TENNESSEE TOPCO LIMITED

CONSOLIDATED ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

REGISTERED NUMBER 134098

CONTENTS

DIRECTORS AND ADVISERS

DIRECTORS	Cedric Dubourdieu, Representative of BC Partners, Investment Partner Daniel Saulter, Chief Executive Officer Dr Nneka Abulokwe, Non-Executive Director James Ridout, Representative of Aimco, Investment Partner Mark Richards, Representative of BC Partners, Investment Partner Michalis Frouzis, Representative of BC Partners, Investment Partner Neil White, Representative of HGGC, Investment Partner Marta Cueto Vazquez, Representative of BC Partners, Investment Partner
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CHIEF EXECUTIVE'S REVIEW

I am pleased to present our financial results for the year ending 30 June 2024.

The results over the last 12 months reflect consistent delivery of high single-digit organic growth and follows the successful acquisition by Tennessee Topco Limited of Davies Topco Limited and its subsidiaries ("Davies Group" or "Davies") in 2021.

In the year to 30 June 2024, the Group achieved global revenues of £803.8m and Adjusted EBITDA of £150.0m.

ORGANISATIONAL STRUCTURE

Following the 2023 operational restructure to align operations under three distinct divisions; Davies North America, Davies UK & Ireland and Davies Global Solutions, we have made a number of senior appointments to support this new simplified structure and our growing global footprint.

In July 2023 we renamed Davies U.S. to Davies North America, to reflect our growing operations in Canada, following the acquisition of Afirm earlier in 2023. We also simplified the organisational structure of Davies North America and restructured into two larger business units: Claims Solutions and Insurance and Risk Management.

- Don Lederer was appointed as CEO – Claims Solutions, which incorporated all of our existing TPA Services and Field Services businesses. This business delivers claims outsourcing to the Property, Casualty, Auto and Workers' Comp insurance markets including TPA, desk adjusting, field adjusting and ancillary services.
- Peter Lucas was appointed to CEO – Insurance and Risk Management which combined our existing Life & Health and Insurance Services businesses, delivering end to end support to the North American Insurance market through Life & Health administration and risk management, actuarial consulting, audit, loss control, and other complementary services.

In December 2023 and following a deal with Brown & Brown Insurance to acquire four of its claims and services businesses, we formed a new division within Davies North America alongside Claims Solutions and Insurance and Risk Management. Dhara Patel, formerly Brown & Brown Service Segment President, joined Davies and was appointed CEO of this newly formed division, Specialty Programmes.

In March 2024, James McEwen was promoted to Chief Client Officer for Davies' UK & Ireland division. Reporting into Davies UK & Ireland CEO, Allison Carr, James' role is responsible for overseeing client management, delivery of exceptional customer service and sales operations within the division.

CHIEF EXECUTIVE'S REVIEW (continued)

ORGANISATIONAL STRUCTURE (continued)

In April 2024, we promoted Pino Vallejo to CEO of our multi-sector consulting business unit within our Global Solutions division. Pino has over 30 years' senior executive leadership experience in financial services, eight of which have been spent within Davies' highly successful Banking and Markets team. His multidisciplinary background spans finance, operations, international business, and regulatory environments. Pino also oversaw the opening of our first office in Madrid, Spain, and will continue to lead the consultancy function as it expands its operations and geographies.

In April 2024, Tammy Jetton joined Davies as Chief Human Resources Officer for North America. Tammy joined us with 25 years of HR, recruitment and integration experience across various senior leadership roles within the financial services industry. Working with Group Chief HR Officer, Emma Wedderburn, Tammy will continue to drive our people agenda, as well as our integration and growth journey in North America.

Over the last 12 months we have strengthened our operations in new geographical regions, as we look to capitalise on our growing global footprint. This has allowed us to identify opportunities for further efficiencies and reduce operational costs through the creation of Davies' first Global Shared Service Centres. In 2023, we identified India as our first target location. We have successfully set up and launched two centres in the region, scaling to over 200 colleagues in 2024. Davies' first functional shared service capabilities, IT Service Operations, is now up and running, and other tactical line moves across other group functions and lines of business have also been delivered. This operation has already resulted in £0.9m worth of savings annually.

Today, Davies delivers specialist professional services and technology solutions across the risk and insurance value chain, including excellence in claims, underwriting, distribution, regulation & risk, forensic accounting, customer experience, human capital, digital transformation & change management. Our global team of more than 8,500 professionals serve 1,700+ insurance, financial services, public sector and other highly regulated businesses. We operate across 20+ countries, with large operational centres in the UK and US.

ACQUISITION ACTIVITY

Between July 2023 and June 2024, we completed three acquisitions, allowing us to diversify our service offering, add new capabilities, strengthen our presence in the market and expand our global footprint into new geographical locations.

In November 2023, we completed a deal with Brown & Brown Insurance to acquire four of its claims and services businesses; third party claims administrator, American Claims Management (ACM), Preferred Governmental Claims Services (PGCS) a claims management business specialising in Florida governmental and municipality agencies, USIS a supplier of managed care services and TPA for workers' compensation and liability claims and a premier independent property adjusting firm, ICA. The four specialist businesses now sit within Davies North America and have built on our existing TPA offering specifically across property, workers' compensation claims, catastrophic loss adjusting & response management auto & general claims. Additionally, we are now able to offer several new services including governmental third party claims solutions.

CHIEF EXECUTIVE'S REVIEW (continued)

ACQUISITION ACTIVITY (continued)

We completed the acquisition of international forensic accounting firm, Matson, Driscoll & Damico ("MDD") in February 2024. The acquisition of MDD, which included a team of over 330 professionals operating from 40+ office locations around the globe, formed a new business line within Davies' Global Solutions division, establishing a new global forensic accounting offering for clients. Additionally, it has allowed us to expand on our growing Asia Pacific presence
In March 2024, we acquired Shoreside Law, which added international commercial and maritime litigation expertise to our existing legal solutions business, Keoghs. The Shoreside team joined Davies' Complex & Specialty business unit, led by COO of Complex & Specialty Claims, Laura Warwick. Clients now have access to specialists who have cross-border experience representing both domestic and international clients on a variety of marine and non-marine coverage disputes, including political risks and subrogation claims, arbitration of major incidences arising from casualties, insurance policies and ship building contracts.

Our investment over the last 12 months has been focused on expanding and implementing the use of new AI technologies, integrating platforms and systems across the business, colleague development and enhancing client services.

RESPONSIBLE BUSINESS STRATEGY

Clients are increasingly focused on maintaining a sustainable and ethical supply chain. In response to this, in 2023, we hired Gillie Fairbrother as our first ESG Director to design Davies' ESG strategy. This led to the launch in January 2024 of our first ESG report: *People, Planet and Purpose.*

We categorised our goals into three core pillars; First, our People pillar houses our objectives around advancing and developing Davies employees through aspects such as fair pay, continuous training and development and clear diversity and inclusion practices. Secondly, our Planet pillar aims to reduce our organisational impact on the environment and addresses our goal to becoming carbon net-zero by 2050. The third and final pillar, Purpose, ensures we are aligned with good governance practices, ensuring our culture and actions are always underpinned by our values.

To maintain momentum throughout the next financial year, we have now expanded our ESG programme by creating an Office of Responsible Business. Led by Gillie, who has been promoted to Global Responsible Business Officer, this dedicated department will be responsible for environment, social and culture initiatives, community investment, and employee engagement.

REFINANCE

At the end of this financial year, we agreed a £1.5 billion refinance of our senior debt facilities. This move significantly reduces Davies' interest bill, allowed us to extend debt maturities to 2031 and which has secured additional credit facilities to support our next phase of business growth. The deal was secured with existing lender, Blackstone Credit & Insurance (Blackstone) alongside participation from a range of additional lenders including: CPP Investments, Alberta Investment Management Corporation (AIMCo), New Mountain, funds managed by Hamilton Lane, and Stepstone Group. This new credit line will go towards funding further M&A, innovation and strategic projects including our AI and GenAI development.

CHIEF EXECUTIVE'S REVIEW (continued)

PEOPLE & CULTURE

Other the past year, Davies has been recognised for delivering outstanding service and technology by the press and industry peers, winning a range of awards including:

- 'Best Use of Tech (Silver)' – Insurance Times Technology & Innovation Awards 2023
- 'Insurance Legal Team of the Year' – Claims & Fraud Awards 2023
- 'Inclusion & Diversity Award' – National Insurance Awards 2024

Following a record-breaking 790+ ideas submitted to Season Five of our Disruptive Thinking innovation lab, we hosted the final pitches to investors in Nashville, Tennessee, U.S in June 2024. The winner was Mopani Mkandawire who had the idea to launch a Davies TV/Podcast series to help colleagues around the globe stay connected and up to date with news across our organisation. Investing in new ways for colleagues to communicate & connect is a vital part of our people strategy, and Mopani is now progressing his idea with the support of our global internal communications team.

