TENNESSEE TOPCO LIMITED

CONSOLIDATED ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

REGISTERED NUMBER 134098

CONTENTS

DIRECTORS AND ADVISERS

DIRECTORS	Alexander Katsis (appointed 5 March 2021; resigned 16 August 2021) Cedric Dubourdieu (appointed 3 August 2021) Dan Saulter (appointed 3 August 2021) Dr Nneka Abulokwe (appointed 3 August 2021) James Ridout (appointed 3 August 2021) John Block (appointed 3 August 2021; (resigned 11 February 2022) Mark Richards (appointed 5 March 2021) Michalis Frouzis (appointed 3 August 2021 Neil White (appointed 11 February 2022) Pauline Spire (appointed 24 September 2021)
REGISTERED OFFICE	Second Floor No. 4 The Forum Grenville Street St. Helier Jersey JE2 4UF
INDEPENDENT AUDITOR	BDO LLP Chartered Accountants and Statutory Auditors 3 Hardman Street Manchester M3 3AT

CHIEF EXECUTIVE'S REVIEW

I am pleased to present our financial results for the 16 months ending 30 June 2022.

Tennessee Topco Limited was incorporated in March 2021. In August 2021 Tennessee Topco Limited acquired Davies Topco Limited and its subsidiaries ("Davies Group" or "Davies"). Tennessee Topco Limited is majority owned by BC Partners, the leading international investment firm. This new partnership has diversified and strengthened Davies' shareholder base, as it seeks to drive further global expansion, increase investment in technology and digital transformation, and to continue to partner with complementary businesses via M&A. Existing investors of Davies, HGGC and AIMCo, continue to hold minority ownership stakes in the business, alongside the Davies leadership team and employees.

In the 11 months since the acquisition of Davies, the Group achieved global revenues of £455.8m and Adjusted EBITDA of £90.2m[1] as we invested in our business, our people, in digital transformation and through expansion in our capability and geographical reach for our clients.

Today Davies delivers operations, consulting and technology solutions across the risk and insurance value chain, including excellence in claims, underwriting, distribution, regulation, customer experience, human capital, transformation & change management. Davies' core service lines include Claims Solutions, Legal Solutions, Insurance Services and Consulting & Technology, delivered by our 6,000 strong team of professionals across the UK and Ireland, the US, Canada, Spain, Switzerland & India

ACQUISITION ACTIVITY

In the 11 months to June 2022 (post the acquisition of Davies) we completed five acquisitions, diversifying our offering as well as adding strategic new capabilities and further broadening our geographic reach.

In October 2021 we acquired Insurance Risk Services (IRS), the Florida, US based property & casualty insurance inspection firm that provides a range of tech-enabled residential and commercial inspections to support underwriting decision-making. IRS joined our existing audit & inspections unit in the US.

We expanded our international Consulting & Technology operations through the acquisition of Sionic, the international consulting and technology firm serving the insurance, banking, and wider highly regulated markets in December 2021. Sionic extended Davies' geographical reach to mainland Europe & Asia with its offices in Spain, Switzerland & India, alongside its headquarters in London, UK, and North American locations.

We expanded our actuarial consulting capability in December 2021 as Merlinos joined Davies. Providing a range of compliance, risk management, and wider actuarial consulting solutions to the property & casualty and life & health insurance markets in the US, the acquisition of Merlinos further strengthened Davies' existing actuarial expertise and global Insurance Services platform.

We completed the acquisition of the UK-based Building Validation Solutions Group (BVS), the leading provider of tech-enabled, end-to-end property claims services for the UK insurance market shortly after we welcomed Sionic & Merlinos to the group in December 2021. BVS is well known across the insurance market for its web-based claims administration technology, Metrix, which has added important surge management capability to our Claims Solutions operations in the UK & Ireland.

We completed the deal to acquire Worksmart in March 2022, the leading supplier of regulatory technology (RegTech) for people and process management. Worksmart is the number one provider of RegTech for complaints management and feedback in the Lloyd's market and has added exciting new technology to our suite of software as a service (SaaS) solutions helping highly regulated organisations tackle their business challenges and reach their commercial goals.

[1] *Refer to reconciliation in page 12*

CHIEF EXECUTIVE'S REVIEW (continued)

ACQUISITION ACTIVITY (continued)

In July 2022, we completed the acquisition of ProAdjust Limited, the specialist provider of loss adjusting and claims management services to the insurance market in Ireland joined our UK & Ireland based Claims Solutions business.

We announced the acquisition of Lloyd's managing agent, Asta Capital Limited ('Asta') in September 2021 and completed the deal following regulatory approvals in July 2022. Asta is the market leading third party managing agent at Lloyd's providing a range of solutions to Lloyd's and non-Lloyd's businesses across the insurance life cycle. The deal added significant strength and reach to our global Insurance Services practice by broadening our ability to offer end-to-end insurance management solutions to entrepreneurial underwriters and MGAs, intermediaries, (re)insurers and captives, Lloyd's syndicates, and InsurTechs.

Over the last three years, Davies has accelerated into the US and completed eleven acquisitions on the North American continent that have added significant reach & scale to our Claims Solutions & Insurance Services business streams. We have already integrated several of the acquired businesses and delivered fast organic growth in the US, and we have identified significant cross-sell opportunities between the businesses. With ambitious growth plans for the US in the years ahead we appointed Matt Button to CEO of Davies US in June 2022. Matt will lead both our Claims Solutions and Insurance Services operations in the US.

In the 11 months that ended June 2022 we saw a sharp rise in weather related catastrophe events in both the UK & Ireland and in North America. Through our acquisition of BVS in December 2021 we added a fully automated low-value property claims proposition to our claims solutions, which was key to our surge management during the winter months. The approach ensured claims were settled quickly where possible, and kept customers pleasantly surprised with the quick service. The results of the response have been recognised across the industry with several recent award wins including `claims initiative of the year` at Insurance Post's British Insurance Awards, and `claims service solution of the year` at Insurance Times' Claims Excellence awards.

Davies has been recognised for outstanding service and technology by industry peers, winning a number of awards including:

- 'Technology Partner of the Year' at the Insurance Post Claims & Fraud Award.
- 'Training Provider/Programme of the Year' at the Sussex apprenticeship awards.
- 'Challenger of the Year' at the Insurance Times Awards.
- 'Excellence in Technology – Claims (Communication)' at the Insurance Times Awards.
- 'Claims Initiative of the Year – Insurance Partner & Technology Award' at the British Insurance Awards.
- 'Best Measurement in Customer Experience' at the US Customer Experience Awards.
- 'Claims Service Solution of the Year' at the Insurance Times Claims Excellence Awards.
- 'Best Conversational Analytics Platform' at the CX Awards.

Davies has significantly increased its investment in technology and digital transformation, while nurturing new ideas and innovation from its people. Davies' teams have continued to launch new technology to market for its highly regulated clients and their customers, including new features to its electronic claims portals and claims automation.

In 2021, we launched Season Four of our Disruptive Thinking innovation lab. With 600 ideas from our global workforce, our judges whittled it down to 10 ideas who delivered compelling pitches to Davies' investors in February 2022. Following the pitches, both the judges and Davies' investors agreed to invest in two claims automation ideas; one to be plugged in to the Life & Health claims process US & one to help spot additional fraudulent claims the UK & Ireland. We also invested in an employer supported volunteering programme, which was voted through by Davies employees and will bring immense value to both our people and to our local communities.

Through The Davies Foundation, our registered charity, we have donated more than £145,000 globally to over 239 local community causes chosen by our people.

CHIEF EXECUTIVE'S REVIEW (continued)

I am extremely proud of the amazing hard work from our team right across the globe. In what has been a challenging year, our team has continued to deliver for our 1,000+ clients around the world.

Dan Saulter
Chief Executive
Davies Group
Date: 28 December 2022

STRATEGIC REPORT

The Group has performed well during the period ended 30 June 2022 and confidently looks forward to continued growth in the coming year.

PRINCIPAL ACTIVITY
The principal activity of the Group in the year under review was the provision of operations management, consulting and digital solutions to organisations in highly regulated markets, including insurance, financial services, utilities, communications, and to regulatory bodies. The principal activity of the Company was to act as a holding company.

REVIEW OF BUSINESS
We have continued to invest and add capability and geographies through acquisitions. In the period to June 2021 we completed five deals, adding both new service lines and geographic reach to Davies. For details of these please see the Chief Executive's Review.

The results for the year and the financial position of the Group and the Company are as shown in the annexed financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES
The risk factors set forth below reflect material risks associated with the business and readers should consider them in addition to the other information contained in this report as our business, financial condition or results of the operation could be adversely affected if any of these risks were to actually occur.

The Group operates in a competitive marketplace. The Group manages this commercial risk by delivering a high quality, bespoke service to its clients, with most of whom it already enjoys long-standing relationships. Additionally, the business development team conducts regular client meetings and update sessions to ensure that any client concerns are dealt with on a timely basis. This also provides an opportunity to update clients on developments within the business as well as new products and services. Furthermore the business development team actively engages in a large number of tenders each year to grow the client base to minimise reliance on any single client.

The Group's underlying business is subject to extensive legal and regulatory oversight, including the UK Companies Act and certain companies within the group to the regulations promulgated by the Financial Conduct Authority (FCA). This legal and regulatory compliance is limiting or restricting the products or services we sell, the markets we serve or enter, the methods by which we sell our products and services, the prices we can charge for our services, or by subjecting our business to the possibility of legal and regulatory actions or proceedings. The Group has a robust Compliance department which manages this risk through the controls and procedures that are in place.

The results of our operations are generally affected by the level of business activity of our clients, which in turn is affected by the level of economic activity in the industries and markets these clients serve. Economic downturns, volatility, or uncertainty in some markets may cause reductions in technology and discretionary spending by our clients, which may result in reductions in the growth of new business or reductions in existing referrals. There are several specific business risks that should be taken into account for the group. The volume of claims referred to the Group, and therefore its revenue, can fluctuate according to the frequency and severity of weather-related events. Additionally the Group is aiming to specifically grow its liability business to mitigate this risk.

Operational risks exist as the company operates in a complex and highly regulated environment, and it is essential to have effective processes and governance to be successful, as well as effective oversight of operations. The Group has put in place procedures and controls to mitigate known operational risks to which it believes it is exposed.

The Group successfully operates a mobilised workforce enabling efficient working from home. Therefore the impact of any further social restrictions due to the COVID-19 pandemic are not considered to be a significant risk to the Group.

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

The Group continues to monitor its interest rate exposure due to increasing global rates. Using the latest available forward rate forecasts the Group estimates its future interest expense regularly which allows the Group to track future cash interest costs. Furthermore our senior debt facilities allow us to PIK up to 2% of the cash interest cost to help manage liquidity as required.

With regard to the war in the Ukraine, the Group does not consider this to be a material risk. However the Group does recognise that the war has caused significant price inflation in the economy which has impacted the Group's cost base. To offset this impact the Group has focused on increasing its prices to customers across all its product lines. Additionally the Group has engaged external consultants to assist with its pricing work and to provide targeted training.

SECTION 172 STATEMENT

In performing their duties throughout the period, the Directors have promoted the success of the company for the benefit of the members as a whole and, in doing so, they have considered the key stakeholders when making decisions, including:

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

Our colleagues

Why?

Our colleagues are key to the delivery of our services and therefore to the long-term success of the business. It is imperative that we keep them actively engaged and motivated.

How?

Our internal communications strategy is designed to deliver engaging communication to drive the business objectives, as well as develop and enhance the organisational culture through engaging internal communication and employer brand content, through channels including the employee intranet, newsletters, emails, webinars, internal notice boards and posters, which include a variety of key information and events including; performance and business updates, acquisition news, cultural initiatives and incentives, key appointments, industry award wins etc.

We motivate and reward our employees through participation in the Davies Incentive Plan, which is a pool of shares set aside for employees to share in the future success of Davies, all employees who have at least two years' service are eligible to participate in the scheme. During the financial year employee participation in the Davies Incentive Plan more than doubled to over 3,000 colleagues. We focus heavily on our policy of training and developing our staff, promoting internally before we recruit externally.

Our annual Davies Disruptive Thinking is an Innovation Lab that places the power of new ideas in the hands of our people. Our mission is to discover valuable ideas for our clients and our people so that we can reimagine our business, by using technology, to create a culture of innovation. The colleagues with the very best ideas receive seed funding to turn them into a reality. Since its launch in 2017 we have completed four successful seasons with more than 2000 ideas submitted by over 1500 colleagues.

Kudos is a tool to help our employees recognise and reward colleagues from across the business - each month all employees receive 100 Kudos points which they can allocate to someone to say thank you for a job done well, going above and beyond their role, getting involved in CSR and other business initiatives.

STRATEGIC REPORT (continued)

SECTION 172 STATEMENT (continued)

Our communities and the environment

Why?
It is a core principle that we make a positive difference to the communities and environments in which we operate.

How?
The Davies Foundation aims to create a positive social impact in the communities globally where Davies operate. Through ongoing fundraising and match funding from the business, the charity provides grant funding to charitable organisations nominated by our employees through our grants programme. The charity has supported 239 causes to date which contribute to its charitable purposes, including family welfare charities, foodbanks, homeless shelters, medical charities, mental health organisations, support groups, environmental charities and community groups. The primary source of fundraising is through internal events & fundraising challenges such as Tough Mudder, LGBTea Mornings, Davies Sleep Out, Winter Foodbank Scheme and a wide-variety of remote events. In addition to our grants programme, we run a series of wellbeing and DEI initiatives, including talks and engagement pieces on topics including, LGBTQ+ inclusion, financial wellbeing, stress management, sustainable living and women's health inequalities. Our CSR work is supported by a team of 60+ volunteers from across the group who promote initiatives, represent our charity globally, organise fundraisers and provide feedback from Davies employees.

Our customers

Why?
The Directors recognise that maintaining long term relationships with existing customers, along with securing new customers, is vital to the success of the business.

How?
Our customers are at the heart of our day-to-day activities and decisions. During the year we have broadened the services we are able to offer our customers and other businesses operating across insurance & highly regulated markets both through the development of new product offerings and through new services made available acquired businesses. For example, in the last year we saw a sharp rise in weather related catastrophe events in both the UK & Ireland and in the US. Through our acquisition of BVS in December 2021 we added a fully automated low-value property claims proposition to our claims solutions, which was key to our surge management during the winter months. The approach ensured claims were settled quickly where possible, and kept customers pleasantly surprised with the quick service. The results of the response have been recognised across the industry with several recent award wins including `claims initiative of the year` at Insurance Post's British Insurance Awards, and `claims service solution of the year` at Insurance Times' Claims Excellence awards.

Davies has significantly increased its investment in technology and digital transformation, while nurturing new ideas and innovation from its people. Davies' teams have continued to launch new technology to market for its highly regulated clients and their customers, including new features to its electronic claims portals and claims automation.

SECTION 172 STATEMENT (continued)

Our investors

Why?
It is critical that our investors have confidence in the Group, how it is operated and in its long-term strategic objectives.

How?
We are supported by our external investors, BC Partners, HGGC and Aimco and through regular dialogue, both inside and outside the structure of formal board meetings, we ensure their interests are represented by careful scrutiny of the shareholder benefit of each material decision taken by the business.

