation of intangibles	(2,290)	(1,678)
Released on disposal of intangibles	(192)	(832)
Accelerated capital allowances	23	1
Re-measurement of tax to enacted rate of 25%	-	3,119
Balance at 31 May	14,065	14,538
The balance comprises:		
Amount attributable to intangibles	13,927	14,423
Accelerated capital allowances	138	115
	14,065	14,538
Company	2022	2021
	£'000	£'000
Balance at 1 June	5	-
Accelerated capital allowances	-	6
Losses carried forward	-	(1)
Balance at 31 May	5	5
The balance comprises:		
Accelerated capital allowances	5	5

Deferred tax liabilities have been measured at the rate they are expected to unwind at, using rates substantively enacted at 31 May 2022.

23. CALLED UP SHARE CAPITAL

Allotted, issued, and fully paid:			2022	2021
Number:	Class:	Nominal value:	£	£
327,871,027	Ordinary shares	.01	3,278,710	-
0	Member shares	.01	-	20
12,297	Deferred shares	.01	124	104
			3,278,834	124

The holders of the ordinary shares have full voting rights, the right to receive dividends and the right to share in any return of capital. The holders of the deferred shares have no rights other than to a return of capital at par value.

24. RESERVES

The purpose of each reserve is as follows:

Retained earnings

This represents distributable profits earned since the formation of the Group, net of dividends paid to the holders of the equity of the Group. On 20 May 2022, the company acquired the remaining share capital of its existing subsidiaries through a share for share exchange. The directly attributable costs of £2.0m are recognised in retained earnings. This treatment is in accordance with IAS 32 whereby the cost of issuing own equity instruments is accounted for as a deduction from equity.

Share premium

This represents the portion of the excess value of the shares issued in exchange for the acquisition of the Group's subsidiaries as part of the combination on 1 June 2019, as attributable to the holders of the equity of the Group. This includes the premium in respect of Crowley & McCarthy Accountancy Limited's acquisition of Xinadin Group Limited as reverse acquirer.

Reverse acquisition reserve

This reserve was created on the reverse takeover of Xinadin Group Limited by Crowley & McCarthy Accountancy Limited.

XEINADIN GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022**

24. RESERVES - continued

Merger reserve

This reserve was created on the purchase of the minority interest in the Groups subsidiaries on 20 May 2022. The merger reserve is reduced by the difference between the fair values of the shares issued on 20 May 2022 and the opening balance of the non-controlling interest. The excess amount of the fair value of the shares issued is offset against the balance created on the merger reserve.

Non-controlling interest

This represents the portion of the excess value of the shares issued in exchange for the acquisition of the Group's subsidiaries as part of the combination on 1 June 2019, as attributable non-controlling shareholders of the Group. In addition to this the profits for the year as attributable to the non-controlling interests, net of dividends paid. The balance standing on this account at 20 May 2022 has been transferred to the merger reserve.

25. PENSION COMMITMENTS

The Group operates defined contribution schemes. During the year the Group contributed £1.9m (2021: £2.4m). There were outstanding contributions at the balance sheet date of £0.2m (2021: £0.2m) included within other creditors.

26. CONTINGENT LIABILITIES

Contingent liabilities are possible obligations whose existence depends on the outcome of uncertain future events or present obligations where the outflow of resources is uncertain or cannot be measured reliably.

Contingent liabilities are not recognised in the financial statements but are disclosed unless they are remote.

The Group maintains professional indemnity insurance and can confirm that there are no material claims outstanding relating to the period since the Group was formed on 1 June 2019.

Similarly, the Group does not have any material exposure on property dilapidations.

The immediate parent company, Xeinadin Bidco Limited, has bank loans from a lender group.

There is a cross guarantee across various member firms of the Group. The banking security group extends to include Xeinadin Group Limited and the UK and Irish subsidiaries.

27. CAPITAL COMMITMENTS

At the balance sheet date, the group had no material commitments in respect of property, plant and equipment (2021: £nil).

28. RELATED PARTY DISCLOSURES

	Transaction amount		Balance owed	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Companies in which Directors or their immediate family have a significant/controlling interest				
Income earned from related parties	423	535	-	114
Purchases from related parties	62	392	48	131

The key management personnel comprise of the Group board who plan, control, and monitor the activities of the Group. Details of their remuneration are given in note 5.