The Davies Foundation, our registered charity, has had its largest grant cycle to date. In the last 12 months, the charity approved 95 grant applications and donated over £66,000 to local, grassroot community causes that have a direct impact on our people across the business. This makes a running total of over £350,000 donated globally to nearly 450 charitable organisations chosen by our employees worldwide.

I am extremely proud of the dedication and hard work displayed by our team from all over the world, who have come together in delivering an exceptional high service for our 1,700+ clients.

Dan Saulter
Chief Executive
Davies Group
Date: 16 December 2024

STRATEGIC REPORT

The Group has performed well during the year ended 30 June 2024 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.

DAVIES STRATEGY

The Group's strategic goal is to become the leading professional services partner, serving the Insurance, financial services and regulated markets environment.

To achieve this the Group is focused on growing both organically and through M&A activity across three broad business areas to achieve Group revenues of over £1.2bn by 2025.

- **Davies UK and Ireland**. A business that provides claims and legal services to for the UK and Ireland insurance market, encompassing claims TPA, adjusting, legal services, supply chain, technology, and ancillary services. The business operates as two constituent divisions, Core & Volume (a division providing solutions for higher volume, lower value claims) and Complex and Specialty (the more specialist and higher value claims) and is focused on providing B2B services required by Insurers, Brokers, MGAs, Lloyds Syndicates, Corporates and the Public Sector.

- **Davies North America**. A business consisting of two operating divisions, Claims Solutions (end-to-end claims TPA and adjusting services) and Insurance & Risk Management (risk, audit, inspections, and actuarial services) providing services across the U.S. and Canada. Strategically the business focuses on the needs of the Insurance and self-retained market and specifically the B2B services required by Insurers, Brokers, MGAs, Lloyds Syndicates, Corporates and the Public Sector.

- **Davies Global Solutions**. A global business with three constituent divisions:
  - *Consulting and Technology* - Assisting clients to deploy technological and automation solutions and accelerate business, transformation and people performance across financial services, banking, asset & wealth management, insurance and highly regulated industries. This division also has a number of SaaS products, specifically targeted at regulatory and compliance requirements.
  - *Insurance Solutions* - A business that works with, creates, administers, and helps develop risk solutions on behalf of Lloyds syndicates, MGAs, Brokers, Insurers, Re-insurers and international captive owners.
  - *Forensic Accounting* - A global business focused on providing forensic and investigative accountancy services with a specific focus on the resolution of economic damages arising from insurance claims and litigation.

At the heart of the Group's strategy is a key focus on innovation and technology enablement. The objective is to provide services that enables clients to not only manage risk and operate their core business processes, but also transform and grow. This approach enables the Group to be a strategic partner with clients and offers a unique proposition to the market that drives the achievement of the strategic objectives accordingly.

STRATEGIC REPORT (continued)

REVIEW OF BUSINESS

We have continued to invest and add capability and geographies through acquisitions. In the year to June 2024 we completed three stock 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 are subject to the regulations promulgated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA). 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. 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 business 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 any operational risks to which it could be exposed.

The Group successfully operates a mobilised, hybrid workforce enabling efficient working from home and within a number of office locations across the world. Therefore the impact of any further social restrictions due to pandemics are not considered to be a significant risk to the Group.

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 the Group to PIK (converted interest payable to debt) up to 2% of the cash interest cost to help manage liquidity as required.

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

In respect of the current situations in the Ukraine and Middle East, the Group does not consider these to be material risks. However the Group does recognise that this unrest continues to influence price inflation in the economies in which the Group operates, which has impacted the Group's cost base. To offset this impact, the Group has continued to focus on increasing its prices to customers across all its product lines, in addition to implementing increased automation and offshoring.

The Group acknowledges the critical important of cybersecurity and are committed to ensuring Davies is a Cyber resilient business, able to respond quickly and effectively to any threat, keeping data safe and secure ensuring competitive advantage and regulatory compliance. Within Davies the Cyber Security function sits within the broader Office of the Group Chief Information Security Officer ("CISO") under the Chief Information Security Officer, reporting directly to the Chief Risk Officer who sits on the General Executive Committee ("GEC") reporting into the Board. This allows clear communication of Cyber Risk through to the GEC and Board and enables collaboration with the wider Governance, Risk and Compliance function.

The approach to Cyber Risk at Davies is to ensure that a consistent standard set of controls are deployed Globally across the IT infrastructure whilst adopting ISO 27001 (2022) as the Global security framework. Over the past 2 years the CISO function has developed to encompass Cyber, Information Security, Privacy, Data Governance and an internal audit team to ensure continual monitoring and testing of effectiveness of controls. The Group has made significant investment in preventative and detective controls to reduce both the likelihood and impact of a cyber event both within its core network and through the M&A process, reporting on a monthly basis, on security posture and risk.

Within the past 12 months the business has focused on emerging cyber and data risk and to support Davies strategic aspirations in the AI technology space, and so now also includes AI Governance within the Office of the CISO. A Davies AI Governance Framework and assessment mechanism has been developed to ensure tracking all and any usage of AI or Gen AI technology across the business. This framework has been based upon the EU AI Act and the team monitors Global regulations to track where it may need to adapt as necessary to stay ahead in this rapidly evolving technology landscape.

Cyber risk is always prevalent and the business remains constantly vigilant - 2024 has seen the Group migrate onto a new 24*7 Security Operations Centre, which has been integrated into the main service desk to ensure any incidents can be rapidly assessed and remediated. The Group will see further expansion of the internal Cyber team in 2025 which will add capability around internal and external threat hunting to ensure the business is as prepared as possible to defend against attacks.

The work the Group has undertaken since 2022 around privilege access management and network micro-segmentation has reduced the ability for any threat actor to move laterally within the environment and work continues to reduce the external attack surface, with further investment in attack surface monitoring and Breach Attack Simulation tooling.

Finally, the Group is refining its supplier due diligence processes as part of a move to a central procurement capability, conscious that the supply chain is a primary risk area for cyber and security as well as one of resiliency. To bolster oversight and reporting in this area the business has created a Group Resilience Director role within the Governance, Risk and Compliance function to ensure it has a clear focus in this area.

STRATEGIC REPORT (continued)

REGULATORY TRENDS

The Group primarily operates in the Insurance, Financial Services and regulated markets environment. These markets are often subjected to regulatory change, with significant changes arising from the FCA's Consumer Duty being a recent example of this.

Due to the diverse suite of services offered by the Group however, regulatory change offers an opportunity to provide transformation services and outsourced services to its clients helping them navigate the changes. The Group continues to see the evolving regulatory environment primarily as an opportunity in the future.

MARKET TRENDS

Within the Group's chosen markets and client base, there are a number of common trends and themes:

- **Technology and Automation.** There is a clear market trend for the Group's clients to move more digitally, taking advantage of automation and AI-based solutions to either reduce operating cost or offer new products and services for their consumers. This trend brings opportunity (through the diverse Consulting and Technology offering) and challenge for the Group to continually evolve its service offering to adapt to this market dynamic.
- **Reacting to Inflationary Pressures.** In recent post-COVID times, high inflation has been a macro-economic challenge for all industries. The cost pressure has led to increased costs of doing business and created inflationary pressure on pricing models. The market continues to adapt to this pressure and this in turn can be a major driving influence behind a number of market trends (such as offshoring, automating or instigating transformational change).
- **Operating Model Transformation.** Whilst not entirely driven by inflationary pressure, the market, in sectors, has seen a continuing uptick in instigating transformational change. Business models that have served the insurance and regulated markets industries have become challenged with the onset of AI, automation and inflationary wage cost. This has sparked transformational change projects on one hand – albeit certain industries have seen the higher interest rates dampen investment in 'big-ticket projects'.
- **Outsourcing and Offshoring**. Almost as a direct response to wage inflation, workforce shortage and increased interest rates, organisations have continued to look to leverage offshoring and outsourcing as a mitigant.

85%+ of the Group's revenue is derived from the Insurance industry in some form. The insurance industry, whilst highly resilient to change, does have cycles of both a 'hard' and 'soft' market. This leads to varying challenges that arise from time to time (higher premiums, lower capacity, new entrants, notable capacity/market exits) that the Group navigates. The diverse nature of the Group's services (ranging from assisting a startup entity through to assisting a market exit) offers a counter-cyclical resilience at a strategic level.