Our suppliers

Why?
The main suppliers to the business are essential to our ability to deliver services to our customers to the standards expected by our customers.

How?
We maintain good relations with all key suppliers to the Group, including through prompt payment practices.

Key decisions
For the key decisions made during the year, we set out below the way in which the interests of key stakeholder groups were considered:

Major acquisitions:
During the year we completed five acquisitions which diversifies our offering and capabilities for the benefit of our customers. Our investors are engaged throughout each acquisition process ensuring their interests are represented through careful analysis and presentation of the shareholder value that is expected to be generated, but also the risks involved. On completion of each acquisition we make an internal announcement to all our colleagues of the acquisition that has been made and the new services that the Group can now offer, and in many cases have followed this up with webinars to introduce the new team and their business.

GOING CONCERN
The directors continually review and monitor business performance and liquidity of the Group. After reviewing the Group's forecasts and projections, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

The Group has performed ahead of expectations since the outbreak of the COVID-19 pandemic and is only slightly behind its budget after the first quarter of the year ending 30 June 2023 despite the challenging economic environment. However despite the slow start to FY23 the Group remains on track to deliver an EBITDA performance in FY23 significantly ahead of last year. The Group also has access to a committed revolver credit facility of £90m should this be required.

The Group's most recent forecasting exercise covers a period from the balance sheet date to 30 June 2024. As part of their forecasting work, the directors undertook detailed sensitivity analysis which showed that the Group is highly unlikely to breach its covenant. The Group enjoys continued funding support of its shareholders BC Partners, HGGC, and AimCo, having raised an additional £45m in equity in September 2022 to support M&A, with a further £35m to follow by the end of the calendar year. The key mitigant for a covenant breach would be an equity injection from the shareholders which is permitted under the existing banking agreement. Additionally, a further mitigant should the Group experience a liquidity issue, would be to drawdown on the £90m RCF which can be accessed for any purpose.

STRATEGIC REPORT (continued)

GOING CONCERN (continued)
In August 2021, the Group completed a transaction with BC Partners who have acquired a majority stake in the business following a rigorous due diligence process. As part of this transaction, Blackstone replaced ICG as the Group's debt provider and an acquisition facility of £350m was secured alongside a c£90m rolling credit facility. This is a committed facility which can be utilised for any purpose including operational, working capital and M&A requirements and can be drawn down in 5 working days.

The Group is continuing its M&A program and during the period ended 30 June 2022 the Group made five acquisitions and, for detail, see note 21. In June 2022, The Group secured an additional acquisition facility of £350m which underlines Blackstone's confidence in Davies performance. The Group has completed three new acquisitions in Q1, adding c£17m of annualised EBITDA before synergies.

The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

RESULTS AND DIVIDENDS
The Group's Adjusted EBITDA is £90.2m and the loss before tax is £96.0m for the financial period ended 30 June 2022. No final dividend is proposed and the loss for the year has been transferred to reserves accordingly.

The losses arise from the structure of the business supporting its strategy where substantial external borrowings were utilised to fund acquisition activities. This gives rise to the substantial interest cost as well as the charges for amortisation, M&A and exceptional items. Given the underlying profitability there is every expectation the Group will report improving results in the years to come.

Alternative performance measures
The Group calculates a number of metrics that are used on an underlying basis to analyse the performance of the Group. These metrics are not necessarily comparable to similarly titled measures presented by other companies and are not any more authoritative than measures presented in the consolidated financial statements, however management believes that they are useful in assessing the performance of the Group and in drawing comparisons between years and are considered a key benchmark for stakeholders. A description of these measures and their calculation is given below.

EBITDA and Adjusted EBITDA
EBITDA is defined as earnings before interest, taxes, depreciation and amortisation. Adjusted EBITDA is defined as EBITDA before exceptional administrative expenses and M&A deal costs and integration expenses. The Adjusted EBITDA, which excludes these costs, is a key benchmark measure for the key stakeholders of the business.

Exceptional administrative expenses
Exceptional administrative expenses are defined by the Group to be expenses which are not on-going operating expenses and include cost containment plans; rationalization and restructuring projects; margin-enhancing initiatives, and other significant one-off projects. The separate reporting of exceptional administrative expenses helps provide an indication of the Group's underlying business performance.

<u>STRATEGIC REPORT (continued)</u>

M&A deal costs and integration expenses

Merger and Acquisition (M&A) deal and integration expenses include the costs of undertaking M&A deal work: salaries and ongoing costs of the M&A team; changes in the value of accrued contingent consideration, the costs of agreed integration programs for acquisition projects, and the costs of realising agreed synergies from deals. Management do not consider such costs to be part of the recurring and ongoing operational business of the Group and therefore present these costs separately.

	For the period from 5 March 2021 to 30 June 2022 £000
Gross profit	207,194
Administrative expenses excluding exceptional items, M&A deal cost and integration expenses, depreciation and amortisation:	(116,945)
Adjusted EBITDA	**90,249**
Exceptional administrative expenses	(4,459)
M&A deal costs and integration expenses	(38,474)
EBITDA	**47,316**
Depreciation	(16,108)
Amortisation	(57,968)
Operating loss	**(26,760)**

KEY PERFORMANCE INDICATORS

Management adopts a number of indicators to measure and monitor the overall performance of the Group. From a financial perspective an annual budget is set. Performance against the budget, in terms of its principal KPIs of turnover and EBITDA before exceptional items and M&A integration expenses and cash flow, is monitored in detail and reviewed monthly at board level.

By order of the Board

Dan Saulter
Director

Date: 28 December 2022

DIRECTORS' REPORT

The directors present their report with the audited consolidated financial statements of the Group for the period ended 30 June 2022.

RESULTS AND DIVIDENDS

The Group's loss for the period ended 30 June 2022 is £81.2m.

No final dividend is proposed and the loss for the period has been transferred to reserves accordingly.

FUTURE DEVELOPMENTS

The Group remains committed to sustainable, profitable growth and continues its program of strategic activities to meet these objectives. The priority remains to provide a market leading range of high quality and innovative services to customers and to develop our relationships with existing and new customers alike.

The Group continues to invest in new systems and technology with the focus on improving operational efficiency and flexibility. This is being implemented through a specific project which will reduce the lifecycle of claims, improve customer service, enhance the quality of management information available both internally and to our clients, and drive down the cost of delivering a successful claim outcome.

FINANCIAL RISK MANAGEMENT

The Group's operations expose it to a variety of financial risks that include credit risk, liquidity risk and interest rate risk.

Credit risk is managed, as far as possible, by partnering with financially strong clients, agreeing payment terms in advance and requesting progress payments during the life of a claim. Appropriate credit control procedures are in place to monitor credit taken by clients and mitigate the risk of a material bad debt.

The Group has a dedicated team managing its cashflow operations ensuring outstanding fee invoices are collected on a timely basis and suppliers are paid utilising available credit terms. Additionally the Group reviews and forecasts its cash requirements on a regular basis and has a £90m revolving credit facility with its main lender to provide an additional source of liquidity to assist with growth and manage seasonal spikes in business. The Group continues to monitor its interest rate exposure due to increasing global rates. Using the latest available forward rate forecasts the Group estimates its future interest expense regularly which allows the Group to track future cash interest costs.

The Group consolidates its US division from USD to GBP using average and period end exchange rates, and therefore faces translation risk on its consolidated financial performance.

In accordance with good corporate governance, cash held on behalf of clients are held in segregated trust bank accounts, separately identifiable from the Group's own cash at bank and in hand.

EMPLOYEES

Details of the employees related costs can be found in note 20 to the financial statements.

The Group has continued its commitment to fostering good communication and consultation at all levels with a view to informing and involving staff in the progress of the Group and its future. Elected employee representatives meet with the executive management of the Group to consult on important workplace issues, including but not limited to market conditions, performance of the business, employee issues and any changes in business direction. Communication with all employees is through the intranet, email and staff meetings.

To encourage their involvement in the future performance of the Group, executive management and directors are included in the management share scheme and employees participate in performance related bonus schemes.

EMPLOYMENT OF DISABLED PERSONS

It is the Group's policy to give, wherever possible, equal opportunity of employment and career development to both disabled and able persons according to their suitability to perform the work required. The Group also makes every effort to provide employment for employees who become disabled. All employees are given opportunities for training, career development and promotion consistent with their capabilities whether disabled or able.

DIRECTORS' REPORT (continued)

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

Tennessee Topco Limited has maintained cover for its directors and officers and those of its subsidiary companies under a directors' and officers' liability insurance policy as permitted by the Companies Act 2006. The liability insurance is a qualifying third party indemnity provision and was in force during the financial period from the date of the acquisition of Davies Topco Limited of 3 August 2021 and up to and including the date of the approval of the Annual Report and Financial Statements.

DIRECTORS

The directors who served during the year and up to the date of signing these financial statements unless otherwise stated are as follows:

Alexander Katsis (appointed 5 March 2021; resigned 16 August 2021)
Cedric Dubourdieu (appointed 3 August 2021)
Dan Saulter (appointed 3 August 2021)
Dr Nneka Abulokwe (appointed 3 August 2021)
James Ridout (appointed 3 August 2021)
John Block (appointed 3 August 2021; (resigned 11 February 2022)
Mark Richards (appointed 5 March 2021)
Michalis Frouzis (appointed 3 August 2021
Neil White (appointed 11 February 2022)
Pauline Spire (appointed 24 September 2021)

POST BALANCE SHEET EVENTS

The Group has completed three new acquisitions since the end of June 2022.

On 1 July 2022, the Group acquired 100% of the issued share capital of Bascoon Limited, the holding company which owns ProAdjust Limited. ProAdjust Limited, founded in 2004, is a leading Irish loss adjuster, operating from 15 locations.

On 13 July 2022, the Group acquired 100% of the issued share capital of Asta Capital Limited ('Asta'), a London-based insurance underwriting management business providing solutions across four operating segments: Syndicates, Syndicate in a box ('SIAB'), MGA's and outsourced services. The Syndicates and SPA business, where Asta acts as a third-party managing agency and provides third-party business access to the Lloyds of London licensing network, accounts for c.90% of annual revenues.

On 23 September 2022, the Group acquired 100% of the issued share capital of Johns Eastern Company Inc, based in the US. The company was founded in 1946, incorporated in 1966, and is an independent insurance services firm offering claims adjustment and third-party administrator services.

On 31 July 2022, Davies Group experienced a cyber-attack which impacted a limited number of services provided to clients of their Insurance Services UK and Claims UK&I businesses. Despite Davies having in place multiple defence in-depth security tooling along with processes adhering to ISO27001 standards, the threat actor managed to gain access to a sub-set of our IT infrastructure hosted in one of our UK data centres.

During the course of the management of the incident, Davies engaged leading experts to assist in the containment, recovery, investigation and data impact analysis and reported to impacted clients, regulators and law enforcement accordingly. Business-as-usual services were recovered quickly, security posture updated following the forensic analysis and the final stages of the incident relate to the conclusion of the data impact analysis, which we anticipate will be concluded before the end of January 2023. As of the date of signing the accounts Davies is unable to estimate the full financial impact of the cyber-attack. The latest estimate is c£15m.

DIRECTORS' REPORT (continued)

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

(1) so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and

(2) each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

STATEMENT OF DIRECTORS' RESPONSIBILITES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the company and of the profit or loss of the Group for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

INDEPENDENT AUDITOR

The auditor, BDO LLP, has indicated its willingness to continue in office and will be proposed for re-appointment at the next annual general meeting.

By order of the Board

D Saulter
Director

Date: 28 December 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TENNESSEE TOPCO 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 affairs as at 30 June 2022 and of the Group's loss for the period then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB); and
- the financial statements have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the financial statements of Tennessee Topco Limited ("the Parent Company") and its subsidiaries ("the Group") for the period from 5 March 2021 to 30 June 2022 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated 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 IFRS as issued by the IASB.

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 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 or 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 Annual Report and Financial Statements, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TENNESSEE TOPCO LIMITED (continued)

Other Companies (Jersey) Law 1991 reporting

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept, or proper returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or

- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

In preparing the financial statements, the Directors are responsible for assessing the 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 evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements including the risk of override of controls and determined that the principal risks were related to posting inappropriate journal entries, management bias in accounting estimates and improper revenue recognition associated with year-end cut-off. Our audit procedures included, but were not limited to:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and Company. We understood the control environment of the Group and Company in monitoring compliance with the applicable laws and regulations;
- We assessed the susceptibility of the Group financial statements to material misstatement, including performance of a detailed fraud risk assessment.
- We obtained an understanding of the internal control environment relevant to the audit in order to design appropriate audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TENNESSEE TOPCO LIMITED (continued)

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

- Based on our understanding obtained and risk assessment performed, we designed specific audit procedures to challenge assumptions and judgements made by management in their significant accounting estimates. We focused on estimates in relation to the defined benefit pension scheme, revenue and work in progress recognition, goodwill valuation and acquisition accounting, specifically we carried out the following;
  - Involving specialists in our audit of the defined benefit pension scheme to ensure assumptions made are appropriate;
  - Testing a sample of revenue recognised either side of the period end to ensure revenue has been recognised in the correct period;
  - Testing a sample of work in progress to ensure that this was recognised correctly;
  - Challenging assumptions made by management in relation to their goodwill and intangibles impairment and useful economic lives; and
  - Challenging assumptions made by management in relation to acquisition accounting including assessment of fair values, and estimates in deferred consideration.
- We performed a review of minutes of Board meetings throughout the period and made direct enquiry with management and those charged with governance to understand any known or suspected instances of non-compliance with laws and regulations and fraud;
- In respect of the risk of management override, we completed specific testing of journal entries, with a focus on any manual journals to revenue and cash and journals including specific keywords based on our understanding of the business; and
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. Further, we agreed the financial statement disclosure to underlying supporting documentation.

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

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

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. 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:
Julien Rye
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Julien Rye (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester, UK
28 December 2022

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

TENNESSEE TOPCO LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	For the period from 5 March 2021 to 30 June 2022
		£000
Continuing operations		
Revenue	5	455,771
Cost of providing services		(248,577)
Gross profit		**207,194**
Staff and other overhead expenses		(114,825)
Administrative expenses		(117,009)
Net impairment losses on financial and contract assets	23	(2,091)
Other losses – net	6	(29)
Operating loss		**(26,760)**
Finance costs	7	(69,221)
Loss before income tax		**(95,981)**
Income tax credit	8	**14,753**
Loss for the period		**(81,228)**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the period from 5 March 2021 to 30 June 2022
	£000
Loss for the period	**(81,228)**
Other comprehensive loss	
Items that may be reclassified to profit or loss	
Exchange differences on translation of foreign operations	(20,389)
Income tax relating to this item	-
Items that will not be reclassified to profit or loss	
Remeasurement of post-employment benefit obligations	(56)
Income tax relating to this item	-
Total other comprehensive loss for the period, net of tax	**(20,445)**
Total comprehensive loss for the period	**(101,674)**
Total comprehensive loss for the period attributable to the owners of Tennessee Topco Limited	**(101,674)**

The accompanying notes are an integral part of these consolidated financial statements.