The immediate parent company, from 20 May 2022, is Xeinadin Bidco Limited. During the year, the immediate parent company has made new loans to the company of £10.5m. No repayments were made, and no interest was accrued during the current reporting period. The balance owed on 31 May 2022 was £10.5m.

The subsidiary undertakings listed in note 15 are related parties of the parent company. The transactions entered into with subsidiaries during the year are eliminated on consolidation. These transactions include management charges and charges for the cost of services provided.

XEINADIN GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022**

28. RELATED PARTY DISCLOSURES - continued

The total amount of transactions entered into with subsidiaries during the year was as follows:

	2022	2021
	£'000	£'000
Income earned from subsidiaries	3,509	5,119
Dividends received from subsidiaries	121	3,056
Purchases from subsidiaries	209	391

29. SUBSEQUENT EVENTS

Since the balance sheet date, the Group has continued to trade successfully in line with management's expectations.

On 29 July 2022, a wholly owned subsidiary of the company purchased certain net assets of Peter Howard & Co partnership and 100% of the share capital of Peter Howard Foreman Limited. On 4 October 2022, the company purchased 100% of the share capital of Graham Paul Limited. On 12 October 2022, a wholly owned subsidiary of the company purchased certain net assets of Churchill Corporate Solutions LLP. On 1 December 2022, the company purchased 100% of the share capital of Clear Vision Financial Management Limited, and its subsidiary, R&D Tax Box Limited. On 1 February 2023, the company purchased 100% of the share capital of About Tax Limited. The reason for the business combinations is to generate synergies, acquire new customers, skilled workforce, and business expertise. The initial accounting for the business combinations is underway and additional disclosure will be made at the next reporting date.

Tax rates with effect from 1 April 2023 are expected to rise to 25% in accordance with the fact that the Finance Bill has received royal assent.

30. CHANGES IN LIABILITIES FROM FINANCING ACTIVITIES

The following is a reconciliation of cash flow and non-cash flow movements relating to the financing of the group, in accordance with the requirements of IAS 7.44(A).

Year ended 31 May 2022						
	2021	Repayments	New	Interest	Non	Total
	£'000	£'000	loans	paid	cash	£'000
			£'000	£'000	£'000	
Loans from group undertakings	-	-	2,301	-	8,166	10,467
Long term borrowing	975	(975)	-	(19)	19	-
Short term borrowings	603	(603)	-	(11)	11	-
Lease liabilities	9,595	(2,054)	-	(307)	2,015	9,249
Total debt liabilities	11,173	(3,632)	2,301	(337)	10,211	19,716
Year ended 31 May 2021						
	2020	Repayments	New	Interest	Non	Total
	£'000	£'000	loans	paid	cash	£'000
			£'000	£'000	£'000	
Long term borrowings	975	-	440	(5)	(435)	975
Short term borrowings	646	(482)	-	(2)	441	603
Lease liabilities	9,875	(1,756)	-	(332)	1,808	9,595
Total debt liabilities	11,496	(2,238)	440	(339)	1,814	11,173

The "non-cash" items are new loans from the immediate parent company, Xeinadin Bidco Limited, and additional lease liabilities. Xeinadin Bidco Limited has made payments on behalf of the Company, for consideration payable for business combinations and investments (£8.2m). These are new loan balances for which the cash was not received by the Company. The lease liabilities are increased by "non-cash" amounts when a new lease is entered into which creates a large upfront liability without cash changing hands, in addition to changes in the maturity profile of borrowings as future instalments fall due.

XEINADIN GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2022**

31. CAPITAL MANAGEMENT

The Group is not subject to either internally or externally imposed capital requirements. The Group's objective when managing capital is to provide sufficient resources to allow the growth and development of the Group in order to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders.

The Group manages capital by regularly monitoring its current and expected liquidity requirements rather than using debt/equity ratio analyses. No changes were made in objectives, policies, and processes during the current or previous year.

The Group does not consider anything other than share capital in this assessment.

32. ULTIMATE PARENT COMPANY

The immediate parent company is Xeinadin Bidco Limited. The ultimate parent company is Xeinadin Topco 1 Limited. Both companies are registered in the United Kingdom and their registered office address is at, 8th Floor Becket House, 36 Old Jewry, London, EC2R 8DD. No other financial statements include the results of the Group for the year ending 31 May 2022.