ENVIRONMENTAL REVIEW

The Group has an ambition to minimise its environmental impact, through the pursuit of net zero, a reduction in resource consumption, and by influencing positive change throughout its value chain.

The Group has its Science-Based Targets initiative (SBTi)'s net zero targets validated, aiming to cut emissions in half by 2030 and to be carbon net zero by 2050. Davies are proud members of the Business Ambition for 1.5°C Campaign and Race to Zero.

To support these goals, Davies has implemented comprehensive environmental and procurement policies alongside a range of carbon reduction initiatives. These include office consolidation, flexible working arrangements, service digitisation, and transitioning to renewable energy sources.

STRATEGIC REPORT (continued)

ENVIRONMENTAL REVIEW (continued)

The Group has observed an increase in total emissions, as outlined in our third party–verified SECR report, rising from 1,742.15 tCO2e in FY 2022/23 to 2,569.4 tCO2e in FY 2023/24. Despite this, Davies successfully reduced the emissions intensity of its UK operations by 83.94%, bringing it down to 4.92 tCO2e/£m in FY23 from a 2020 baseline of 30.63 tCO2e/£m. However, for FY24, the intensity rose by 42.68% to 7.02 tCO2e/£m, this increase is largely due to acquisitions and significant improvements in our reporting processes. This increase will be factored into our decarbonisation plan, with targeted initiatives to further reduce emissions across Davies. We are committed to implementing additional carbon reduction measures, enhancing operational efficiencies, and scaling up our sustainability efforts to ensure continued progress towards our net zero targets.

To strengthen our environmental governance, we have appointed a Responsible Business Analyst to lead our decarbonization strategy and established an Office of Responsible Business to ensure accountability across the group. These efforts are overseen by our Responsible Business Board Committee and supported by the Responsible Business Steering Committee.

HUMAN RIGHTS

Our company is dedicated to protecting human rights. We are a committed equal opportunity employer and abide by all fair working practices. We ensure that our activities do not directly or indirectly violate human rights in any country.

The Group has a zero-tolerance approach to modern slavery and are committed to acting ethically and with integrity in all its business dealings and relationships, and to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in its own business or in its supply chain.

The Group's full statement under section 54 of the Modern Slavery Act 2015 is published on its website: https://davies-group.com.

GENDER DIVERSITY REVIEW

At Davies we value diversity of thought and the benefits that a diverse workforce brings to the business. We are committed to creating and maintaining an environment that embraces diversity and inclusion and where everyone is treated equally. We do not discriminate on the grounds of any differentiating factor and embrace the differences which make people unique.

Our approach to driving Diversity, Equity and Inclusion ("DEI") is to focus on developing an inclusive working environment where:

• Everyone is respected and valued for who they are.
• People's differences are embraced as strengths.
• We promote purpose and well-being.
• We ignite awareness and understanding through education and communication.

As part of changing the leadership conversation, we have mandated that any external hire process into a senior leadership role must include interviewing at least two genders. We are looking to expand this to all hires.

In March 2024 we were awarded the Diversity & Inclusion Award at The National Insurance Awards in recognition of our progressive people policies. Also, during FY24 we re-launched our Employee Resource Groups ("ERGs"), giving them a governance structure and dedicated budget, this included the addition of our Women's Network.

STRATEGIC REPORT (continued)

GENDER DIVERSITY REVIEW (continued)

At 30 June 2024 the gender split for the business is detailed below. Please note:

• This data set is gender information held for payroll purposes and is not self-identified data.

• In April 2024 we restructured our existing Global Senior Leadership team, which is now called the Group Executive Leadership Team ("ELT"), The ELT includes three cohorts including a) our Group Executive Committee ("GEC") (reporting to our Group CEO); b) our Global Leadership Team (reporting to our GEC) and; c) our Executive Leadership Team (a small group of very senior profit centre owners, sales and strategy focused executives who have been identified to participate by the GEC).

Cohort	Female	Male
Company Directors	2	6
Group Executive Leadership Team ("ELT")	25	58
Employees	4,596	3,226

At 30 June 2023 the gender split for the business is detailed below. Please note that this data set is gender information held for payroll purposes and is not self-identified data. This data is based on the previous structure of our global leadership team.

Cohort	Female	Male
Company Directors	2	6
Global Senior Leadership Team	86	164
Employees	3,870	2,801

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.

STRATEGIC REPORT (continued)

SECTION 172 STATEMENT (continued)

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 increased to over 4,400 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 2780 ideas submitted by over 2170 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.

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 419 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. Our community impact work is led by our Responsible Business function and 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.

STRATEGIC REPORT (continued)

SECTION 172 STATEMENT (continued)

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 by acquired businesses.

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.

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 three acquisitions which diversify 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 our colleagues about the acquisition and the new services that the Group can now offer, and in many cases have followed up with webinars to introduce the new team and their business.

STRATEGIC REPORT (continued)

SECTION 172 STATEMENT (continued)

GOING CONCERN

The directors continually review and monitor the 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 Directors are pleased that the challenging economic environment of the past 2 years has eased and that the Group has made a positive start to FY25. Furthermore the Group has access to a committed revolving credit facility of £120m should this be required.

The Group's most recent forecasting exercise covers a period from the balance sheet date to 30 June 2026. As part of their forecasting work, the directors undertook some detailed sensitivity analysis. This included flexing the forecast revenue and cost base to determine the impact on future cash flows. The analysis showed that revenue would have to drop significantly, more than 30%, before the Group's sole covenant was breached. The directors concluded that this was highly unlikely. The Group enjoys the continued funding support of its institutional shareholders: BC Partners, HGGC, and AimCo, having raised an additional £109.6m in equity in November 2023 to support M&A. The key mitigant for a covenant breach would be an equity injection from the shareholders which is permitted under the existing banking agreement. Additionally, should the Group experience a liquidity issue, it could draw down on the £120m revolving credit facility ("RCF") which can be accessed for any purpose.

Blackstone is the Group's debt provider. The total facilities available to the Group as at June 2024 were £1,434m (using year end exchange rates) of which £700m was an acquisition facility and £90m was RCF. The total amount of debt drawn down at June 2024 was £1,356m.

On 1 July 2024, the Group repaid its outstanding loans, other than the RCF, a gross figure of £1.3bn and entered into new facilities, maintaining Blackstone as the Group's debt provider. Upon completion, new debt of £1.3bn was drawn down. Furthermore, in September 2024, the RCF facility was increased from £90m to £120m. The total facilities available to the Group as at time of signing these financial statements were £1,633bn (using year end exchange rates). These facilities can be utilised for capex and acquisition requirements and can be drawn in 15 working days and the RCF can be used for any purpose including operational, working capital and acquisition requirements, and can be drawn down in 3 working days.

The Group is continuing its M&A programme and during the period ended 30 June 2024 the Group made three stock acquisitions and three small trade and asset deals, and, for detail, see note 22. The Group has completed 4 deals since the financial year end, adding c£3.4m 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 £150.0m and the loss before tax is £235.1m for the financial year ended 30 June 2024. 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.

STRATEGIC REPORT (continued)

RESULTS AND DIVIDENDS (continued)

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; rationalisation 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. A significant element of this expense for the year ended 30 June 2024 related to one-off costs to execute strategic initiatives to counter macroeconomic challenges.

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 teams involved in the acquisition and integration of businesses into the group; changes in the value of accrued contingent consideration, the costs of agreed integration programmes 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 year to 30 June 2024 **£000**
Gross profit	348,499
Administrative expenses excluding exceptional items, M&A deal cost and integration expenses, depreciation and amortisation:	(198,461)
Adjusted EBITDA	**150,038**
Exceptional administrative expenses	(27,564)
M&A deal costs and integration expenses	(68,324)
EBITDA	**54,150**
Depreciation	(24,676)
Amortisation	(91,063)
Operating loss	**(61,589)**

STRATEGIC REPORT (continued)

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 revenue and EBITDA before exceptional items and M&A integration expenses and cash flow, is monitored in detail and reviewed monthly at board level.