TENNESSEE TOPCO LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2022 £000
Assets		
Non-current assets		
Property plant and equipment	10	24,580
Right of use assets	11	28,130
Goodwill	12	861,003
Intangible Assets	12	575,448
Other non-current assets		90
Total non-current assets		**1,489,251**
Current assets		
Other current assets	14	13,031
Contract assets	5 (b)	75,393
Trade receivables	15i	100,917
Other financial assets at amortised cost	15ii	48,875
Current tax assets	14	3,522
Cash and cash equivalents	16	53,573
Total current assets		**295,311**
Total assets		**1,784,562**
Liabilities		
Non-current liabilities		
Borrowings	17	811,706
Lease liabilities	11	20,991
Deferred tax liabilities	13	122,984
Employee benefit obligations	20	4,333
Other non-current liabilities	19	67,393
Provisions	18	1,092
Other non-current financial liabilities		10
Total non-current liabilities		**1,028,509**
Current liabilities		
Trade and other payables	19	132,922
Contract liabilities	5 (b)	25,339
Lease liabilities	11	9,279
Employee benefit obligations	20	4,505
Provisions	18	220
Total current liabilities		**172,265**
Total liabilities		**1,200,774**
Net assets		**583,788**
EQUITY		
Share capital and share premium	9 (a)	691,399
Other reserves	9 (b)	(26,326)
Accumulated deficit	9 (c)	(81,285)
Total equity		**583,788**

The financial statements on pages 19 to 81 were approved by the Board of Directors on 28 December 2022 and were signed on its behalf by:

D Saulter
Director

The accompanying notes are an integral part of these consolidated financial statements.

TENNESSEE TOPCO LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Foreign currency translation reserve	Own share reserve	Retained earnings	Total
	£000	£000	£000	£000	£000	£000
Balance as at 5 March 2021	-	-	-	-	-	-
Loss for the period	-	-	-	-	(81,229)	(81,285)
Other comprehensive loss for the period, net of tax	-	-	(20,389)	-	(56)	(20,445)
Total comprehensive loss for the period	**-**	**-**	**(20,389)**	**-**	**(81,285)**	**(101,674)**
Issue of share capital	7,044	684,355	-	-		691,399
Treasury shares	-	-	-	(5,937)		(5,937)
Balance as at 30 June 2022	**7,044**	**684,355**	**(20,389)**	**(5,937)**	**(81,285)**	**583,788**

The accompanying notes are an integral part of these consolidated financial statements.

TENNESSEE TOPCO LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

		Note	For the period from 5 March 2021 to 30 June 2022
			£000
A.	**Cash generated from operations**		
	Loss before tax		**(95,982)**
	Adjustments for:		
	Depreciation and amortisation expense	10/11ii/12	74,076
	Net loss on sale of non-current assets		29
	Finance costs – net		69,221
	Change in operating assets and liabilities, net of effects from purchase of controlled entities		
	Increase in trade and other receivables		(20,804)
	Increase in contract assets		(6,829)
	Decrease in trade and other payables		(2,197)
	Increase in contract liabilities		528
	Pension adjustment		8
	Movement in provisions	18	(2,579)
	Cash generated from operations		**15,471**
	Interest paid		(29,242)
	Income taxes (paid)/refunded		(8,545)
	Net cash used in operating activities		**(22,316)**
B.	**Cash flow from investing activities**		
	Payment for acquisition of subsidiary including goodwill, net of cash acquired	21	(451,895)
	Payment for purchase of property, plant and equipment	10	(15,227)
	Proceeds from sale of property, plant and equipment		(144)
	Payment for purchase of other intangible assets	12	(8,124)
	Payment of contingent consideration on acquisitions		(18,158)
	Net cash used in investing activities		**(493,548)**
C.	**Cash flow from financing activities**		
	Proceeds from borrowings	25	772,480
	Repayment of borrowings	25	(622,565)
	Payment for new facility		(5,250)
	Proceeds from the issue of share capital		436,530
	Repurchase of own shares		(2,713)
	Principal elements of lease payments	25	(7,864)
	Net cash from financing activities		**570,618**
	Net increase in cash and cash equivalents		**54,754**
	Cash and cash equivalents at the beginning of the period		-
	Effects of exchange rate changes on cash and cash equivalents		(1,181)
	Cash and cash equivalents at the end of the period		**53,573**

The accompanying notes are an integral part of these consolidated financial statements.

1. Company Overview

Tennessee Topco Limited (the 'Company') was incorporated in Jersey on 5 March 2021 under Companies (Jersey) Law 1991. The address of the registered office is given on the Directors and Advisers page and the nature of the Company's operations and its principal activities are set out in the Strategic Report. The Company acquired the Davies Topco Group on 3 August 2021 and began trading from that date.

2. Basis of preparation of consolidated financial statements

i. Compliance with IFRS

The consolidated financial statements of Tennessee Topco Limited and its subsidiary undertakings (together, the 'Group') have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS.

ii. Period of account

These are the first set of consolidated financial statements being prepared by the Group for the 16 month period for 5 March 2021 to 30 June 2022. Future financial statements will be prepared based on a twelve-month period of account ending on 30 June.

iii. Parent company disclosure exemptions

The Company is a holding company and has prepared a set of consolidated financial statements for the Group. As such, separate standalone financial statements for the Company are not required under Companies (Jersey) Law 1991.

iv. Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- defined benefit pension plans – plan assets measured at fair value.

v. New standards and interpretations not yet adopted

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements that are relevant for the Group are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Classification of Liabilities as Current or Non-current – Amendments to IAS 1

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. This amendment is deferred until accounting periods starting not earlier than 1 January 2024. The Group is in the process of evaluating the amendment.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS

The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures. This amendment is deferred until accounting periods starting not earlier than 1 January 2023. The Group is in the process of evaluating the amendment.

1. Basis of preparation of consolidated financial statements (continued)

Definition of Accounting Estimates – Amendments to IAS 8

The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. This amendment is effective from annual periods beginning on or after 1 January 2023. The Group is in the process of evaluating the impact.

Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction

In May 2021 the IASB issued 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction' (Amendments to IAS 12). The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities; and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. The Group is in the process of evaluating the impact.

vi. Current/Non-current classification

The Group presents assets and liabilities in balance sheet based on current/non-current classification.

An asset is classified as current when it is:

a. expected to be realised or intended to be sold or consumed in normal operating cycle;
b. held primarily for the purpose of trading;
c. expected to be realised within twelve months after the reporting period; and
d. cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

a. it is expected to be settled in normal operating cycle;
b. it is held primarily for the purpose of trading;
c. it is due to be settled within twelve months after the reporting period; and
d. there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

2. Basis of preparation of consolidated financial statements (continued)

vi. Current/Non-current classification (continued)

All other liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

vii. Going concern

The directors continually review and monitor business performance and liquidity of the Group. After reviewing the Group's forecasts and projections, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

The Group has performed ahead of expectations since the outbreak of the COVID-19 pandemic and is only slightly behind its budget after the first quarter of the year ending 30 June 2023 despite the challenging economic environment. However despite the slow start to FY23 the Group the Group remains on track to deliver a solid EBITDA performance in FY23, significantly ahead of last year. The Group also has access to a committed revolver credit facility of £90m should this be required.

The Group's most recent forecasting exercise covers a period from the balance sheet date to 30 June 2024. As part of their forecasting work, the directors undertook some detailed sensitivity analysis which showed that the Group is highly unlikely to breach its covenant. The Group enjoys continued funding support of its shareholders BC Partners, HGGC, and AimCo, having raised an additional £45m in equity in September 2022 to support M&A, with a further £35m to follow by the end of the calendar year. The key mitigant for a covenant breach would be an equity injection from the shareholders which is permitted under the existing banking agreement. Additionally, a further mitigant should the Group experience a liquidity issue, would be to drawdown on the £90m RCF which can be accessed for any purpose.

In August 2021, the Group completed a transaction with BC Partners who have acquired a majority stake in the business following a rigorous due diligence process. As part of this transaction, Blackstone replaced ICG as the Group's debt provider and an acquisition facility of £350m was secured alongside a c£90m rolling credit facility. This is a committed facility which can be utilised for any purpose including operational, working capital and M&A requirements and can be drawn down in 5 working days.

The Group is continuing its M&A program and during the period ended 30 June 2022 the Group made five acquisitions and, for detail, see note 21. In June 2022, The Group secured an additional acquisition facility of £350m which underlines Blackstone's confidence in Davies performance. The Group has completed three new acquisitions in Q1, adding c£17m of annualised EBITDA before synergies.

The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to the period presented, unless otherwise stated. The consolidated financial statements are for the Group.

3.1. Principles of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (see 3.13).

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Foreign currency translation

i. Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in 'sterling', which is the Group's functional currency and the Group's presentation currency.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

iii. Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity.

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

3.2. Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment loss. Historical cost includes expenditure that is directly attributable cost of bringing the asset to its working condition for its intended use. Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of the assets, net of their residual values, over their estimated useful lives as follows:

Category of Property, plant and equipment	Estimated Useful Life
Fixtures & fittings and office equipment	5 years
Computer equipment	3 years
Leasehold improvements	Useful life of the improvements or lease term, whichever is less.
Right of Use Assets	Lease term

The assets' residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

3.3. Intangible assets

i. Goodwill

Goodwill is measured as described in 3.13. Goodwill represents the excess of the cost of a business combination over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of the acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or Groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

ii. Internally generated intangible assets

Costs associated with research (or on the research phase of an internal project) are recognised as an expense as incurred. Development costs that are directly attributable to internal projects are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the intangible asset include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

3.3 Intangible assets (continued)

iii. Other intangible assets

Separately acquired intangible assets are shown at historical cost. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

The Group amortises intangible assets with a limited useful life, using the straight-line method over the following periods:

Category of Intangible Assets	**Estimated Useful Life**
Technology assets	3 years
Customer lists	10 years
Brand name	20 years

3.4. Impairment of assets

Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are Grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Where an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss.

3.5. Revenue recognition

Significant accounting policies in relation to revenue recognition are disclosed in note 5.

3.6. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

3.7. Financial assets

i. Classification

The group classifies its financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

As at the period end, the Group’s only financial assets consisted solely of accounts receivables arising from the Group’s ordinary business activities. Such accounts receivables are accounted for at amortised cost net of any expected credit losses.

3.7. Financial assets (continued)

ii. Recognition

Purchases and sales of financial assets are recognised on the trade-date, being the date on which the Group commits to purchase or sell the asset.

iii. Measurement

At initial recognition, the Group measures a financial asset held at amortised cost at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) - net. Impairment losses are presented as a separate line item in the statement of profit and loss.

iv. Impairment of financial assets

For all the Group's financial assets (consisting of trade receivables, contract assets and lease receivables), the Group applies the simplified approach to estimating expected credit losses as permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. See note 23 for further details on the Group's estimation of expected credit losses.

v. Derecognition of financial assets

A financial asset is derecognised only when:

- the Group has transferred the rights to receive cash flows from the financial asset; and
- retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

3.8. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance income or finance costs, as applicable.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

3.9. Trade and other payables

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

3.10. Employee benefits

i. Short-term obligations

Liabilities for salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

ii. Post-employment obligations

Farradane Limited, which was acquired by the Group as part of the acquisition of Davies Topco Limited and its subsidiaries on 3 August 2021, operates a defined benefit pension scheme, the Davies Loss Adjusters Life Assurance and Pension Scheme, the assets of which are held separately from those of the Group in an independently administered fund. The scheme was closed to new members in 1998 and no further benefits are accruing under the scheme.

The liability or asset recognised in the statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

Plan assets are measured using market value. The present value of the defined benefit obligation is measured using the projected unit actuarial method and is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The increase in the present value of the defined benefit obligation expected to arise from employee service in the period is charged to operating profit in the statement of profit or loss.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expenses in the statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

The resulting asset or liability in respect of the defined benefit pension plan is recognised on the statement of financial position. Where there is a surplus, the asset is only recognised to the extent that it can be recorded through reduced contributions by the Group.

The Group makes contributions under a defined contribution scheme, the assets of which are held in a separately administered fund. The contributions are charged to the statement of profit or loss in the period in which they fall due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

3.10. Employee benefits (continued)

iii. Davies Incentive Plan

Prior to the acquisition by Tennessee Topco Limited, Davies Group Limited operated the Davies Incentive Plan ("DIP"), an enhanced long-term cash incentive plan. The DIP continued to be in operation by Tennessee Topco Limited following the acquisition of Davies Group Limited and its subsidiaries.

Employees who participate in the Plan receive DIP points on achieving certain milestones or events such as promotion, Professional Development Review ("PDR") scores and participation in The Davies Foundation or CSR activities that are governed by the rules of the Plan.

Points awarded vest in the event of a Sale or an IPO, or at the discretion of the Remuneration Committee from time to time, provided the DIP point holder is employed by the Group on the same date.

The DIP is administered by the Davies Group Employee Benefit Trust (the "EBT"), which is consolidated in accordance with the principles in note 3.1. At vesting, the DIP holders are entitled to net proceeds arising out of the sale of a certain ring-fenced pool of shares held by the EBT in the capital of Davies Group's ultimate parent company (after deduction of such fees, charges, Award Tax Liability, costs or expenses incurred in connection with the sale of such shares) on a pro rata basis. The amount of such payment shall be in the sole discretion of the Remuneration Committee.

Following the acquisition of Davies Group Limited, which completed on 3 August 2021, DIP holders owning DIP points at the acquisition date received cash in respect of 50% of their outstanding DIP points. The amount paid reflected the market value of 50% of the shares then held by the EBT. The remaining 50% were rolled forward for future vesting under the existing DIP rules.

The DIP Plan is not deemed to constitute a share-based payment within the scope of IFRS 2 'Share-based payments'. This is because although Davies Group has an obligation towards the employees if a vesting event occurs and such obligation is satisfied through the distribution of proceeds from the sale of Tennessee Topco shares, the amount DIP holders get in exchange for their points is not directly based on the share price of Tennessee Topco per DIP point. The DIP awards are therefore considered an employee benefit within the scope of IAS 19 'Employee Benefits'.

Liabilities for the Group's obligation in respect of the DIP are recognised as employee benefit expenses over the relevant vesting period over which services are generated by the respective DIP holders. The liabilities are remeasured to fair value at each reporting date and are presented as employee benefit obligations in the balance sheet.

The obligations are presented as current liabilities in the balance sheet if the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

3.11. Taxation

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

3.11. Taxation (continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

3.12. Leases

i. As a lessee

The Group leases various offices, IT equipment and vehicles. Rental contracts are typically made for fixed periods of six months to eight years but may have extension or early termination options.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group has chosen to apply the practical expedient under IFRS 16 and treat lease and non-lease components as a single lease component in instances where the minimum lease component criteria have been met.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option; and
- payments to be made under reasonably certain extension options;

3.12. Leases (continued)

i. As a lessee (continued)

Lease payments are allocated between payments of principal and finance costs. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- dilapidation restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis

In certain lease contracts the Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

The Group has chosen to apply the short-term lease practical expedient to motor vehicles. The lease payments for motor vehicles leases with a lease term of 12 months or less are recognised as an expense on a straight-line basis over the lease term. For all other leases, the Group has chosen not to apply the short-term lease and low-value lease practical expedients. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets primarily comprises of IT equipment.