In addition to the financial KPIs, a number of non-financial KPIs are used to measure and monitor the progress of the Group against its strategic objectives on a quarterly basis. These KPIs include specific targets in respect of organic and acquisitive growth, technology growth, client retention, the cross-selling of services and the Group's revenue mix. These KPIs relate to the strategic objectives of:

- Enhancing the Group's go-to-market function and processes
    - A measure of annual organic growth and client retention for the existing customer base.
    - A measure of gross growth that is achieved from proactive cross sell initiatives.
    - An increase in the average number of services provided to the Group's Top 250 client base
- Widening the use of technology
    - A measure of technology and technology-enabled services as a proportion of Group revenue
    - A measure of benefit arising from Group automation projects
- Maturing and growing the North American business
    - A measure of organic growth within the North American business
    - A measure of North American revenue as a proportion of Group revenue
    - A measure of M&A activity
- Expanding the Global Solutions business
    - A measure of organic growth within the Global Solutions business
    - A measure of Global Solutions revenue as a proportion of Group revenue
    - A measure of M&A activity
- Maintaining and enhancing a leading M&A and integration capability
    - A measure of rolling actionable M&A EBITDA
    - A target of integration within a set period following acquisition
    - A measure of integrations delivered within budget and delivering the agreed synergies

By order of the Board

Dan Saulter
Director

Date: 16 December 2024

DIRECTORS' REPORT

The directors present their report with the audited consolidated financial statements of the Group for the year ended 30 June 2024.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 30 June 2024 is £192.4m (period ended 30 June 2023: loss of £108.6m)

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

FUTURE DEVELOPMENTS

The Group remains committed to sustainable, profitable growth and continues its programme 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 £120m 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 overseas divisions from local currency 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 21 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.

DIRECTORS' REPORT (continued)

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.

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 (Jersey) Law 1991. 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:

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)
Mark Richards (appointed 5 March 2021)
Michalis Frouzis (appointed 3 August 2021
Neil White (appointed 11 February 2022)
Marta Cueto Vazquez (appointed 1 January 2024)
Pauline Spire (appointed 24 September 2021; resigned 1 January 2024)

POST BALANCE SHEET EVENTS

On 1 July 2024, the Group's intermediary holding companies repaid their outstanding loans, other than the RCF, a gross figure of £1.3bn to their external debt holders and entered into new facilities, maintaining Blackstone as the Group's debt provider. Upon completion, new debt of £1.3bn was drawn down. All these new facilities are multi-currency - in sterling GBP, US Dollars and Euros. The new facility carries interest charges made up of a fixed element: 5.25% (with a 1.75% PIK option) and variable element linked to either the SONIA rate for GBP, EURIBOR rate for EUR elements or the US Dollar LIBOR rate for USD elements. On 30 September 2024, the Group increased its RCF facility from £90m to £120m.

On 20 September 2024, the Group completed a deal to acquire the trade and assets of certain of the business undertaken by Minuteman Adjusters, Inc. The business provides third party administrator services, claims adjusting services and field adjusting services, and is located in the US. The initial purchase price was USD2.3m. Management is assessing the accounting impact of this transaction and hence full disclosures have not been made in these financial statements.

On 18 October 2024, the Group completed a deal to acquire the trade and assets of Bespoke Training Solutions Limited. The business provides materials and remote learning workshops and webinars to support students through the CII Diploma in Regulated Financial Planning and the CII advanced exams. The business is located in the UK. The initial purchase price was £1.9m. Management is assessing the accounting impact of this transaction and hence full disclosures have not been made in these financial statements.

On 25 October 2024, the Group completed a deal to acquire all of the issued and outstanding shares of Budget Claims Service Inc.. The Company provides insurance claims adjusting, insurance claims management services and third party insurance administrative services. The Company is located in the US. The initial purchase price was USD6.2m. Management is assessing the accounting impact of this transaction and hence full disclosures have not been made in these financial statements.

<u>DIRECTORS' REPORT (continued)</u>

POST BALANCE SHEET EVENTS (continued)

On 30 November 2024, the Group completed a deal to acquire the business undertaken by O'Brien Lynam Solicitors. The business is a firm of solicitors and is located in the Republic of Ireland. The initial purchase price was EURO 11.8m. Management is assessing the accounting impact of this transaction and hence full disclosures have not been made in these financial statements.

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 the Companies (Jersey) Law 1991.

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 International Financial Reporting Standards (IFRS) and Companies (Jersey) Law 1991). 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 (Jersey) Law 1991). 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: 16 December 2024

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 2023 and of the Group's loss for the year 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 Company") and its subsidiaries ("the Group") for the year then ended 30 June 2023 which comprise the Consolidated Statement of Profit or Loss, 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'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 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 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.

Non-compliance with laws and regulations

Based on our understanding of the Group and the industry in which it operates, discussion with management and those charged with governance and obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations, we considered the significant laws and regulations to be IFRS, Jersey tax legislation, Companies (Jersey) Law 1991, UK Companies Act and regulations promulgated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA).

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

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

Our procedures in respect of the above included:

- Understanding of the legal and regulatory frameworks that are applicable to the Group.
- Understanding the control environment of the Group in monitoring compliance with the applicable laws and regulations;
- Reviewing minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Reviewing correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and agreed supporting documentation; and
- Involving BDO tax specialists in the audit.

Fraud

We assessed the susceptibility of the Group financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Performing a detailed fraud risk assessment and obtaining 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;
- Performing a review of minutes of Board meetings throughout the period;
- Making direct enquiry with management and those charged with governance to understand any known or suspected instances of non-compliance with laws and regulations and of 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;
- 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; and
- Performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our understanding and risk assessment performed, we designed specific audit procedures to challenge assumptions and significant judgements made by management in their significant accounting estimates. Based on our risk assessment, we considered the areas most susceptible to fraud to be estimates in relation to the defined benefit pension scheme, work in progress and accrued income recognition, goodwill valuation and valuation of the acquisition. Our procedures in respect of the above included:

- Involving specialists in our audit of the defined benefit pension scheme to ensure assumptions made are appropriate;
- Testing a sample of work in progress (WIP) and accrued income recognised either side of the period end to ensure revenue has been recognised in the correct period and are supported by appropriate supporting documentation;
- Testing a sample of WIP to ensure that these are valued and recognised correctly;
- Assessing and challenging management in respect of significant estimates and judgements applied on WIP and accrued income accounting policy in respect of claims and other services;
- Assessing and challenging judgements and assumptions made by management in evaluating impairment of goodwill in relation to determination of Cash Generating Units (CGU's), cashflow forecasts, use of discount rates and Weighted Average cost of capital (WACC); and
- Assessing and challenging key inputs, approach and assumptions used by management in relation to fair valuation for each entity acquired, including review of Internal rate of return, WACC, Weighted average return on assets, and estimates in deferred consideration.

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

Fraud (continued)

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 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 Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signed by:
Geeta Joshi
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Geeta Joshi (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
16 December 2024

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

TENNESSEE TOPCO LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024
CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	For the year ended 30 June 2024 £000	For the year ended 30 June 2023 £000
Continuing operations			
Revenue	5	803,765	680,585
Cost of providing services		(455,266)	(378,734)
Gross profit		**348,499**	**301,851**
Staff and other overhead expenses		(194,880)	(172,769)
Administrative expenses		(211,608)	(162,665)
Net impairment losses on financial and contract assets	24	(3,484)	(1,150)
Other losses /gains – net	7	(116)	27
Operating loss		**(61,589)**	**(34,706)**
Finance costs	8	(173,508)	(115,040)
Loss before income tax		**(235,097)**	**(149,746)**
Income tax credit	9	42,853	41,144
Loss for the year		**(192,244)**	**(108,602)**

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 30 June 2024	For the year ended 30 June 2023
	£000	£000
Loss for the year	**(192,244)**	**(108,602)**
Other comprehensive loss		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(2,533)	9,728
Items that will not be reclassified to profit or loss		
Remeasurement of post-employment benefit obligations	-	8
Income tax relating to this item	-	35
Total other comprehensive loss for the year, net of tax	**(2,533)**	**9,771**
Total comprehensive loss for the year	**(194,777)**	**(98,831)**
Total comprehensive loss for the year attributable to the owners of Tennessee Topco Limited	**(194,777)**	**(98,831)**