For accounting policies in relation to leases acquired via a business combination, see 3.13.

ii. As a sub-lessor

The Group may lease out properties to third parties as a sub-lessor where such properties are in excess of the Group’s real estate requirements.

Sub-leases for which the Group is a sub-lessor are classified as finance or operating leases. Whenever the terms of the sub-lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other sub-leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

If a sub-lease is classified as an operating lease, the Group continues to recognise the right-of-use asset associated with the head lease. Rental income from the sub-lease is recognised on a straight-line basis over the term of the relevant sub-lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

During the financial period, all of the Group’s sub-leases are classified as finance leases. For such leases, the Group de-recognises the right-of-use asset (to the extent that it is subject to the sub-lease) and recognises a lease receivable equal to the amount of the Group’s net investment in the lease. The Group uses the rate implicit in the lease to calculate the net investment in the lease. The implicit rate is the rate of interest that causes the present value of the lease payments and the unguaranteed residual value to equal the sum of the fair value of the underlying asset and any initial direct costs of the lessor. If the Group is unable to determine the rate implicit in a sub-lease, it applies the discount rate used for the head lease, adjusted for any initial direct costs associated with the sub-lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group’s net investment outstanding in respect of the leases.

a.12. Leases (continued)

ii. As a sub-lessor (continued)

Subsequent to initial recognition of a finance lease, the Group regularly reviews the estimated unguaranteed residual value, if any, and applies the impairment requirements of IFRS 9, recognising an allowance for expected credit losses on the lease receivable. Finance lease income is calculated with reference to the gross carrying amount of the lease receivables.

3.13. Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

For leases in which the acquiree is the lessee, the Group recognises a lease liability based on the present value of the remaining lease payments as if the acquired lease were a new lease at the acquisition date. A right of use asset is recognised at an amount equal to the recognised lease liability, adjusted to reflect favourable or unfavourable lease terms compared with market terms. Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred;
- amount of any non-controlling interest in the acquired entity; and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or as a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

a.13. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the Group's best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance costs in the statement of profit or loss.

a.14. Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required, or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements where applicable. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

a.15. Share capital

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds. Dividends paid on the Group’s ordinary shares are recognised as a reduction in equity in the period in which they are paid.

Where the Company or any member of the Group purchases the Company’s share capital, the consideration paid is deducted from shareholders’ equity as treasury shares until they are cancelled; if these shares are subsequently sold or reissued, any consideration received is included in shareholders’ equity.

a.16. Rounding of amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand pounds sterling unless otherwise stated.

b. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accounting disclosures including the disclosure of contingent liabilities. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgements and assumptions 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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

The significant judgements, apart from those involving estimation, made by management in applying the Group's accounting policies in these consolidated financial statements (key judgements) and the key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year (key estimates), which together are considered critical to the Group's results and financial position, are as follows:

Revenue

Key judgements and estimates in relation to revenue recognition for the Group's revenue streams are disclosed in Note 5.

Leases

Key judgements:

- Evaluating renewal and termination options when determining the lease term.

Key estimates:

- Discount rate applied to future cash flows.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the lease commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Given that the interest rate implicit in each lease cannot be readily determined, the Group has opted to use an incremental borrowing rate ("IBR") as the basis to determine its lease liabilities.

The Group incremental borrowing rates are estimated as the sum of three component parts, namely:

- a reference rate for the relevant country (i.e. the sovereign bond rate) aligned with the adjusted unexpired lease durations;
- a credit spread reflecting the financial standing of the lessee (derived from corporate bond yields); and
- an asset/lease specific adjustment, if needed, to reflect the nature of the lease collateral.

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

Defined benefit pension obligations

Key judgements and estimates:

- Discount rate applied to future cash flows;
- Expected future salary increases;
- Expected mortality rates;
- Expected future pension increases.

The cost of defined benefit pension plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details are given in note 20.

Intangible assets

Key judgements and estimates:

- Useful life (customer lists).
- Residual value (customer lists).

Customer lists are amortised over their useful life taking into account residual values, where appropriate. The actual life of the asset and residual value is assessed annually and may vary depending on a number of factors. In re-assessing the asset life, factors such as loss of major customers and customer life cycles are taken into account.

5. Revenue from contracts with customers

a. Revenue accounting policies

The Group derives revenue from its customer contracts within each of its operating divisions:

- Consulting & Technology ('C&T'): The Group offers consulting services predominantly to insurance and other highly regulated sectors, including learning solutions and resourcing solutions. The Group also provides Technology solutions, which can involve 'Software as a Service' ('SaaS'), on premise licensing and sub-licensing.

- Claims Solutions UK & Ireland ('Claims UK&I'): The Group provides desk-based and field-review claims management services depending on the complexity of the claim.

- Claims Solutions US: Services include 1) claims management services relating to worker's compensation, liability, property and casualty claims management, 2) Managed Care Insurance services, including medical bill reviews and approvals as well as ongoing nurse case management, 3) Life and Health services, including ongoing administration and operational support to Insurers within the Life & Health sector, consulting technology development and implementation services.

- Insurance: Services include claims management, subrogation management and end to end management services to Captive Insurers.

c. Revenue from contracts with customers (continued)

a. Revenue accounting policies (continued)

- Legal Solutions: The Group provides dispute resolution and support services to the UK insurance industry for legal disputes arising from claims underwritten by policies and insurance programmes. Fees for such services are either fixed or variable in nature, depending on the complexity of the services.

The Group follows the principle-based five-step model in IFRS 15 and recognises revenue on transfer of control of promised goods or services to customer when or as the performance obligation is satisfied at an amount that reflects the consideration, which the Group expects to be entitled in exchange for those goods, or services.

Customer contracts can include combinations of goods and services, which are generally capable of being distinct and accounted for as separate performance obligations.

Identification of contract with customers

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties, in writing, the parties to the contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable.

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised to a customer and identifies the distinct performance obligations in the contract. Each promise is identified as either:

a. good or service (or a bundle of goods or services) that is distinct; or
b. a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

Promises in a contract can be explicit, or implicit if they create a valid expectation that the Group will provide a good or service based on the Group's customary business practices, published policies or specific statements. Identification of a distinct performance obligation involves judgement to determine whether the promise is separately identifiable and whether the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer.

Determination of the transaction price and standalone selling prices

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer. The Group determines the transaction price of the performance obligations promised in the contract and allocates the transaction price to each distinct performance obligation based on the standalone selling price of each performance obligation.

The transaction price could be either a fixed amount of customer consideration, variable consideration such as the refunds included in permanent hire resourcing solution contracts, or a combination of both. The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Group allocates the elements of variable consideration to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

5. Revenue from contracts with customers (continued)

Timing of revenue recognition

The Group recognises revenue when the respective obligations in the contract are delivered to the customer and payment is probable.

The Group exercises judgement in determining whether a performance obligation is satisfied at a point in time or over a period of time. Revenue is recognised over time if any of the following three criteria are met, otherwise revenue is recognised at a point in time:

a. The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.
b. The entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
c. The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Revenue is recognised upon transfer of control of promised goods or services to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those products or services. When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved. When there are contingent fees, income is recognised at the point in time when the contingent event occurs.

Revenue from ongoing professional services such as consulting, claims management and captive management solutions are typically recognised over time. Where the Group stands ready to provide the service (such as access to learning content), revenue is recognised based on time elapsed over the service period.

Consumption-based services (such as separately identifiable professional services and support services and online / classroom training services) are recognised over time as the services are utilised, typically following the percentage-of-completion method.

Licences for standard on-premise software solutions are typically delivered by providing the customer with access to download the software. The licence period starts when such access is granted. Licence revenue is recognized at a point in time or over time depending on whether the Group delivers software with significant standalone functionality or software which is dependent on updates for ongoing functionality. The Group recognises revenue for these licences which have significant standalone functionality at the point in time when the customer has access to and control over the software solution. On-premise licenses issued by the Group's C&T division generally fall within this category.

Revenue relating to mobilisation, set up and development services that are performed prior to licensing in technology implementation contracts is deferred and spread on a straight line basis over the period in which the customer is benefiting from the services, which is typically the contractual licence period. The fulfilment costs related to mobilisation, set up and development services meet the criteria for capitalisation and are amortised over the contractual licence period.

Licenses for cloud-based software solutions, where the Group's performance obligation is the granting of rights to continuously access a cloud-based software offering for a certain term, the Group recognizes revenue based on time elapsed over the term of the respective contract.

Revenue from maintenance and support services that are identified as separate performance obligations are typically recognised based on time elapsed over the term of the support arrangement. Under the standardised maintenance and support services, the Group's performance obligation is to stand ready to provide technical product support and where applicable, unspecified updates, upgrades and enhancements on a when-and-if-available basis. In such instances, the customers are deemed to simultaneously receive and consume the benefits of these services.

5. Revenue from contracts with customers (continued)

Timing of revenue recognition (continued)

Revenue from the provision of resourcing services is based on the nature of the underlying resource requirements the respective rights and obligations negotiated within the contracts. For placements of permanent hires, revenue is recognised at the point in time when the Group has sourced and the client has accepted the worker, which is when the Group has satisfied its performance obligation. Permanent hire contracts include the provision for refunds which introduce an element of variable consideration. Such consideration is recognised to the extent that it is not probable that there will be reversals of such consideration due to future refunds.

For the placement of temporary contractors, the Group is primarily an agent on the basis that it is not deemed to have control over the contractors and is not the primary obligor for services provided by the temporary contractors. Revenue is recognised on a net basis. Such contracts have two performance obligations:

1) sourcing contractors and placing them with end-clients, which is satisfied at a point-in-time; and
2) administrative services, which are satisfied over the placement period.

A contract asset is recognised within the statement of financial position when revenue is recognised for services rendered but not yet invoiced. A contract liability is recorded within the statement of financial position and excluded from revenue when an interim fee is raised in advance of work performed.

Principal vs. Agent considerations

The Group determines whether it is a principal or an agent for each specified good or service promised to the customer that is delivered via third parties.

When the Group is deemed to have control of third-party goods or services prior to delivery to a customer, then the Group is the principal in the sale to the customer. As a principal, receipts from customers and payments to suppliers are reported on a gross basis in revenue and cost of sales. If the Group does not have control of third-party goods or services prior to transfer to a customer, then the Group is acting as an agent for the other party and revenue in respect of the relevant obligations is recognised net of any related payments to the supplier and reported revenue represents the margin earned by the Group. Whether the Group is considered to be the principal or an agent in the transaction depends on analysis by management of both the legal form and substance of the agreement between the Group and its supplier, taking into account whether the Group bears the price, inventory and performance risks associated with the transaction.

The Group is deemed to be acting as an agent when sourcing and administering temporary workers for the customer under claims management and resourcing solution contracts, and when sub-licensing third party intellectual property under technology contracts. In such cases, the Group recognises revenue in the amount of any fee or commission to which it expects to be entitled, whereby the fee or commission is the net amount of consideration that the Group retains after paying any third parties. Such net fees are recognised at a point in time or over time depending on the nature of the Group's performance obligations under the contract.

Revenue critical accounting judgements and key sources of estimation uncertainty

Key judgements:

- Determining whether the Group is acting as a principal or as an agent.
- Determining whether the granting of an on-premise licence of intellectual property is a right to use or a right to access.

Principal vs agent considerations arise in relation to 1) sourcing and administering temporary workers under claims management and resourcing solution contracts, and 2) when sub-licensing third party intellectual property under technology contracts. Under IFRS, no single indicator is individually determinative, and the guidance also does not weigh any indicator more heavily than the others, although some indicators may provide stronger evidence than others, depending on the circumstances.

5. Revenue from contracts with customers (continued)

Revenue critical accounting judgements and key sources of estimation uncertainty (continued)

Key judgements (continued)

In relation to sourcing and administering temporary workers, the Group receives a fee for the temporary workers plus a commission, and the Group is responsible for paying the temporary workers their share. The Group is not responsible for the provision of the underlying services provided by the temporary contractors. Such obligations are imposed on the temporary worker and the Group does not have any control or supervision of the temporary workers. Such responsibility over the performance of the workers falls with the client. The client does not have any recourse on the Group for issues with the service being provided by the temporary workers and customer service issues that arise are dealt directly between the client and the temporary workers. The Group would only be involved if the client expresses a wish to terminate or create a new contract, where the Group would provide administrative assistance to facilitate this process as part of its overarching contract with the customer. The Group does not have complete control over the price it sets (i.e. it does not have latitude to determine the price for the contractor and what is charged to the client, other than the application of a margin, which is restrained by market rates) and the Group is not able to redeploy/switch temporary workers between different clients. The client contracts only with those specific workers as detailed by the contract and the Group does not have inventory risk on the services being provided by the temporary workers on the basis that it does not pay the temporary workers in advance for the services.

In relation to sub-licensing of third party software and intellectual property, although the Group acts as an intermediary, the third party software provider is responsible for the software's functionality as well as issuing and activating the licences. The third party software provider is therefore responsible in those respects for fulfilling the promise to provide the licences to the customer and ensuring that the level of performance promised under the license is maintained. The Group does not control a pool of standard software licences before entering into the contract with the customer and cannot, for example, direct the software licences to another customer if it wanted to do so. The Group therefore has no inventory risk in relation to the licences as only licences ordered by the client are licensed from the third party software provider. Although the Group does have flexibility to determine prices for the licences charged to the customer, this flexibility is limited by market rates.

Based on the factors outlined above, Management have judged that the Group is acting as an agent in the above situations.

On premise licenses are assessed on whether they provide a "right to use" the software intellectual property or a "right to access" the intellectual property as defined in IFRS 15, as this will determine whether revenue allocated to the licence should be recognised at a point in time or over time, respectively. This assessment is based on whether the Group's activities significantly change the intellectual property to which the customer has rights. A "right to access" intellectual property is only concluded if all of the following criteria are met:

- the contract requires, or the customer reasonably expects, that the Group will undertake activities that significantly affect the intellectual property to which the customer has rights;
- the rights granted by the licence directly expose the customer to any positive or negative effects of the Group's activities; and
- those activities do not result in the transfer of a good or a service to the customer as they occur.

Under an on-premise licence contract, wider updates and maintenance activities do not affect or modify the functionality of the intellectual property that are critical to the functioning of the software (other than technical maintenance services). On this basis, Management have judged that the criteria for "right to access" are not met and therefore the on-premise licences grant a "right to use" the Group's intellectual property.

5. Revenue from contracts with customers (continued)

Revenue critical accounting judgements and key sources of estimation uncertainty (continued)

Key estimates:

- Determining the transaction price and the amounts allocated to performance obligations.

Determining the transaction price requires estimation when contracts include an element of variable consideration. This primarily relates to permanent hire resourcing solution contracts in which the Group sources permanent workers for the client in return for a fee. The client may be entitled to a refund under the contract if, for example, the worker is terminated by the client within an initial period from the date of hire and the size of the refund may vary according to the week of termination. The Group uses historical data in order to estimate the expected value of refunds and only recognises revenue to the extent that it is highly probable that a significant reversal of cumulative revenue recognised will not occur.