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

TENNESSEE TOPCO LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2024 £000	As at 30 June 2023 £000
Assets			
Non-current assets			
Property plant and equipment	11	26,996	24,841
Right of use assets	12	30,579	24,636
Goodwill	13	1,163,708	980,998
Intangible Assets	13	690,887	613,376
Investments in associates		4,435	3,819
Other non-current assets		489	84
Total non-current assets		**1,917,094**	**1,647,754**
Current assets			
Other current assets	15	24,461	16,738
Contract assets	5 (b)	102,616	89,822
Trade receivables	16i	159,167	121,437
Other financial assets at amortised cost	16ii	18,476	15,751
Current tax assets	15	8,300	8,595
Cash and cash equivalents	17	92,736	55,469
Total current assets		**405,756**	**307,812**
Total assets		**2,322,850**	**1,955,566**
Liabilities			
Non-current liabilities			
Borrowings	18	(1,340,113)	(984,771)
Lease liabilities	12	(23,969)	(17,418)
Deferred tax liabilities	14	(71,225)	(91,153)
Employee benefit obligations	21	(8,293)	(13,225)
Other non-current liabilities	20	(99,956)	(78,104)
Provisions	19	(1,617)	(958)
Other non-current financial liabilities		(10)	(14)
Total non-current liabilities		**(1,545,183)**	**(1,185,643**
Current liabilities			
Trade and other payables	20	(193,020)	(158,753)
Contract liabilities	5 (b)	(33,655)	(26,353)
Lease liabilities	12	(10,382)	(9,115)
Employee benefit obligations	21	(14,732)	(2,838)
Provisions	19	(777)	(1,217)
Total current liabilities		**(252,566)**	**(198,276)**
Total liabilities		**(1,797,749)**	**(1,383,919)**
Net assets		**525,101**	**571,647**
EQUITY			
Share capital and share premium	10 (a)	931,473	778,706
Other reserves	10 (b)	(21,791)	(16,317)
Accumulated deficit	10 (c)	(384,581)	(190,742)
Total equity		**525,101**	**571,647**

The financial statements on pages 25 to 100 were approved by the Board of Directors on 16 December 2024 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
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024
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 30 June 2022	**7,044**	**684,355**	**(20,389)**	**(5,937)**	**(81,285)**	**583,788**
Loss for the year	-	-	-	-	(108,602)	(108,602)
Other comprehensive loss for the year, net of tax	-	-	9,728	-	43	9,771
Total comprehensive loss for the year	**-**	**-**	**9,728**	**-**	**(108,559)**	**(98,831)**
Issue (net) of share capital	625	86,682	-	-	(898)	86,409
Treasury shares	-	-	-	281	**-**	281
Balance as at 30 June 2023	**7,669**	**771,037**	**(10,661)**	**(5,656)**	**(190,742)**	**571,647**
Loss for the year	-	-	-	-	(192,244)	(192,244)
Other comprehensive loss for the year, net of tax	-	-	(2,533)	-	-	(2,533)
Total comprehensive loss for the year	**-**	**-**	**(2,533)**	**-**	**(192,244)**	**(194,777)**
Issue (net) of share capital	1,018	151,749	-	-	(1,595)	151,172
Treasury shares	-	-	-	(2,941)	**-**	(2,941)
Balance as at 30 June 2024	**8,687**	**922,786**	**(13,194)**	**(8,597)**	**(384,581)**	**525,101**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

		Note	For the year ended 30 June 2024	For the year ended 30 June 2023
			£000	**£000**
A.	**Cash generated from operations**			
	Loss before tax		**(235,097)**	**(149,746)**
	Adjustments for:			
	Depreciation and amortisation expense	11/12ii/13	115,739	93,668
	Net loss on sale of non-current assets	7	116	(27)
	Finance costs – net	8	173,508	115,040
	Change in operating assets and liabilities, net of effects from purchase of controlled entities			
	Increase in trade and other receivables		(14,641)	(22,149)
	Increase in contract assets		(6,215)	(4,626)
	Decrease in trade and other payables		509	13,282
	Decrease in contract liabilities		7,302	1,049
	Movement in provisions		(521)	(484)
	Cash generated from operations		**40,700**	**46,007**
	Interest paid		(115,837)	(83,943)
	Income taxes paid		(6,999)	(10,397)
	Net cash used in operating activities		**(82,136)**	**(48,333)**
B.	**Cash flow from investing activities**			
	Payment for acquisition of subsidiary including goodwill, net of cash acquired	22	(237,855)	(187,991)
	Payment for purchase of property, plant and equipment	11	(15,461)	(13,148)
	Proceeds from sale of property, plant and equipment		79	76
	Payment for purchase of other intangible assets	13	(15,110)	(17,229)
	Payment of contingent consideration on acquisitions		(22,220)	(13,171)
	Net cash used in investing activities		**(290,567)**	**(231,463)**
C.	**Cash flow from financing activities**			
	Proceeds from borrowings	26	369,612	280,165
	Repayment of borrowings	26	(57,591)	(96,126)
	Payment for new facility		-	-
	Proceeds from the issue of share capital		114,495	111,098
	Repurchase of own shares		(7,221)	(4,095)
	Principal elements of lease payments	26	(9,337)	(9,358)
	Net cash from financing activities		**409,958**	**281,684**
	Net increase in cash and cash equivalents		**37,255**	**1,888**
	Cash and cash equivalents at the beginning of the year		**55,469**	**53,573**
	Effects of exchange rate changes on cash and cash equivalents		12	8
	Cash and cash equivalents at the end of the year		**92,736**	**55,469**

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

The consolidated financial statements are prepared for the year to 30 June 2024.

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 adopted from 1 January 2023

The following amendments are effective for the period beginning 1 January 2023

- Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements);
- Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes); and
- International Tax Reform – Pillar Two Model Rules (Amendment to IAS 12 Income Taxes) (effective immediately upon the issue of the amendments and retrospectively).

These amendments to various IFRS Accounting Standards were mandatorily effective for reporting periods beginning on or after 1 January 2023. The Group has adopted these and there has been no material impact on the financial statements.

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

vi. 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.

The following amendments are effective for the period beginning 1 January 2024:

- Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements);
- Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements); and
- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures)

The following amendments are effective for the period beginning 1 January 2025:

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates

The Group is currently assessing the impact of these new accounting standards and amendments. The Group does not believe that the amendments to IAS 1 will have an impact on the classification of its liabilities.

The Group does not expect any other standards issued by the IASB, but are yet to be effective, to have a material impact on the Group

vii. 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 Directors are pleased that the challenging economic environment of the past 2 years has eased and that the group has made a positive start to FY25. Furthermore the Group has access to a committed revolving credit facility of £120m should this be required.

The Group's most recent forecasting exercise covers a period from the balance sheet date to 30 June 2026. As part of their forecasting work, the directors undertook some detailed sensitivity analysis. This included flexing the forecast revenue and cost base to determine the impact on future cash flows. The analysis showed that revenue would have to drop significantly, more than 30%, before the Group’s sole covenant was breached. The directors concluded that this was highly unlikely. The Group enjoys the continued funding support of its institutional shareholders: BC Partners, HGGC, and AimCo, having raised an additional £109.6m in equity in November 2023 to support M&A. The key mitigant for a covenant breach would be an equity injection from the shareholders which is permitted under the existing banking agreement. Additionally, should the Group experience a liquidity issue, it could draw down on the £120m revolving credit facility ("RCF") which can be accessed for any purpose.

Blackstone is the Group’s debt provider. The total facilities available to the Group as at June 2024 were £1,434m (using year end exchange rates) of which £700m was an acquisition facility and £90m was RCF. The total amount of debt drawn down at June 2024 was £1,356m.

On 1 July 2024, the Group repaid its outstanding loans, other than the RCF, a gross figure of £1.3bn and entered into new facilities, maintaining Blackstone as the Group's debt provider. Upon completion, new debt of £1.3bn was drawn down. Furthermore, in September 2024, the FCR facility was increase from £90m to £120m. The total facilities available to the Group as at time of signing these financial statements were £1,633bn (using year end exchange rates). These facilities can be utilised for capex and acquisition requirements and can be drawn in 15 working days and the RCF can be used for any purpose including operational, working capital and acquisition requirements, and can be drawn down in 3 working days.

The Group is continuing its M&A programme and during the period ended 30 June 2024 the Group made three stock acquisitions and three small trade and asset deals, and, for detail, see note 22. The Group has completed 2 deals since the financial year end, adding c£5.0m 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 3.14).

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. Investments in associates

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated statement of financial position at cost. Subsequently associates are accounted for using the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of profit and loss and other comprehensive income (except for losses in excess of the Group's investment in the associate unless there is an obligation to make good those losses).

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

3.4. Intangible assets

i. Goodwill

Goodwill is measured as described in 3.14. 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.

3.4. Intangible assets (continued)

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.

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	10-20 years
Brand name	2-20 years (assessed by individual asset)

3.5. 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.

3.6. Revenue recognition

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

3.7. 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.

3.8. 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.

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 24 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.

3.9. 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 recognised in profit or loss over the period in which it is incurred.

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.

3.10. 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.

3.11. 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.

3.11. Employee benefits (continued)

ii. Post-employment obligations (continued)

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.

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.

3.12. 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.

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.

3.13. 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.

3.13. Leases (continued)

i. As a lessee (continued)

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;

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 3.14.

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.

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.

3.13. Leases (continued)

ii. As a sub-lessor (continued)

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.

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.

3.14. 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 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.

3.14. Business combinations (continued)

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 weighted average cost of capital.

Contingent consideration is classified as a financial liability and is 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.

3.15. 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.

3.16. 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.

3.17. 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.

3.18. 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.

4. 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 21.

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. The Group do not currently assess any value to the residual.

Goodwill

Key judgements and estimates:

- Fair value of consideration
- Fair value of identified assets and liabilities purchased

The valuation of the consideration is assessed at its fair value with respect to both cash and equity payments, the latter requires management judgement as to the value of the equity offered. The value of contingent consideration is made by reference to the underlying parameters driving the contingent consideration, using Management’s best estimate of the future value at the acquisition date, and an expected probability analysis of future outcomes. Factors such as budgets and future underlying growth rates, amongst others are key judgements in this process.

The fair value of identified assets and liabilities is prepared by Management and specialised external advice is sought, to ensure that an appropriate fair value is assessed.

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 our Lloyd’s business, Asta, which is the leading third party managing agent, and claims management, subrogation management and end to end management services to Captive Insurers.

- 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.

5. Revenue from contracts with customers (continued)

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.

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.

5. Revenue from contracts with customers (continued)

Timing of revenue recognition (continued)

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 recognises 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.

Revenue from the provision of resourcing services is based on the nature of the underlying resource requirements of 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: a) sourcing contractors and placing them with end-clients, which is satisfied at a point-in-time; and b) 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.

5. Revenue from contracts with customers (continued)

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.

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.

5. Revenue from contracts with customers (continued)

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

Key judgements (continued):

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.

***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:

As at 30 June 2024	Davies UK & I £000	Davies Global Solutions £000	Davies North America £000	Total £000
Timing of revenue				
– At a point in time	-	15,809	-	15,809
– Over time	290,000	203,881	294,075	787,956
	290,000	**219,690**	**294,075**	**803,765**

As at 30 June 2023	Davies UK & I £000	Davies Global Solutions £000	Davies North America £000	Total £000
Timing of revenue				
– At a point in time	-	17,711	-	17,711
– Over time	268,256	173,796	220,822	662,874
	268,256	**191,507**	**220,822**	**680,585**

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:

Contract assets	As at 30 June 2024 £000	As at 30 June 2023 £000
Contract assets	103,742	90,899
Loss allowance	(1,126)	(1,077)
Total contract assets (Refer to note 24)	**102,616**	**89,822**
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	**102,616**	**89,822**

Contract assets & liabilities	As at 30 June 2024 £000	As at 30 June 2023 £000
At start of period	89,822	75,393
Acquired net contract assets	16,362	7,216
Increase in contract assets during the period	(1,314)	8,317
Loss allowance	(2,255)	(1,104)
Total contract assets	**102,616**	**89,822**
At start of period	26,353	25,339
Contract liabilities at acquisition	14,527	941
Movement during the period	(3,471)	73
Total contract liabilities*	**37,409**	**26,353**

**Total contract liabilities include £3.8m (2023: nil) which is recognised in Other non-current liabilities in the Statement of Financial Position.*

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 24 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. Analysis of costs

a. Expenses by nature

	For the year to 30 June 2024 £000	For the year to 30 June 2023 £000
Employee benefit expenses	420,904	354,972
Depreciation of property, plant and equipment	14,257	13,003
Amortisation of right-of-use assets	10,419	9,148
Amortisation of intangible assets	91,063	71,526
Loss /(profit) on sale of property, plant and equipment	116	(27)
Other direct costs	164,660	133,752
Other overheads	80,659	74,213
Exceptional expenses	79,792	57,581

Other exceptional expenses include merger and acquisition (M&A) deal and integration costs and exceptional administrative expenses and are included within the total exceptional costs table discussed in the Strategic Report on page 17.

b. Employee benefit expenses

	For the year to 30 June 2024 £000	For the year to 30 June 2023 £000
Wages and salaries	337,506	292,050
Short-term benefits	26,770	17,333
Defined contribution pension cost	12,168	10,072
Other long term employee benefits	16,096	11,407
Social security contributions and similar taxes	28,364	24,110
	420,904	**354,972**

7. Other gains (losses) - net

	For the year to 30 June 2024 £000	For the year to 30 June 2023 £000
Net (loss) / profit on disposal of property, plant and equipment	(116)	27
Total	**(116)**	**27**

8. Finance costs

	For the year to 30 June 2024 £000	For the year to 30 June 2023 £000
Finance income	-	-
Total finance income		**-**
Finance costs		
Interest and finance charges paid/payable for lease liabilities	2,652	2,084
Interest and finance charges paid/payable for financial liabilities not at fair value through profit or loss	164,141	106,989
Foreign exchange gains and losses that relate to borrowings	(669)	(298)
Unwinding of discount	7,384	6,265
Total finance costs expensed	**173,508**	**115,040**
Net finance costs	**(173,508)**	**(115,040)**

'Unwinding of discount' relates to the adjustments for the time value of money in respect of the deferred consideration liabilities and long term employee benefit obligations, which are disclosed in notes 20 and 21.

9. Taxation

a. Income tax credit

	For the year ended 30 June 2024 £000	For the year ended 30 June 2023 £000
Current tax		
UK corporation tax on profits for the year	1	96
UK corporation tax adjustments in respect of prior year	(1,061)	1,614
Foreign tax	7,013	3,634
Foreign tax adjustments in respect of prior year	131	(365)
Total current tax expense	**6,084**	**4,979**
Deferred tax		
Origination and reversal of timing differences	(53,384)	(41,345)
Deferred tax adjustments in respect of prior year	4,446	(4,778)
Total deferred tax credit	**(48,937)**	**(46,123)**
Total income tax credit	**(42,853)**	**(41,144)**

9. 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 25.0% (2023: 20.5%). The difference is explained below:

	For the year ended 30 June 2024 £000	For the year ended 30 June 2023 £000
Loss from ordinary activities before income tax	(235,097)	(149,746)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 25.0% (for the year ending 30 June 2023: 20.5%)	(58,774)	(30,698)
Tax effects of:		
Expenses not deductible for tax purposes	4,733	1,782
Deferred tax recognised at a different rate to the corporation tax rate of 25.0% (2023: 25.0%)	-	(14,004)
Movement in deferred tax not recognised	9,013	7,414
Difference in tax rates applied in overseas jurisdictions	(1,185)	(1,577)
Adjustments in respect of prior years - UK and overseas jurisdictions	3,385	(3,529)
Other differences	(25)	(532)
Income tax expense	**(42,853)**	**(41,144)**

c. Tax losses

	For the year ended 30 June 2024 £000	For the year ended 30 June 2023 £000
Unused tax losses and Corporate Interest Restriction disallowances for which no deferred tax asset has been recognised	69,733	88,934
Potential tax benefit at 25%	**17,433**	**22,234**

The Government announced in the budget on 3 March 2021 that the UK rate of corporation tax would increase from 19% to 25% from 1 April 2023. As such, the UK corporation tax charge is based on a rate of 25.0% in these financial statements (2023: blended rate of 20.5%).

As the rate increase was substantively enacted at the balance sheet date, the deferred tax balance in these financial statements is stated at a rate of 25.0% (2023: 25.0%).

10. Equity

a. Share capital and share premium

Ordinary shares authorised, issued and fully paid

	As at 30 June 2024 Number Shares	As at 30 June 2024 £000 Share capital	As at 30 June 2024 £000 Share premium
A Ordinary Shares of £0.01 each	814,500,608	8,145	865,273
A1 Ordinary Shares of £0.01 each	52,708,311	527	69,347
B Ordinary Shares of £0.0001 each	34,783,422	3	1,324
C Ordinary Shares of £0.0001 each	59,628,803	6	107
D Ordinary Shares of £0.0001 each	45,569,202	5	42
E Ordinary Shares of £0.00001 each	50,828,537	1	9
F Ordinary Shares of £0.000001 each	55,820,257	0	1
Total before issue costs	**1,113,839,140**	**8,687**	**936,103**
Issue costs	-	-	**(13,317)**
Total	**1,113,839,140**	**8,687**	**922,786**

	As at 30 June 2023 Number Shares	As at 30 June 2023 £000 Share capital	As at 30 June 2023 £000 Share premium
A Ordinary Shares of £0.01 each	741,816,764	7,418	756,774
A1 Ordinary Shares of £0.01 each	23,645,151	236	26,042
B Ordinary Shares of £0.0001 each	34,783,422	4	1,324
C Ordinary Shares of £0.0001 each	59,628,803	6	107
D Ordinary Shares of £0.0001 each	44,969,202	5	36
E Ordinary Shares of £0.00001 each	48,982,137	-	5
F Ordinary Shares of £0.000001 each	54,790,257	-	1
Total before issue costs	**1,008,615,736**	**7,669**	**784,289**
Issue costs	-	-	**(13,252)**
Total	**1,008,615,736**	**7,669**	**771,037**

10. 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 1 July 2023	**1,008,616**	**7,669**	**771,037**	**778,706**
Issued (net) during the year	105,224	1,018	151,813	152,831
Less: Transaction costs arising on share issues	-	-	(64)	(64)
Balance as at 30 June 2024	**1,113,840**	**8,687**	**922,786**	**931,473**

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 1 July 2023	**1,008,616**	**7,669**	**771,037**	**778,706**
Shares issued in consideration for acquisitions	27,303	273	40,681	40,954
Shares issued in the period	78,321	749	111,528	112,277
Shares cancelled in the period	(400)	(4)	(396)	(400)
Less: Transaction costs arising on share issues	-	-	(64)	(64)
Balance as at 30 June 2024	**1,113,840**	**8,687**	**922,786**	**931,473**

New shares issued in consideration for acquisitions totaled £41.0m

For the year ended 30 June 2024, there was a gross cash inflow for shares issued in the period of £112.3m before issuing costs of £0.1m, a net cash inflow of £112.2m. Furthermore shares were awarded to individual from EBT at a value of £2.3m. The total cash inflow from shares to the Group was £114.5m.