Allocating the transaction price to performance obligations requires estimation when the stand-alone selling price for each performance obligation is not directly observable. The Group determines a suitable method for estimating the stand-alone selling price depending on the nature of the good or service and the data available to the Group. Such methods include, but are not limited to:

- Expected cost plus a margin approach - the Group forecasts its expected costs of satisfying a performance obligation and then adds an appropriate margin for that good or service
- Residual approach—the Group may estimate the stand-alone selling price by reference to the total transaction price less the sum of the observable stand-alone selling prices of other goods or services promised in the contract.

a. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of services over time and at a point in time from the following operating divisions:

Operating Divisions

As at 30 June 2022	C&T £000	Claim Solutions - UK & I £000	Claim Solutions - US £000	Insurance £000	Legal Solutions £000	Total £000
Revenue						
Timing of revenue						
– At a point in time	9,608	-	-	1,947	-	11,555
– Over time	63,980	89,604	159,500	19,760	111,372	444,216
	73,588	**89,604**	**159,500**	**21,707**	**111,372**	**455,771**

5. Revenue from contracts with customers (continued)

Revenue critical accounting judgements and key sources of estimation uncertainty (continued)

Key estimates (continued):

b. Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	Non-current	Current
	As at 30 June 2022	As at 30 June 2022
	£000	£000
Contract assets	-	76,360
Loss allowance	-	(967)
Total contract assets (Refer to note 23)	**-**	**75,393**
Assets recognised from costs incurred to fulfil a contract	-	-
Accumulated amortisation and impairment	-	-
Total assets recognised from costs incurred to fulfil a contract	**-**	**-**
Total contract assets	**-**	**75,393**

	As at 30 June 2022
	£000
At start of period	-
Acquired net contract assets	60,425
Increase in contract assets during the period	15,935
Loss allowance	(967)
Total contract assets	**75,393**
At start of period	-
Contract liabilities at acquisition	21,904
Movement during the period	3,435
Total current contract liabilities	**25,339**

Contract assets have arisen through the ordinary course of business during the year.

The Group has also recognised a loss allowance for contract assets in accordance with IFRS 9. See note 23 for further information.

The Group has applied the practical expedient under IFRS 15 Revenue from Contracts with Customers and has not disclosed the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period due to the following reasons:

- the performance obligation is part of a contract that has an original expected duration of one year or less; or the Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the entity's performance completed to date.

6. Other (losses)/gains - net

	For the period from 5 March 2021 to 30 June 2022 £000
Net loss on disposal of property, plant and equipment	(29)
Net unrealised foreign exchange gains, excluding gains that relate to borrowing	-
Total	**(29)**

7. Finance costs

	For the period from 5 March 2021 to 30 June 2022 £000
Finance income	-
Total finance income	**-**
Finance costs	
Interest and finance charges paid/payable for lease liabilities	1,511
Interest and finance charges paid/payable for financial liabilities not at fair value through profit or loss	48,365
Foreign exchange gains and losses that relate to borrowings	13,348
Provisions: unwinding of discount	5,997
Total finance costs expensed	**69,221**
Net finance costs	**(69,221)**

8. Taxation

a. Income tax expense

	For the period from 5 March 2021 to 30 June 2022 £000
Current tax	
UK corporation tax on profits for the year	31
UK corporation tax adjustments in respect of prior year	683
Foreign tax	3,060
Total current tax expense	**3,774**
Deferred tax	
Origination and reversal of timing differences	(18,527)
Total deferred tax credit	**(18,527)**
Total income tax credit	**(14,753)**

8. Taxation (continued)

b. Numerical reconciliation of income tax expense to prima facie tax payable

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

	For the period from 5 March 2021 to 30 June 2022 £000
Loss from ordinary activities before income tax	(95,981)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19%	(18,236)
Tax effects of:	
Expenses not deductible for tax purposes	5,697
Deferred tax recognised at a different rate to the corporation tax rate of 19%	(1,593)
Difference in tax rates applied in overseas jurisdictions	(1,304)
Adjustments in respect of prior year	683
Income tax expense	**(14,753)**

c. Tax losses

	For the period from 5 March 2021 to 30 June 2022 £000
Unused tax losses for which no deferred tax asset has been recognised	771
Potential tax benefit at 25%	**193**

9. Equity

a. Share capital and share premium

Ordinary shares authorised, issued and fully paid

	As at 30 June 2022 £000 Share capital	As at 30 June 2022 £000 Share premium
A Ordinary Shares of £0.01 each	6,900	683,004
A1 Ordinary Shares of £0.01 each	131	13,137
B Ordinary Shares of £0.0001 each	3	1,290
C Ordinary Shares of £0.0001 each	6	104
D Ordinary Shares of £0.0001 each	4	5
E Ordinary Shares of £0.00001 each	-	-
F Ordinary Shares of £0.000001 each	-	-
Total share capital and share premium	**7,044**	**697,540**

NOTES TO THE FINANCIAL STATEMENTS

9. Equity (continued)

a. Share capital and share premium (continued)

Movements in ordinary shares

	Number of shares 000s	Share capital £000	Share premium £000	Total £000
Balance as at 5 March 2021	**-**	**-**	**-**	**-**
Issued during the year	927,869	7,044	697,540	704,584
Less: Transaction costs arising on share issues	-	-	(13,185)	(13,185)
Deferred tax credit recognised directly in equity	-	-	-	-
Balance as at 30 June 2022	**927,869**	**7,044**	**684,355**	**691,399**

All of the above shares were issued during the period. A, A1, B, C, D, E and F Ordinary shares have a par value of £0.01, £0.01, £0.0001, £0.0001, £0.0001, £0.00001, and £0.00001 respectively. They entitle the holder to participate in dividends, and also to share in the proceeds of winding up the Group as prescribed in the Company's articles of association whereby the A and A1 shares are given priority until such time as the holders of the A and A1 shares have received a specified amount per share, after which the holders of B, C, D, E and F Ordinary Shares then also begin to participate (in each case) after a prescribed return of proceeds have been received by each foregoing class of shares. On a poll every holder of A Ordinary shares present at a meeting, in person or by proxy, is entitled to one vote. The A1, B, C, D, E and F Ordinary shares do not carry any voting rights.

The share premium account includes the premium on issue of equity shares, net of any costs.

The analysis of the movement in the shares in the period is as follows:

	Number of shares 000s	Share capital £000	Share premium £000	Total £000
Balance as at 5 March 2021	-	-	-	-
Consideration for acquisitions	442,504	2,274	225,303	227,577
Shares issued in the period	485,365	4,770	472,237	477,007
Balance as at 30 June 2022	**927,869**	**7,044**	**697,540**	**704,584**

Of the shares issued in the period, £27.1m cash was received in July 2022 and management loans of £0.2m were awarded resulting in a gross cash inflow for shares in the period of £449.7m before issuing costs of £13.2m, a net cashinflow of £436.5m.

b. Other reserves

The following table shows a breakdown of the balance sheet line item 'other reserves' and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

	Own shares reserve £000	Foreign currency translation reserve £000	Total £000
As at 5 March 2021	**-**	**-**	**-**
Exchange differences on translation of foreign operations	-	(20,389)	(20,389)
Own shares	(5,937)	-	(5,937)
As at 30 June 2022	**(5,937)**	**(20,389)**	**(26,326)**

9. Equity (continued)

b. Other reserves (continued)

Treasury shares

The reserves of the Company's own shares comprise the cost of the Company's shares held by the Group. Own shares are shares in Tennessee Topco Limited that are held by the Davies Employee Benefit Trust for the purpose of issuing shares under the Davies Incentive Plan (see note 20 for further information). Shares issued to employees are recognised on a first-in-first-out basis.

	Number of Shares 000	£000
Opening balance as at 5 March 2021	**-**	**-**
Issed to the Trust upon acquisition of Davies Topco Limited	19,959	3,224
Acquisition of shares by the Trust	4,315	2,730
Employee share scheme issue	(1,383)	(17)
Balance as at 30 June 2022	**22,891**	**5,937**

Foreign currency translation reserve

Exchange differences arising on translation of foreign controlled entities are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Other reserve

The other reserve represents the value of the shares in the Company that were issued to the EBT as consideration on the acquisition of Davies Topco Limited.

c. Retained earnings

Movements in retained earnings were as follows:

	As at 30 June 2022
	£000
Balance as at 5 March 2021	-
Net (loss) for the period	(81,228)
Items of other comprehensive income recognised directly in retained earnings	-
Remeasurements of post-employment benefit obligations, net of tax	(56)
Balance as at 30 June 2022	**(81,284)**

10. Property, plant and equipment

Non-current	Leasehold improvements £000	Fixtures & fittings and office equipment £000	Computer Equipment £000	Total £000
Cost				
At 5 March 2021	-	-	-	-
Additions	2,545	2,446	10,236	15,227
Acquired through business combinations	2,136	3,144	12,950	18,230
Disposals	-	(732)	(32)	(764)
Exchange differences	97	959	248	1,304
At 30 June 2022	**4,7789**	**5,817**	**23,402**	**33,997**
Accumulated depreciation and impairment				
At 5 March 2021	-	-	-	-
Depreciation charge for the period	1,275	873	7,012	9,160
Disposals	-	(615)	(32)	(647)
Exchange differences	47	666	191	904
At 30 June 2022	**1,322**	**924**	**7,171**	**9,417**
Net book value as at 30 June 2022	**3,456**	**4,893**	**16,231**	**24,580**

11. Leases

i. Amounts recognised in the statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

Right-of-use assets	As at 30 June 2022 £000
Buildings	25,421
Motor Vehicles	1,316
IT Equipment	1,393
	28,130

Lease Liabilities	As at 30 June 2022 £000
Current	9,279
Non-current	20,991
	30,270

Additions to the right-of-use assets during the period ended 30 June 2022 were £36,577,000.

11. Leases (continued)

ii. Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	As at 30 June 2022 £000
Depreciation charge of right-of-use assets	
Buildings	5,849
Motor Vehicles	606
IT Equipment	488
	6,943
Interest expense (included in finance costs)	1,511
Expenses relating to short-term leases (included in administrative expenses)	-
Expenses relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	-
Expenses relating to variable lease payments not included in the measurement of lease liabilities (included in administrative expenses)	-

The total cash outflow for leases for the period ended 30 June 2022 was £9,196,000.

There were no building leases contain variable payment terms that are linked to an index, such as the Consumer Price Index, or market rates.

Extension and termination options are included in a number of leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

The sensitivity of the finance lease liability to changes in the incremental borrowing rate assumptions is:

	Change in Assumption	Increase/(decrease) on Lease Liability as at 30 June 2022
Incremental Borrowing Rate	+2.50%	(2,114)
Incremental Borrowing Rate	-2.50%	1,087

When calculating the sensitivity of the finance lease liability, the same method (present value of the total cash outflows at the end of the reporting period) has been applied as when calculating the finance lease liability recognised in the statement of Financial Position.

12. Intangible assets

Non-current assets	Goodwill £000	Customer lists £000	Brand Name £000	Other intangible assets £000	Total £000
Cost					
Additions - internally developed	-	-	-	847	847
Additions - acquired separately	-	42	-	7,235	7,277
Acquired through business combinations	857,118	465,921	117,203	38,910	1,479,152
Disposals	-	-	-	(2)	(2)
Exchange differences	3,885	2,702	-	1,257	7,844
At 30 June 2022	**861,003**	**468,665**	**117,203**	**48,247**	**1,495,118**
Accumulated amortisation and impairment					
At 5 March 2021	-	-	-	-	-
Amortisation for the period	-	41,022	5,372	11,579	57,973
Exchange differences	-	17	-	678	695
At 30 June 2022	-	**41,039**	**5,372**	**12,257**	**58,668**
Net book value as at 30 June 2022	**861,003**	**427,626**	**111,831**	**35,990**	**1,436,450**

The additions to the goodwill, customer lists, brand names and other intangible assets relate to the acquisition deals completed in the year, details of which can be found in note 21. The remaining amortisation for the Customer lists is approximately 9 years; for Brand Names, approximately 19 years; and for Other Intangible assets, approximately 2 years.

The internally generated intangible assets and the other intangible assets comprise software and technology assets.

13. Deferred tax (assets) / liabilities

Movements	Business Combination intangibles £000	Tax losses £000	Short-term timing differences £000	Other timing differences £000	Total £000
At 5 March 2021	-	-	-	-	-
(Charged)/credited:					
– On business combinations	145,870	(3,166)	1,812	(2,696)	141,820
– to profit or loss	(9,719)	(7,529)	(312)	(967)	(18,527)
– other movements	492	-	-	-	492
– to other comprehensive income	-	-	216	(1,017)	(801)
At 30 June 2022	**136,643**	**(10,695)**	**1,716**	**(4,680)**	**122,984**

The deferred tax assets include an amount of £9.7m and £1m which relates to carried-forward tax losses in the UK and US respectively. The Company has concluded that the deferred assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets. The entities and group as a whole are expected to generate taxable income going forward. The losses can be carried forward indefinitely and have no expiry.

14. Other current assets

	As at 30 June 2022 £000
Corporation tax	3,522
Prepayments and accrued income	13,031
	16,553

15. Trade receivables and other financial assets at amortised cost

i. Trade Receivables

	As at 30 June 2022
	£000
Trade receivables from contracts with customers	108,375
less: loss allowance (Refer to note 23)	(7,458)
	100,917

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 23.

Due to the short-term nature of the trade receivables, their carrying amount is considered to be the same as their fair value.

ii. Other financial assets

	As at 30 June 2022
	£000
Amounts receivable from parent undertakings	32,574
Other receivables	16,301
Total	**48,875**

Amounts owed by parent undertakings are in respect of unpaid share capital issued in the period £27.1m and other amounts due in respect of the acquisition of Davies Topco Limited of £5.4m, and this full amount was settled in July 2022.

Due to the short-term nature of other financial assets at amortised cost, their carrying amount is considered to be the same as their fair value.

16. Cash and cash equivalents

	As at 30 June 2022 £000
Cash at bank and in hand	53,573
Total	**53,573**

Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial period as follows:

	As at 30 June 2022 £000
Cash at bank and in hand	53,573
Bank overdrafts	-
Cash and cash equivalents at the end of the period	**53,573**

i. Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest. See note 3.6 for the Group's other accounting policies on cash and cash equivalents.

17. Borrowings

Non-current	As at 30 June 2022 £000
Secured	
Bank loans	811,706
Total secured borrowings	**811,706**
Total non-current borrowings	**811,706**

	£000
Total current borrowings	**-**
Total borrowings	**811,706**

17. Borrowings (continued)

On 3 August 2021, the Group's intermediary holding companies repaid their loans to their existing external debt holders and entered into new facilities, whereby Blackstone replaced ICG as the Group's debt provider. Upon completion, new debt of £552m was drawn down and an acquisition facility of £350m was secured alongside a c£90m rolling credit facility (“RCF”). All these new facilities are multi-currency in sterling GBP, US Dollars and Euros.

These facilities carry a fixed security over shares, bank accounts and IC receivables, and other assets are charged by way of “floating charge” - all assets with the exception of intellectual property (non-US and the Littleton Group trademark), property, insurance policies, governmental contracts / licenses, joint venture interests and bank accounts relating to cash pooling or factoring purposes.

The new facility carries interest charges made up of a fixed element (between 3.5% and 7.0%) and variable element linked to either the SONIA (Sterling Overnight Index Average) rate for GBP and EUR elements or the US Dollar LIBOR rate for USD elements. For the period ended 30 June 2022, the facilities attracted an effective interest rate of 6.59%.