10. Equity (continued)

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	Foreign currency translation reserve	Total
	£000	£000	£000
Balance as at 1 July 2023	**(5,656)**	**(10,661)**	**(16,317)**
Exchange differences on translation of foreign operations	-	(2,533)	(2,533)
Own shares	(2,941)	-	(2,941)
Balance as at 30 June 2024	**(8,597)**	**(13,194)**	**(21,791)**

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 21 for further information). Shares issued to employees are recognised on a first-in-first-out basis.

	Number of Shares 000	£000
Balance as at 1 July 2023	**25,171**	**5,656**
Acquisition of shares by the Trust	15,672	4,435
Buyback of shares by the Company	-	-
Shares issued for acquisitions	-	-
Employee share scheme issue	(6,304)	(1,494)
Balance as at 30 June 2024	**34,539**	**8,597**

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.

c. Retained earnings

Movements in retained earnings were as follows:

	£000
Balance as at 1 July 2023	**(190,742)**
Net loss for the year	(192,244)
Items of other comprehensive income recognised directly in retained earnings	-
Remeasurements of post-employment benefit obligations, net of tax	-
Reserve movement for share buybacks	(1,595)
Balance as at 30 June 2024	**(384,581)**

11. Property, plant and equipment

Non-current	Leasehold improvements £000	Fixtures & fittings and office equipment £000	Computer Equipment £000	Total £000
Cost				
At 1 July 2023	**5,046**	**5,505**	**35,227**	**45,778**
Additions	591	1,898	12,972	15,461
Acquired through business combinations	175	611	367	1,153
Disposals	(216)	(549)	(1,211)	(1,976)
Reclassification to Intangible assets	8	3	-	11
Exchange differences	(1)	(39)	(35)	(75)
At 30 June 2024	**5,603**	**7,429**	**47,320**	**60,352**
Accumulated depreciation and impairment				
At 1 July 2023	**(2,563)**	**(1,467)**	**(16,907)**	**(20,937)**
Depreciation charge for the year	(1,575)	(1,622)	(11,060)	(14,257)
Disposals	187	473	1,121	1,781
Reclassification to Intangible assets	-	-	-	-
Exchange differences	2	24	31	57
At 30 June 2024	**(3,949)**	**(2,592)**	**(26,815)**	**(33,356)**
Net book value as at 30 June 2024	**1,654**	**4,837**	**20,505**	**26,996**

Non-current	Leasehold improvements £000	Fixtures & fittings and office equipment £000	Computer Equipment £000	Total £000
Cost				
At 1 July 2022	**4,778**	**5,817**	**23,402**	**33,997**
Additions	141	1,587	11,420	13,148
Acquired through business combinations	203	702	675	1,580
Disposals	-	(991)	(171)	(1,162)
Reclassification to Intangible assets	-	(1,365)	100	(1,265)
Exchange differences	(76)	(245)	(199)	(520)
At 30 June 2023	**5,046**	**5,505**	**35,227**	**45,778**
Accumulated depreciation and impairment				
At 1 July 2022	**(1,322)**	**(924)**	**(7,171)**	**(9,417)**
Depreciation charge for the year	(1,298)	(1,690)	(10,015)	(13,003)
Disposals	-	917	196	1,113)
Reclassification to Intangible assets	-	35	(53)	(18)
Exchange differences	57	195	136	388
At 30 June 2023	**(2,563)**	**(1,467)**	**(16,907)**	**(20,937)**
Net book value as at 30 June 2023	**2,483**	**4,038**	**18,320**	**24,841**

12. 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 2024 £000	As at 30 June 2023 £000
Buildings	28,042	22,093
Motor Vehicles	1,902	1,503
IT Equipment	635	1,040
	30,579	**24,636**

Lease Liabilities	As at 30 June 2024 £000	As at 30 June 2023 £000
Current	10,382	9,115
Non-current	23,969	17,418
	34,351	**26,533**

Additions to the right-of-use assets during the year ended 30 June 2024 were £16.7m (year ended 30 June 2023: £6.1m).

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 2024 £000	As at 30 June 2023 £000
Depreciation charge of right-of-use assets		
Buildings	9,059	7,650
Motor Vehicles	888	970
IT Equipment	472	529
	10,419	**9,149**
Interest expense (included in finance costs)	2,536	2,084
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 year ended 30 June 2024 was £11,873,000 (period ended 30 June 2023: £11,442,000).

There were no building leases containing 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.

12. Leases (continued)

ii. Amounts recognised in the statement of profit or loss (continued)

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 2024	Increase/(decrease) on Lease Liability as at 30 June 2023
Incremental Borrowing Rate	2.50%	(2,352)	540
Incremental Borrowing Rate	-2.50%	3,195	2,229

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.

13. Intangible assets

Non-current assets	Goodwill £000	Customer lists £000	Brand Name £000	Other intangible assets £000	Total £000
Cost					
At 1 July 2023	980,998	555,449	120,218	66,747	**1,723,412**
Additions - internally developed	-	-	-	15,110	**15,110**
Acquired through business combinations	182,781	143,435	11,211	-	**337,427**
Disposals	-	(1,342)	-	-	**(1,342)**
Reclassification	-	(1,646)	-	-	**(1,646)**
Reclassification from tangible assets	-	-	-	(11)	**(11)**
Exchange differences	(71)	440	(56)	(94)	**219**
At 30 June 2024	**1,163,708**	**696,336**	**131,373**	**81,752**	**2,073,169**
Accumulated amortisation and impairment					
At 1 July 2023	-	(93,341)	(11,785)	(23,912)	**(129,038)**
Amortisation for the year	-	(58,611)	(7,079)	(25,373)	**(91,063)**
Disposals	-	-	-	-	**-**
Reclassification	-	1,646	-	-	**1,646**
Reclassification from tangible assets	-	-	-	-	**-**
Exchange differences	-	(148)	2	27	**(119)**
At 30 June 2024	**-**	**(150,454)**	**(18,862)**	**(49,258)**	**(218,574)**
Net book value as at 30 June 2024	**1,163,708**	**545,882**	**112,511**	**32,494**	**1,854,595**

13. Intangible assets (continued)

Non-current assets	Goodwill £000	Customer lists £000	Brand Name £000	Other intangible assets £000	Total £000
Cost					
At 1 July 2022	861,003	468,665	117,203	48,247	1,495,118
Additions - internally developed			-	16,922	16,922
Additions - acquired separately		2,846			2,846
Acquired through business combinations	124,184	88,177	3,015	1,778	217,154
Disposals		-	-	(710)	(710)
Reclassification from Tangible assets		-	-	1,265	1,265
Exchange differences	(4,189)	(4,239)	-	(755)	(9,183)
At 30 June 2023	**980,998**	**555,449**	**120,218**	**66,747**	**1,723,412**
Accumulated amortisation and impairment					
At 1 July 2022	-	(41,039)	(5,372)	(12,257)	(58,668)
Amortisation for the year	-	(52,553)	(6,413)	(12,550)	(71,516)
Disposals				718	718
Reclassification from Tangible assets		-	-	18	18
Exchange differences	-	251	-	159	410
At 30 June 2023	**-**	**(93,341)**	**(11,785)**	**(23,912)**	**(129,038)**
Net book value as at 30 June 2023	**980,998**	**462,108**	**108,433**	**42,835**	**1,594,374**

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 22. The remaining amortisation for Customer lists is approximately 9 years; for Brand names, approximately 16 years; and for Other Intangible assets, approximately 1 year.