Of this facility only the RCF carries a repayment clause whereby it is subject to mandatory repayment in the case of a change of control or an Initial Public Offering of the group. As at 30 June 2022, the RCF was valued at £44,604,291.

The loans are carried at a value net of prepaid fees which are amortised on an effective interest rate basis. At 30 June 2022 the unamortised value was £24.1m

On 30 June 2022, the Group entered into an additional acquisition facility of £350m (undrawn at June 2022). An upfront payment of £5.3m was made for associated arrangement fees.

18. Provisions

Non-current	**As at 30 June 2022**
	£000
Dilapidation provision	220
	220

Current	**As at 30 June 2022**
	£000
Dilapidation provision	1,068
Other provisions	23
	1,091

18. Provisions (continued)

Dilapidation provision

The Group is required to restore the leased premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease and the useful life of the assets.

Movements in each class of provision during the financial year are set out below:

	Dilapidation provision £000	Other provisions £000
As at 5 March 2021	**-**	**-**
Acquired through business combination	1,487	2,000
Charged/(credited) to profit or loss		
– additional provisions recognised	-	581
– unused amounts reversed	(90)	-
Utilised in the year	(126)	(2,944)
Exchange differences	17	386
As at 30 June 2022	**1,288**	**23**

19. Trade and other payables

Non-current	**As at 30 June 2022 £000**
Accruals and deferred income	76
Contingent consideration	67,317
	67,393

Current	**As at 30 June 2022 £000**
Trade payables	38,402
Other taxation and social security	9,500
Accruals	49,485
Contingent consideration	15,844
Other payables	19,691
	132,922

Contingent consideration includes £18.0m relating to acquisitions made by Davies Topco prior to its acquisition by the Group on 3 August 2022. This consideration is dependent on the achievement of various targets for gross profit, EBTIDA and revenue growth.

The maximum total consideration payable by the Group is £124.5m and the minumum payable is £nil.

20. Employee benefit obligations

	Non-current As at 30 June 2022 £000	Current As at 30 June 2022 £000
Defined pension benefits	816	-
Defined contribution benefits	-	871
Other employee benefits	3,517	3,634
	4,333	**4,505**

Defined pension benefits

Farradane Limited, which was acquired by the Group as part of the acquisition of Davies Topco Limited and its subsidiaries on 3 August 2021, operates a defined benefit pension scheme, the Davies Loss Adjusters Life Assurance and Pension Scheme. The scheme was closed to new members in 1998 and no further benefits are accruing under the scheme. The Group's key accounting policies for the scheme are set out in note 3.10 (ii).

Defined contribution benefits

The Group operates a defined contribution scheme. The Group's legal or constructive obligation for this scheme is limited to the Group's contributions. The expense for the period represents contributions payable by the Group which amounted to £5,223,000. The Group's key accounting policies for the scheme are set out in note 3.10 (ii).

Other employee benefits

Other employee benefits comprise of:
– Amounts owed in relation to the Davies Incentive Plan and long-term incentive plans.

Davies Incentive Plan ("DIP")

Davies Group rewards eligible employees through participation in the DIP, an enhanced long-term cash incentive plan, backed by an employee benefit trust ("EBT") that holds ordinary shares in the company. The obligation recognised relates to expected future payments relating to DIP points that are subject to the DIP's vesting and service conditions, to the extent that the respective services have been provided by the DIP point holders. Any cash obligations are satisfied upon an exit or similar event, where the EBT sells shares to a buyer and uses the proceeds to pay point holders. On this basis the company considers the accounting charge an exceptional item.

In June 2022, in response to the cost of living crisis, Davies Group introduced and communicated a one-off option that allows DIP holders to convert up to 50% of their existing points into cash in five quarterly instalments between September 2022 and September 2023. This has resulted in an accelerated vesting of the fair value of the respective DIP points. The respective liability for these DIP points is included within current employee benefit obligations. The cash obligation will be satisfied by the EBT selling shares to the company and using the proceeds to pay point holders. On this basis the company considers the accounting charge an exceptional item.

The Group's key accounting policies for the scheme are set out in note 3.10 (iii).

Long term Incentive plans

Davies Group will offer long term incentive plans to certain employees upon new acquisitions. Such plans and linked to the future result of the businesses acquired, and a M&A exceptional charge is recognised over the period earned.

20. Employee benefit obligations (continued)

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

	Present value of obligation	Fair value of plan assets	Impact of minimum funding requirement/ asset ceiling	Net amount
	£000	£000	£000	£000
At 5 March 2021	-	-	-	-
Acquisition of Davies Topco Limited	**18,167**	**(17,252)**	-	**915**
Current service cost	-	-	-	-
Past service cost	411	-	-	411
Interest expense/(income)	357	(343)	-	14
Total amount recognised in profit or loss	**768**	**(343)**	**-**	**425**
Remeasurements				
Actuarial (gain)/loss	(4,228)	1,460	2,636	(132)
Total amount recognised in other comprehensive (income)/loss	**(4,228)**	**1,460**	**2,636**	**(132)**
Exchange differences	-	-	-	-
Contributions				
Employers	-	(402)	-	(402)
Plan participants	-	-	-	-
Benefits paid	(602)	602	-	-
At 30 June 2022	**14,105**	**(15,935)**	**2,636**	**(806)**

The net liability disclosed above relates to funded and unfunded plans as follows:

	As at 30 June 2022
	£000
Present value of funded obligations	(14,105)
Fair value of plan assets	15,935
Surplus of funded plans	1,830
Present value of unfunded obligations	-
Total surplus of defined benefit pension plans (before asset ceiling)	**1,830**

At the date of the last formal funding valuation – 5 April 2021 – the plan had a funding deficit of £3.0m. The Group is therefore currently contributing to the Plan at the rate of £414,000 pa, as agreed with the plan's trustees.

The following table shows a breakdown of the defined benefit obligation and plan assets by country as at 30 June 2022:

	United Kingdom	Total
	£000	£000
Present value of obligation	(14,105)	(14,105)
Fair value of plan assets	15,935	15,935
Surplus in the scheme	1,830	1,830
Impact of minimum funding requirement/asset ceiling	(2,636)	(2,636)
Total liability	**(806)**	**(806)**

As at the last valuation date, 60% of the present value of the defined benefit obligation related to deferred members and 40% related to members in retirement.

20. Employee benefit obligations (continued)

The analysis of the fair value of plan assets by nature is as follows:

	As at 30 June 2022
The major categories of plan assets, measured at fair value are:	£'000
Equities	10,638
Bonds	4,635
Insured Pensioners	400
Cash	262
Total fair value of assets	**15,935**
Assets included above which do not have a quoted market value:	
Insured Pensioners	400
Total	**400**

A full actuarial valuation was carried out in April 2022 by a qualified independent actuary. The major assumptions used by the actuary have been projected forward to 30 June 2022 as follows:

	As at 30 June 2022
Rate of increase in pensions in payment	3.15%
Rate of increase in deferred pensions	2.40%
Discount rate	3.70%
Inflation assumption	3.40%
Consumer price inflation	2.40%

The assumed life expectancy, on retirement at 65, applied was as follows:

	As at 30 June 2022
Retiring at the end of the reporting period:	
Male	20.10
Female	22.20
Retiring 20 years after the end of the reporting period:	
Male	21.00
Female	23.40

Management have reviewed the sensitivities around the defined benefit obligation and consider the most volatile assumption to be the discount rate used. The impact of increasing or decreasing the discount rate by 25 basis points will respectively decrease or increase the liability by approximately £27,598.

20. Employee benefit obligations (continued)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		Impact on defined benefit obligation			
	Change in assumption	**Increase in assumption**	**As at June 30 2022**	**Decrease in assumption**	**As at June 30 2022**
Discount rate	0.25%	Decrease by	-3.3%	Increase by	+3.3%
Inflation assumption	0.25%	Increase by	+1.5%	Decrease by	-1.5%
Long-term rate of mortality improvement	0.25%	Increase by	+0.7%	Decrease by	-0.7%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the statement of Financial Position.

21. Business combinations

i. Acquisition of Davies Topco Limited

On 3 August 2021 the Group acquired 100% of the issued share capital of Davies Topco Limited ('Davies Group'), an expanding international provider of professional services and technology enabled outsourcing solutions to the insurance industry, with a leading position in the UK and a growing presence in the US. Davies Group employs over 4,000 people supporting more than 800 clients around the world, and in recent years has expanded into new markets including Bermuda, Canada and the US. Through a combination of organic growth and strategic acquisitions, the firm has been recognised as one of the UK's fastest growing international businesses for two consecutive years.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration

	£000
Cash paid	371,278
Ordinary shares issued	214,020
Contingent consideration	57,726
Total purchase consideration	643,024

The fair value of the 217,020,497 shares issued as part of the consideration paid for was was based on the agreed value of the shares issued on 3 August 2021 of £1 per share as specified in the SPA.

The contingent consideration is dependent on the share price achieved for the Group at a future trade sale or IPO and is payable up to a maximum of £80 million (undiscounted), which is currently assumed to be in 2025.

21. Business combinations (continued)

i. Acquisition of Davies Topco Limited (continued)

Assets and liabilities recognised

Fair value recognised on acquisition	**£000**
Cash	32,482
Trade receivables	64,996
Prepaid and other assets	26,018
WIP and Accrued Income	59,605
Intangible assets	552,381
Property, plant and equipment	17,373
Other non-current assets	602
Right-of-Use Asset	23,172
Trade payables	(26,448)
Accrued expenses and other current liabilities	(39,347)
Contract liabilities	(21,904)
Other creditors	(44,973)
Corporate and other taxes	(403)
Deferred Consideration	(24,965)
Bank and loan notes	(559,864)
Deferred tax liability	(124,888)
Finance lease liability	(24,863)
Post-employment benefit obligations	(687)
Net identifiable assets acquired	**(91,713)**
Add: Goodwill	734,736
Net assets acquired	**643,024**

The goodwill is attributable to the workforce and the profitability of the acquired business. It will not be deductible for tax purposes.

a. Significant estimate: Contingent consideration

The contingent consideration is dependent upon achieving growth of the Davies Topco Limited Group and on the subsequent date and value of a future exit and Management have made estimates based on internal Board approved strategic plans and forecasts.

b. Acquired receivables

On the acquisition date the fair value and gross contractual amount of acquired trade receivables was £64,996,000 and £70,510,000 respectively. The Group's best estimate at the acquisition date of the contractual cash flows not expected to be collected was £5,513,000.

c. Revenue and profit contribution

Revenue and profit or loss of the Davies Topco Limited for the current reporting period as though the acquisition date had been as of the beginning of the reporting period, 5 March 2021, is not disclosed. The pro-forma information required for the disclosure is not prepared in accordance with IFRS, unaudited and is costly to reliably verify. The Group has concluded that the disclosure is impractical to reliably prepare and verify to provide meaningful information to the users of the financial statements.

21. Business combinations (continued)

i. Acquisition of Davies Topco Limited (continued)

Purchase consideration – cash outflow

Outflow of cash to acquire Davies Topco Limited, net of cash acquired:

	£000
Cash consideration	371,278
Less: balances acquired	
Cash	32,482
Net outflow of cash – investing activities	**338,796**

ii. Acquisition of Insurance Risk Services ('IRS')

On 15 October 2021 the Group acquired 100% of the issued share capital of IRS, a property & casualty insurance inspection firm that provides a range of tech-enabled residential and commercial inspections to support underwriting decision-making. Based in Lake Mary, Florida, IRS specialises in residential and light commercial inspections, self-inspections, telephone audits & drone roof inspections, and has a nationwide network of more than 1,000 field inspectors. IRS has formed part of the Group's global insurance services business.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration

	£000
Cash paid	28,403
Total purchase consideration	**28,403**

Assets and liabilities recognised

Fair value recognised on acquisition	**£000**
Cash	(3,045)
Fixed Assets	71
Trade receivables	1,697
Other current assets	3,702
Intangible assets	13,451
Right-of-Use Asset	357
Trade payables	(116)
Other current liabilities	(1,087)
Finance lease liability	(357)
Accrued Bonus liability	(2,806)
Deferred tax liability	(3,179)
Net identifiable assets acquired	**8,688**
Add: Goodwill	19,709
Net assets acquired	**28,397**

The goodwill is attributable to the workforce and the profitability of the acquired business. It will not be deductible for tax purposes.

21. Business combinations (continued)

ii. Acquisition of Insurance Risk Services ('IRS') (continued)

a. Acquired receivables

On the acquisition date the fair value and gross contractual amount of acquired trade receivables was £1,696,956. The Group's best estimate at the acquisition date of the contractual cash flows not expected to be collected was nil.

b. Revenue and profit contribution

The acquired business contributed revenues of £14,665,707 and losses of £7,681,809 to the Group for the period from 3 August 2021 to 30 June 2022.

If the acquisition had occurred on 5 March 2021, the acquired business would have contributed revenues of £27,473,914 and losses of £5,449,142 to the Group. These amounts have been calculated using the acquired business' results and adjusting them for differences in the accounting policies between the Group and the acquired business.

Purchase consideration – cash outflow

Outflow of cash to acquire IRS, net of cash acquired:

	£000
Cash consideration	28,403
Less: balances acquired	
Bank overdraft	(3,045)
Net outflow of cash – investing activities	**31,448**

iii. Acquisition of Sionic Limited

On 3 December 2021 the Group acquired 100% of the issued share capital of Sionic Limited ('Sionic'), the international consulting and technology firm serving the insurance, banking, and wider highly regulated markets. Headquartered in London, UK. Sionic specialises in technology transformation and digitalisation, international regulatory compliance, and risk management. In recent years the Sionic team has expanded its international offering to meet the increasing regulatory, commercial, trading and technology disruption needs across global insurance, banking, and other highly regulated markets. The firm’s 340 strong team operate across: UK, US, Canada, Switzerland, India and Spain. Sionic has joined the Group's Consulting & Technology practice.

Details of the purchase consideration, the net assets acquired, and goodwill are as follows:

Purchase consideration

	£000
Cash paid	22,466
Ordinary shares issued	3,328
Total purchase consideration	**25,794**

The agreed fair value between the sellers and the Group of the 3,328,015 shares issued as part of the consideration paid for was £3,328,000.

21. Business combinations (continued)

iii. Acquisition of Sionic Limited (continued)

Assets and liabilities recognised

Fair value recognised on acquisition	£000
Cash	252
Trade receivables	7,930
Intangible assets	20,057
Property, plant and equipment	388
Right-of-Use Asset	1,659
Other receivables	124
Prepayments	488
Contract assets	5,358
Trade payables	(2,127)
Other payables	(1,265)
Accruals	(6,082)
Deferred tax liability	(4,802)
Corporate tax liability	(812)
Contract liabilities	(406)
Other Long-term Liabilities	(52,126)
Finance lease liability	(1,659)
Provisions	(72)
Net identifiable assets acquired	**(33,095)**
Add: Goodwill	58,889
Net assets acquired	**25,794**

The goodwill is attributable to the workforce and the profitability of the acquired business. It will not be deductible for tax purposes.

a. Acquired receivables

On the acquisition date the fair value and gross contractual amount of acquired trade receivables was £7,930,000. The Group's best estimate at the acquisition date of the contractual cash flows not expected to be collected was nil.

b. Revenue and profit contribution

The acquired business contributed revenues of £32,584,497 and profits of £452,348 to the Group for the period from 3 August 2021 to 30 June 2022.

If the acquisition had occurred on 5 March 2021, the acquired business would have contributed revenues of £70,552,287 and losses of £7,345,647 to the Group. These amounts have been calculated using the acquired business' results and adjusting them for differences in the accounting policies between the Group and the acquired business.

Purchase consideration – cash outflow

Outflow of cash to acquire Sionic, net of cash acquired:

	£000
Cash consideration	22,466
Less: balances acquired	
Cash	252
Net outflow of cash – investing activities	**22,214**

21. Business combinations (continued)

iv. Acquisition of Building Validation Solutions Limited, PJ Web Solutions Limited, BVS Subsidence Limited and Verso Damage Management Solutions Ltd

On 17 December 2021 the Group acquired 100% of the issued share capital of the Building Validation Solutions Group of companies ('BVS'), the leading provider of tech-enabled, end-to-end property claims services for the UK insurance market. Based in Bolton, UK, BVS provides coverage across the UK and specialises in end-to-end claims management, property and subsidence claims validation. The firm is known for its web-based claims administration system, Metrix™, closing more than one third of its claims volumes through an automated process, which can also be integrated with insurers' internal platforms to fully automate low-value property claims. BVS has joined the Group's UK based Claims Solutions division.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration

	£000
Cash paid	18,664
Ordinary shares issued	1,500
Deferred consideration	400
Total purchase consideration	**20,564**

The agreed fair value between the sellers and the Group of the 1,500,000 shares issued as part of the consideration paid for was £1,500,000.

Assets and liabilities recognised

Fair value recognised on acquisition	**£000**
Cash	4,237
Trade receivables	1,380
Intangible assets	9,624
Property, plant and equipment	142
Directors Loan	1,060
Right-of-Use Asset	189
Prepaid and other current assets	1,628
Trade payables	(1,281)
Other current liabilities	(3,510)
Finance lease liability	(189)
Deferred tax liability	(2,371)
Net identifiable assets acquired	**10,909**
Add: Goodwill	9,655
Net assets acquired	**20,564**

The goodwill is attributable to the workforce and the profitability of the acquired business. It will not be deductible for tax purposes.

21. Business combinations (continued)

iv. Acquisition of Building Validation Solutions Limited, PJ Web Solutions Limited, BVS Subsidence Limited and Verso Damage Management Solutions Ltd (continued)

a. Acquired receivables

On the acquisition date the fair value and gross contractual amount of acquired trade receivables was £1,379,531. The Group's best estimate at the acquisition date of the contractual cash flows not expected to be collected was nil.

b. Revenue and profit contribution

The acquired business contributed revenues of £973,787 and profits of £511,803 to the Group for the period from 3 August 2021 to 30 June 2022.

If the acquisition had occurred on 5 March 2021, the acquired business would have contributed revenues of £21,418,000 and profits of £4,690,000 to the Group. These amounts have been calculated using the acquired business' results and adjusting them for differences in the accounting policies between the Group and the acquired business.

Purchase consideration – cash outflow

Outflow of cash to acquire BVS, net of cash acquired:

	£000
Cash consideration	18,664
Less: balances acquired	
Cash	4,238
Net outflow of cash – investing activities	**14,426**

v. Acquisition of Merlinos & Associates Inc.

On 17 December 2021 the Group acquired 100% of the issued share capital of Merlinos & Associates Inc. ('Merlinos'), Georgia, a US based insurance-focused actuarial consulting business. Merlinos provides a range of compliance, risk management, and wider actuarial consulting solutions to the property & casualty and life & health insurance markets in the US. Operating throughout the US, the addition of Merlinos strengthens the Group's insurance services offering globally, expanding its existing actuarial expertise. Merlinos has formed part of Davies' global insurance services business.

Details of the purchase consideration, the net assets acquired, and goodwill are as follows:

Purchase consideration

	£000
Cash paid	22,063
Ordinary shares issued	4,418
Contingent consideration	2,554
Total purchase consideration	**29,035**

The agreed fair value between the sellers and the Group of the 6,000,000 shares issued as part of the consideration paid for was £4,418,000.

The contingent consideration is dependent on gross profit growth for the second year post completion and is payable up to a maximum of USD 4 million (undiscounted).

21. Business combinations (continued)

v. Acquisition of Merlinos & Associates Inc. (continued)

Assets and liabilities recognised

Fair value recognised on acquisition	**£000**
Cash	1,998
Trade receivables	1,491
Prepaid and other current assets	99
Intangible Assets	9,000
Right-of-Use Asset	2,338
Accrued Income	1,245
Other Assets	33
Trade payables	(602)
Finance lease liability	(2,338)
Deferred tax liability	(2,250)
Accrued and other liabilities	(1,617)
Net identifiable assets acquired	**9,397**
Add: Goodwill	19,638
Net assets acquired	**29,035**

The goodwill is attributable to the workforce and the profitability of the acquired business. It will not be deductible for tax purposes.

a. Acquired receivables

On the acquisition date the fair value and gross contractual amount of acquired trade receivables was £1,491,317. The Group's best estimate at the acquisition date of the contractual cash flows not expected to be collected was nil.

b. Revenue and profit contribution

The acquired business contributed revenues of £6,003,989 and profits of £96,354 to the Group for the period from 3 August 2021 to 30 June 2022.

If the acquisition had occurred on 5 March 2021, the acquired business would have contributed revenues of £15,274,790 and losses of £4,268,682 to the Group. These amounts have been calculated using the acquired business' results and adjusting them for differences in the accounting policies between the Group and the acquired business.

Purchase consideration – cash outflow

Outflow of cash to acquire Merlinos, net of cash acquired:

	£000
Cash consideration	22,063
Less: balances acquired	
Cash	1,998
Net outflow of cash – investing activities	**20,065**

21. Business combinations (continued)

vi. Acquisition of Worksmart Limited

On 31 March 2022 the Group acquired 100% of the issued share capital of Worksmart Limited ('Worksmart'), the leading supplier of regulatory technology (“RegTech”) for people and process management. The Worksmart product range enables organisations to track and manage regulatory processes across customer complaints and feedback, quality assurance, training and competence, the Senior Managers and Certification Regime (“SM&CR”) in the UK, and the Individual Accountability in Singapore. Based in Milton Keynes, UK, Worksmart partners with financial services organisations across insurance, banking, investment and consumer credit, helping them to manage the growing complexity of operating within the highly regulated space. Worksmart is the number one provider of RegTech for complaints management and feedback in the Lloyd’s market, and the firm’s proprietary platform ‘Foundation’ remains the “go to” solution for training & competence needs within the Banking and Wealth Management sectors. The firms SaaS solution ‘Accord’ is the only purpose-built SM&CR tech available in the UK. Through Worksmart’s platform, organisations can track and manage employees’ competence, capability and training needs, manage complaints using intelligent workflow and root cause analysis functionality, assess the quality assurance of advised sales processes using automated case allocation, as well as test the competence of employees to ensure regulatory requirements are met. Worksmart has joined the Group's established Technology unit.

Details of the purchase consideration, the net assets acquired, and goodwill are as follows:

Purchase consideration

	£000
Cash paid	26,117
Ordinary shares issued	959
Total purchase consideration	**27,076**

The agreed fair value between the sellers and the Group of the 799,343 shares issued as part of the consideration paid for was £959,000.

Assets and liabilities recognised

Fair value recognised on acquisition	£000
Cash	1,529
Trade receivables	306
Prepaid and other assets	489
Intangible assets	17,521
Property, plant and equipment	256
Right-of-Use Asset	107
Trade payables	(131)
Accrued expenses and other current liabilities	(673)
Finance lease liability	(107)
Deferred revenue	(2,007)
Deferred tax liability	(4,330)
Net identifiable assets acquired	**12,960**
Add: Goodwill	14,114
Net assets acquired	**27,074**

The goodwill is attributable to the workforce and the profitability of the acquired business. It will not be deductible for tax purposes.

21. Business combinations (continued)

vi. Acquisition of Worksmart Limited (continued)

a. Acquired receivables

On the acquisition date the fair value and gross contractual amount of acquired trade receivables was £305,777. The Group's best estimate at the acquisition date of the contractual cash flows not expected to be collected was nil.

b. Revenue and profit contribution

The acquired business contributed revenues of £1,468,243 and profits of £434,460 to the Group for the period from 3 August 2021 to 30 June 2022.

If the acquisition had occurred on 5 March 2021, the acquired business would have contributed revenues of £7,894,932 and profits of £1,512,426 to the Group. These amounts have been calculated using the acquired business' results and adjusting them for differences in the accounting policies between the Group and the acquired business.

Purchase consideration – cash outflow

Outflow of cash to acquire Worksmart, net of cash acquired:

	£000
Cash consideration	26,117
Less: Balances acquired	
Cash	1,529
Net outflow of cash – investing activities	**24,588**

22. Fair value measurement

The Group holds the following financial instruments:

Financial instruments by category	**As at 30 June 2022** **£000**
Financial assets	
Financial assets at amortised cost	
Trade Receivables	100,917
Cash and Cash equivalents	53,573
Other financial assets	48,875
Total financial assets	**203,365**
Financial liabilities	
Financial liabilities at amortised cost	
Trade and other payables	132,922
Borrowings	811,706
Total financial liabilities	**944,628**

The carrying amount of trade receivables, cash and cash equivalents, other financial assets, trade and other payables and borrowings are a reasonable approximation of fair value. Therefore, fair values for these instruments are not disclosed separately.

22. Fair value measurement (continued)

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	As at 30 June 2022 £000
Financial liabilities	
Borrowings	
Carrying value	811,706
Fair value	811,706

Fair value hierarchy

The Group does holds certain financial assets and financial liabilities which are recognised at fair value.

23. Financial risk management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance.

The Group's risk management is predominantly controlled by a central treasury department under policies approved by the board of directors. The Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk.

a. Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's credit risk arises principally from cash and cash equivalents, deposits with banks and financial institutions, trade and other receivables and other financial instruments.

i. Risk management

Credit risk is managed on a Group basis and is managed, as far as possible, by partnering with financially strong clients, agreeing payment terms in advance and requesting progress payments during the life of a claim. Appropriate credit control procedures are in place to monitor credit taken by clients and mitigate the risk of a material loss allowance.

ii. Trade receivables and contract assets

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group's historical experience of collecting receivables shows that its credit risk is low and the Group supports its business activities by applying strong credit management practices.

23. Financial risk management (continued)

In estimating expected credit losses, the Group considers historical experience and informed credit assessments alongside other factors such as the current state of the economy and industry and counterparty issues. To facilitate this analysis, the Group consider reasonable and supportable information that is relevant and available without undue cost or effort.

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables and contract assets:

As at 30 June 2022	Current £000	0-30 days past due £000	31-60 days past due £000	61-90 days past due £000	More than 90 days past due £000	Total £000
Gross carrying amount- trade receivables	63,703	11,771	7,573	8,593	16,735	108,375
Gross carrying amount- contract assets	76,092	-	-	-	-	76,092
Expected loss rate (%)	1.29%	3.75%	6.81%	11.18%	26.20%	6.89%
Loss allowance						
Trade receivables	821	441	515	961	4,719	7,458
Contract assets	967	-	-	-	-	967
Total	**1,788**	**441**	**515**	**961**	**4,719**	**8,425**

The Group's loss allowance on incorporation of the Group (5 March 2021) was nil. The loss allowance for the Group has increased during the period primarily as a result of the increase in the gross carrying amount of trade receivables and contract assets arising from the Group's business acquisitions during the period.

The loss allowances for trade receivables and contract assets as at 30 June 2022 reconcile to the opening loss allowances as follows:

	Contract assets £000	Trade receivables £000	Total £000
Opening loss allowance at 5 March	-	-	
Accumulated loss allowance at acquisition	821	5,513	6,334
Increase in loan loss allowance recognised in profit or loss during the year	146	1,740	1,886
Receivables written off during the year as uncollectible	-	205	205
Unused amount reversed	-	-	-
Closing loss allowance at 30 June 2022	**967**	**7,458**	**8,425**

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

23. Financial risk management (continued)

iii. Other financial assets at amortised cost

Other financial assets at amortised cost comprises of amount owed by parent companies (i.e., loans to related parties) and other receivables.

The Group's loss allowance on incorporation of the Group (5 March 2021) was nil. The loss allowance for the Group has increased during the period primarily as a result of the increase in the gross carrying amount of other financial assets arising from the Group's business acquisitions during the period. The loss allowance for other financial assets at amortised cost as at 30 June 2022 was nil.

b. Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Group’s objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements.

The Group has a dedicated team managing its cashflow operations ensuring outstanding fee invoices are collected on a timely basis and suppliers are paid utilising available credit terms. Additionally, the Group reviews and forecasts its cash requirements on a regular basis and has a £ 90m revolving credit facility with its main lender to provide an additional source of liquidity to assist with growth and manage seasonal spikes in business.

In accordance with good corporate governance, cash held on behalf of clients are held in segregated trust bank accounts, separately identifiable from the Group’s own cash at bank and in hand.

Management monitors rolling forecasts of the Group’s liquidity position and cash and cash equivalents on the basis of expected cash flows. The Group’s liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these and monitoring balance sheet liquidity ratios against internal requirements.

i. Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

		As at 30 June 2022 £000
Bank loan (expiring beyond one year)	Fixed rate/Floating rate	542,495

ii. Maturities of financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	**Less than 6 months £000**	**6 – 12 months £000**	**Between 1 and 2 years £000**	**Between 2 and 5 years £000**	**Over 5 years £000**	**Total contractual cash flows £000**	**Carrying amount (assets)/ liabilities £000**
As at 30 June 2022							
– Borrowings	-	-	-	-	811,706	811,706	811,706
– Trade and other payables	132,921	-	-	-	-	132,921	132,921
– Lease liabilities	4,268	4,704	7,540	13,748	6,529	36,789	30,270
– Other financial liabilities	-	-	-	-	-	-	-
Total	**137,189**	**4,704**	**7,540**	**13,748**	**818,235**	**981,416**	**974,897**

23. Financial risk management (continued)

c. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include loans, deposits, and borrowings.

d. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating and fixed interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	As at 30 June 2022
Impact on profit before tax	**£000**
Interest rates – increase by 25 basis points	2,251
Interest rates – decrease by 25 basis points	(2,251)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

e. Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency (£) at the year end.

As of 30 June 2022, the Group's exposure to foreign currency risk, expressed in £, is given in the table below. The amounts represent only the financial assets and liabilities that are denominated in currencies other than the functional currency of the Group.

23. Financial risk management (continued)

e. Foreign currency risk (continued)

The foreign currency outstanding balances that have not been hedged by any derivative instrument or otherwise are as follows:

		As at 30 June 2022 (£000)	
	Foreign Currency Denomination	**Foreign Currency Amount**	**Amount**
Financial liabilities			
Bank loan	USD	386,149	318,080
Bank loan	EUR	15,151	13,039

The Group is primarily exposed to changes in US/GBP and EUR/GBP exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from US dollar-denominated and Euro-denominated financial instruments.

Impact on profit before tax	**As at 30 June 2022 £000**
USD/GBP exchange rate – increase 1%	(206)
EUR/GBP exchange rate – increase 1%	(6)

24. Capital management

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders; and

- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure the Group's will mainly issue new shares, increase indebtedness or repay debt as required.

Consistent with others in the industry, the Group monitors capital on the basis of:

- Leverage: Net debt divided by total LTM Proforma EBITDA. Net debt is defined by the Group as the Group's cash and cash equivalents less its bank overdrafts, borrowings (net of prepaid fees) and lease liabilities. Interest charges associated with the debt is considered to be a Group accrual.

- Free cash flow for debt service divided by interest cost.

During 2022, the Group's strategy, was to maintain a leverage ratio at or less than 6.50x, to ensure that the Group is able to use its borrowing facilities to maintain its M&A strategy.

NOTES TO THE FINANCIAL STATEMENTS

25. Cash flow information

I. Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:

- acquisition of right-of-use assets - note 11.
- partial settlement of a business combination through the issue of shares - note 21.

II. Net debt reconciliation

Net debt is defined by the Group as the Group's cash and cash equivalents less its bank overdrafts, borrowings (net of prepaid fees) and lease liabilities. Interest charges associated with the debt is considered to be a Group accrual.

	As at 30 June 2022
	£000
Cash and cash equivalents	53,573
Borrowings	(811,706)
Lease liabilities	(30,270)
Net debt	**(788,403)**

	Borrowings	**Bank overdraft**	**Lease liabilities**	**Sub-total**	**Cash and cash equivalents**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Bank loans	(772,480)	-	-	(772,480)	-	(772,480)
Debt acquired through business combinations	(622,565)	-	-	(622,565)	-	(622,565)
Repayment of borrowings	622,565	-	-	622,565	-	622,565
Principal lease payments	-	-	7,864	7,684	-	7,864
New leases	-	-	(36,577)	(36,577)	-	(36,577)
Foreign exchange adjustments	(36,456)	-	(1,557)	(37,833)	-	(37,833)
Changes in fair values	-	-	-	-	-	-
Amortisation of prepaid fee	(2,770)	-	-	(2,770)	-	(2,770)
Interest expense	-	-	(1,511)	(1,511)	-	(1,511)
Interest payments (presented as operating cash flows)	-	-	1,511	1,511	-	1,511
Cash and cash equivalents	-	-	-	-	53,573	53,573
Net debt as at 30 June 2022	**(811,706)**	**-**	**(30,270)**	**(841,976)**	**53,573**	**(788,403)**

26. Post balance sheet events

On 1 July 2022, the Group acquired 100% of the issued share capital of Bascoon Limited, the holding company which owns ProAdjust Limited. ProAdjust Limited, founded in 2004, is a leading Irish loss adjuster, operating from 15 locations mainly Ireland. The total provisional consideration paid for this business was £13,988,402, including cash and shares.

On 13 July 2022, the Group acquired 100% of the issued share capital of Asta Capital Limited ('Asta'), a London-based insurance underwriting management business providing solutions across four operating segments: Syndicates, Syndicate in a box ('SIAB'), MGA's and outsourced services. The Syndicates and SPA business, where Asta acts as a third-party managing agency and provides third-party business access to the Lloyds of London licensing network, accounts for c.90% of annual revenues. The total provisional consideration paid for this business was £124,509,102.

26. Post balance sheet events (continued)

On 23 September 2022, the Group acquired 100% of the issued share capital of Johns Eastern Company Inc, based in the US. The company was founded in 1946, incorporated in 1966, and is an independent insurance services firm offering claims adjustment and third-party administrator services. The total provisional consideration paid for this business was £42,269,526, including cash and shares.

The intial accounting for these business combinations is incomplete at the date of these financial statements.

On 31 July 2022, Davies Group experienced a cyber-attack which impacted a limited number of services provided to clients of their Insurance Services UK and Claims UK&I businesses. Despite Davies having in place multiple defence in-depth security tooling along with processes adhering to ISO27001 standards, the threat actor managed to gain access to a sub-set of our IT infrastructure hosted in one of our UK data centres.

During the course of the management of the incident, Davies engaged leading experts to assist in the containment, recovery, investigation and data impact analysis and reported to impacted clients, regulators and law enforcement accordingly. Business-as-usual services were recovered quickly, security posture updated following the forensic analysis and the final stages of the incident relate to the conclusion of the data impact analysis, which we anticipate will be concluded before the end of January 2023. As of the date of signing the accounts Davies is unable to estimate the full financial impact of the cyber-attack. The latest estimate is c£15m.

27. Related party disclosures

a. Parent entities

The Group is controlled by the following entity:

Name	**Type**	**Place of incorporation**	**Ownership interest 2022**
BC Partners LLP	Ultimate parent entity and ultimate controlling party	United Kingdom	100%

Subsidiaries

Interests in subsidiaries are set out in note 28.

b. Key management personnel compensation

	For the period from 5 March 2021 to 30 June 2022
	£000
Short-term employee benefits	435
	435

c. Transactions with other related parties

	£000
Contributions to Davies Loss Adjusters Life Assurance and Pension Scheme funds on behalf of employees	402
Payment of shareholder expenses	65
	467

28. Interest in other entities

Subsidiaries

The Group's subsidiaries as at 30 June 2022 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name	Country of incorporation	Ownership interest held by the Group 30 June 2022	Ownership interest held by non-controlling interests 30 June 2022	Principal activities
Tennessee PIKco Limited	Jersey	100%	0%	Holding Company
Tennessee Parentco Limited	Jersey	100%	0%	Holding Company
Tennessee Bidco Limited	Jersey	100%	0%	Holding Company
Tennessee US Holdco 1 Inc	Jersey	100%	0%	Holding Company
Tennessee US Holdco 2 Inc	Jersey	100%	0%	Holding Company
Davies Europe Limited	UK	100%	0%	Holding Company
Davies Topco Limited	Jersey	100%	0%	Holding Company
Davies Pikco Limited	Jersey	100%	0%	Holding Company
Davies Midco Limited	Jersey	100%	0%	Holding Company
Davies Bidco Limited	Jersey	100%	0%	Holding Company
Davies Holdings Limited	Jersey	100%	0%	Holding Company
Davies Jersey Finance Limited	Jersey	100%	0%	Holding Company
Daisybright Limited	UK	100%	0%	Holding Company
Daisycove Limited	UK	100%	0%	Holding Company
Davies Group Limited	UK	100%	0%	Claims Services
Davies Construction and Engineering Limited	UK	100%	0%	Claims Services
Davies Managed Systems Limited	UK	100%	0%	Claims Services
Eastwell Contractor Management and Claim Care Limited	UK	100%	0%	Claims Services
Farradane Limited	UK	100%	0%	Service company
Ufton Associates Limited	UK	100%	0%	Claims Services
Davies Assist Limited	UK	100%	0%	Claims Services

28. Interest in other entities (continued)

Subsidiaries (continued)

Garwyn Group Limited	UK	100%	0%	Holding Company
Garwyn Limited	UK	100%	0%	Claims Services
Garwyn Ireland Limited	Ireland	100%	0%	Claims Services
Garwyn EBT Limited	UK	100%	0%	Service company
Associated Loss Adjusters Limited	Ireland	100%	0%	Claims Services
Managed Fleet Services Limited	UK	100%	0%	Claims Services
Surveyorship Limited	UK	100%	0%	Claims Services
Core Insurance Management Services Limited	UK	100%	0%	Claims Services
Davies Resourcing Limited	UK	100%	0%	Resourcing Services
Claims Management Services Limited	UK	100%	0%	Claims Services
Davies Broking Services Limited	UK	100%	0%	Insurance Services
Davies MGA Services Limited	UK	100%	0%	Insurance Services
Davies Technology Solutions Limited	UK	100%	0%	Technology Services
Total Loss Settlement Services Limited	UK	100%	0%	Claims Services
JMD SISG Limited	UK	100%	0%	Insurance Services
JMD SIS Limited	UK	100%	0%	Insurance Services
JMD MS Limited	UK	100%	0%	Insurance Services
Davies Intermediary Support Services Limited	UK	100%	0%	Insurance Services
A.M Associates Insurance Management Services Limited	Canada	100%	0%	Insurance Services
John Heath & Company Inc.	USA	100%	0%	Insurance Services
Quest Bermuda Holdings Limited	Bermuda	100%	0%	Insurance Services
Quest Intermediaries (Bermuda) Limited	Bermuda	100%	0%	Insurance Services
Quest Management Services Limited	Bermuda	100%	0%	Insurance Services
Quest Captive Management Limited	USA	100%	0%	Insurance Services
Direct Group Property Services Limited	UK	100%	0%	Claims Services
Direct Inspection Solution Limited	UK	100%	0%	Claims Services
Direct Validation Services Limited	UK	100%	0%	Claims Services
Davies Consulting and Managed Services Limited	UK	100%	0%	Consultancy Services
Ember Services Limited	UK	100%	0%	Consultancy Services
Ember Search Limited	UK	100%	0%	Recruitment Services

28. Interest in other entities (continued)

Subsidiaries (continued)

Direct Inspection Solution Limited	UK	100%	0%	Claims Services
Direct Validation Services Limited	UK	100%	0%	Claims Services
Davies Consulting and Managed Services Limited	UK	100%	0%	Consultancy Services
Ember Services Limited	UK	100%	0%	Consultancy Services
Ember Search Limited	UK	100%	0%	Recruitment Services
Davies Learning Experiences Limited	UK	100%	0%	Training Services
Ember (Canada) Inc.	Canada	100%	0%	Consultancy Services
Veriphy Limited	UK	100%	0%	Technology Services
Topmark Claims Management Limited	UK	100%	0%	Claims Services
GBB (UK) Holdings Limited	UK	100%	0%	Holding Company
GBB (UK) Limited	UK	100%	0%	Claims Services
Banwell & Associates Ltd	UK	100%	0%	Claims Services
Davies Learning Solutions Limited	UK	100%	0%	Training Services
Thornpart Adjustors Limited	Ireland	100%	0%	Claims Services
Desk Expert Limited	Ireland	100%	0%	Dormant
Techno Marine Limited	Ireland	100%	0%	Dormant
Liability Claims Appraisers Limited	Ireland	100%	0%	Dormant
Claims Settlement Services International Ltd	Ireland	100%	0%	Claims Services
Davies US Inc.	USA	100%	0%	Holding Company
Frontier Adjusters Inc.	USA	100%	0%	Claims Services
Davies Claims Solutions LLC	USA	100%	0%	Claims Services
Alternative Service Concepts of Tennessee	USA	100%	0%	Claims Services
Keoghs Topco Limited	UK	100%	0%	Holding Company
Keoghs Midco Limited	UK	100%	0%	Holding Company
Keoghs Acquisition Limited	UK	100%	0%	Holding Company
Keoghs LLP	UK	100%	0%	Claims and Legal Services
Keoghs Services Limited	UK	100%	0%	Dormant
Keoghs NI LLP	UK	100%	0%	Claims and Legal Services
Keoghs Scotland LLP	UK	100%	0%	Claims and Legal Services
Codebase8 Limited	UK	100%	0%	Technology Services
Citadel Management Bermuda Limited	USA	100%	0%	Claims Services

TENNESSEE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

28. Interest in other entities (continued)

Subsidiaries (continued)

Cedar Consulting LLC	USA	100%	0%	Dormant
TriPlus Administrative Services, Inc.	USA	100%	0%	Claims Services
TriPlus Services, Inc.	USA	100%	0%	Claims Services
ContactPartners	UK	100%	0%	Technology Services
Johnson Claim Service, Inc.	USA	100%	0%	Claims Services
WA Consulting LLC	USA	100%	0%	Actuarial and Consulting Services
Vehicle Replacement Group Limited	UK	100%	0%	Vehicle hire services
Northshore International Insurance Management Services, Inc.	USA	100%	0%	Insurance Services
Davies Life & Health, Inc.	USA	100%	0%	Claims Services
Davies (SAC) Limited	USA	100%	0%	Insurance Services
Davies Insurance Limited	USA	100%	0%	Insurance Services
Davies Intermediary Services (Malta) Limited	Malta	100%	0%	Insurance Services
Nationwide Property Assistance Limited	UK	100%	0%	Claims Services
The Littleton Group Eastern Division, Inc.	USA	100%	0%	Claims Services
Davies Insurance Management LLC	USA	100%	0%	Insurance Services
Davies Management Service (Guernsey) Limited	Guernsey	100%	0%	Insurance Services
Grovelands Resourcing Limited	UK	100%	0%	Resourcing Services
IAS Services Group	USA	100%	0%	Claims Services
Insurance Services Limited	USA	100%	0%	Claims Services
Sionic Global (CTL) Limited	UK	100%	0%	Holding Company
Sionic Global (CBL) Limited	UK	100%	0%	Holding Company
Catalyst Holdco Limited	UK	100%	0%	Holding Company
Catalyst Debtco Limited	UK	100%	0%	Holding Company
Catalyst Nominee Limited	UK	100%	0%	Dormant
Sionic Bidco Limited	UK	100%	0%	Dormant
Sionic UK Subco Limited	UK	100%	0%	Consultancy Services
Sionic Advisors Europe Limited	UK	100%	0%	Consultancy Services
Sionic Advisors Europe Limited	UK	100%	0%	Consultancy Services
Sionic European Holdings Limited	UK	100%	0%	Consultancy Services
Sionic Global (CDHL) Limited	UK	100%	0%	Dormant
Sionic Global (CDL) Limited	UK	100%	0%	Consultancy Services

28. Interest in other entities (continued)

Subsidiaries (continued)

Sionic Global (KL) Limited	UK	100%	0%	Consultancy Services
Sionic Advisors Global Holdings LLP	UK	100%	0%	Dormant
Sionic Advisors (European Branches) LLP	UK	100%	0%	Dormant
Sionic Advisors (UK) LLP	UK	100%	0%	Dormant
Sionic Advisors (Singapore) LLP	UK	100%	0%	Dormant
Sionic Advisors (Canada) LLP	UK	100%	0%	Dormant
Sionic Advisors (US) LLP	UK	100%	0%	Consultancy Services
Catalyst (US) Bidco Inc.	USA	100%	0%	Consultancy Services
SAGP LLC	USA	100%	0%	Consultancy Services
Sionic Advisors LLP	USA	100%	0%	Consultancy Services
Sionic Advisors LP	USA	100%	0%	Consultancy Services
Sionic Advisors Inc.	Canada	100%	0%	Dormant
Sionic Advisors India Private Limited	India	100%	0%	Consultancy Services
Sionic Advisors Singapore Pte Ltd	Singapore	100%	0%	Dormant
Sionic Jersey Limited	Jersey	100%	0%	Consultancy Services
Building Validation Solutions Limited	UK	100%	0%	Claims Services
BVS Subsidence Ltd	UK	100%	0%	Claims Services
PJ Web Solutions Limited	UK	100%	0%	Consultancy Services
Verso Damage Management Solutions Ltd	UK	100%	0%	Claims Services
Merlinos Limited	USA	100%	0%	Actuarial and Consulting Services
Worksmart Ltd	UK	100%	0%	Technology Services

Keoghs LLP, a subsidiary of the Group, has a reporting year end of 31 May which has been maintained for regulatory reasons.