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

14. Deferred tax assets / (liabilities)

Movements	Business Combination intangibles £000	Tax losses £000	Corporate Interest Restriction disallowances £000	Short-term timing differences £000	Other timing differences £000	Total £000
At 30 June 2023	(136,942)	16,072	24,280	2,869	2,568	(91,153)
Charged/(credited):						
– On business combinations	(29,036)	-	-	-	-	(29,036)
– to profit or loss	18,199	7,730	23,490	(266)	(216)	49,937
– other movements	-	-	-	-	(160)	(160)
– to other comprehensive income	(109)	93	184	(1)	20	187
At 30 June 2024	**(147,888)**	**23,895**	**47,954**	**2,602**	**2,212**	**(71,225)**

14. Deferred tax assets / (liabilities) (continued)

	Business Combination intangibles	Tax losses	Corporate Interest Restriction disallowances	Short-term timing differences	Other timing differences	Total
Movements	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
At 30 June 2022	(136,643)	10,695	-	(1,716)	4,680	(122,984)
Charged/(credited):					-	
– On business combinations	(17,735)	614	-	1,393	-	(15,728)
– to profit or loss	16,459	4,304	24,280	3,192	(2,112)	46,123
– to other comprehensive income	977	459	-	-	-	1,436
At 30 June 2023	**(136,942)**	**16,072**	**24,280**	**2,869**	**2,568**	**(91,153)**

The deferred tax assets include an amount of £71.8m (2023: £35.9m) and £9m (2023: £4.5m) which relates to carried-forward tax losses and corporate interest restriction disallowances in the UK and US respectively. The Group 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 and interest disallowances can be carried forward indefinitely and have no expiry.

15. Other current assets

	As at 30 June 2024 £000	As at 30 June 2023 £000
Corporation tax	8,300	8,595
Prepayments and accrued income	24,461	16,738
	32,761	**25,333**

16. Trade receivables and other financial assets at amortised cost

i. Trade Receivables

	As at 30 June 2024 £000	As at 30 June 2023 £000
Trade receivables from contracts with customers	173,526	130,203
less: loss allowance (Refer to note 24)	(14,359)	(8,766)
	159,167	**121,437**

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 24.

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

16. Trade receivables and other financial assets at amortised cost

ii. Other financial assets

	As at 30 June 2024 £000	As at 30 June 2023 £000
Other receivables	18,476	15,751
Total	**18,476**	**15,751**

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.

17. Cash and cash equivalents

	As at 30 June 2024 £000	As at 30 June 2023 £000
Cash at bank and in hand	92,736	55,469
Total	**92,736**	**55,469**

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 2024 £000	As at 30 June 2023 £000
Cash at bank and in hand	92,736	55,469
Cash and cash equivalents at the end of the year	**92,736**	**55,469**

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 3.7 for the Group's other accounting policies on cash and cash equivalents.

18. Borrowings

Non-current	As at 30 June 2024 £000	As at 30 June 2023 £000
Secured		
Bank loans	1,340,113	984,771
Total secured borrowings	**1,340,113**	**984,771**
Total non-current borrowings	**1,340,113**	**984,771**

	£000	£000
Total current borrowings	**-**	**-**
		-
Total borrowings	**1,340,113**	**984,771**

18. Borrowings (continued)

During the year ended 30 June 2024 the Group entered into an additional acquisition facility of £72.0m. An upfront payment of £2.1m was made for associated arrangement fees.

For the year ended 30 June 2024, the total facilities available to the Group attracted an effective interest rate of 10.19% (for the year ended 30 June 2023: 9.34%).

These facilities carry a fixed security over shares, bank accounts and intercompany 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. 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 2024, the RCF was valued at £42.3m (30 June 2023: £18.2m).

The loans are carried at a value of £1.3bn (30 June 2023: £1bn) net of prepaid fees which are amortised on an effective interest rate basis. At 30 June 2024 the unamortised value was £15.8m (30 June 2023: £23.8m).

On 1 July 2024, the Group's intermediary holding companies repaid their outstanding loans, other than the RCF, a gross figure of £1.3bn to their external debt holders and entered into new facilities, maintaining Blackstone as the Group's debt provider. Upon completion, new debt of £1.3bn was drawn down. All these new facilities are multi-currency - in sterling GBP, US Dollars and Euros. The new facility carries interest charges made up of a fixed element: 5.25% (with a 1.75% PIK option) and variable element linked to either the SONIA rate for GBP, EURIBOR rate for EUR elements or the US Dollar LIBOR rate for USD elements.

19. Provisions

Non-current	As at 30 June 2024	As at 30 June 2023
	£000	£000
Dilapidation provision	988	958
Other provisions	629	-
	1,617	**958**

Current	As at 30 June 2024	As at 30 June 2023
	£000	£000
Dilapidation provision	476	469
Other provisions	301	748
	777	**1,217**

19. 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 1 July 2023	**1,427**	**748**
Acquired through business combination	739	-
Charged/(credited) to profit or loss		
– additional provisions recognised	-	476
– unused amounts reversed	(237)	-
Utilised in the year	(466)	(294)
Exchange differences	1	-
As at 30 June 2024	**1,464**	**930**

	Dilapidation provision £000	Other provisions £000
As at 1 July 2022	**1,288**	**23**
Acquired through business combination	585	1
Charged/(credited) to profit or loss		
additional provisions recognised	-	1,320
unused amounts reversed	(445)	(6)
Utilised in the year	-	(591)
Exchange differences	(1)	1
As at 30 June 2023	**1,427**	**748**

20. Trade and other payables

Non-current	As at 30 June 2024 £000	As at 30 June 2023 £000
Accruals and deferred income	3,752	125
Contingent consideration	96,204	76,135
Other payables	-	1,844
	99,956	**78,104**

20. Trade and other payables (continued)

Current	As at 30 June 2024	As at 30 June 2023
	£000	£000
Trade payables	45,128	48,402
Other taxation and social security	10,600	8,208
Accruals	108,053	80,484
Contingent consideration	6,549	2,662
Other payables	22,690	18,997
	193,020	**158,753**

The accrual balance is composed of trading accruals and also includes the interest accrual for the Group.

The maximum total contingent consideration payable by the Group is £172.2m (30 June 2023: £103.1m) and the minimum payable is £nil (30 June 2023: £nil). The value of contingent consideration is dependent on the underlying contractual obligations within each purchase agreement, and the value recognised is based on Management's best estimate of the future outflows at the balance sheet date. The movement of contingent consideration in the year ended 30 June 2024 is as follows:

	Non-current	Current
	£000	£000
As at 30 June 2023	76,135	2,662
Business combinations in the year	15,296	20,757
Payments in the year	-	(22,220)
Unwinding of Discount	4,198	1,145
Revaluations of contingent consideration in the year	2,548	1,865
Translation and reclassification	(1,973)	2,340
As at 30 June 2024	**96,204**	**6,549**

	Non-current	Current
	£000	£000
As at 30 June 2022	67,317	15,844
Business combinations in the year	4,044	1,775
Payments in the year	-	(13,171)
Unwinding of Discount	6,104	-
Revaluations of contingent consideration in the year	(1,021)	(1,894)
Translation and reclassification	(309)	108
As at 30 June 2023	**76,135**	**2,662**

Under the Fair Value Hierarchy, these are considered as Level 3 financial instruments.

21. Employee benefit obligations

	Non-current As at 30 June 2024 £000	Non-current As at 30 June 2023 £000
Defined pension benefits (net of tax)	-	311
Other employee benefits	8,293	12,914
	8,293	**13,225**

	Current As at 30 June 2024 £000	Current As at 30 June 2023 £000
Defined pension benefits	311	-
Defined contribution benefits	1,507	1,469
Other employee benefits	12,914	1,369
	14,732	**2,838**

Defined pension benefits

Farradane Limited, a subsidiary of the Group, operates a defined benefit pension scheme in the United Kingdom, 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 3.11 (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 year is included in note 6. The Group's key accounting policies for the scheme are set out in note 3.11 (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, the 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 resulted in an accelerated vesting of the fair value of the respective DIP points. The cash obligation was satisfied by the EBT selling shares to the company and using the proceeds to pay point holders and on this basis the accounting charge was included as exceptional item in the years to 30 June 2023 and 2024.

The Group's key accounting policies for the scheme are set out in note 3.11 (iii).

21. Employee benefit obligations (continued)

Other employee benefits (continued)

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.

Defined Benefit Obligation

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 30 June 2023	(13,043)	16,208	(3,579)	(414)
Interest (expense)/income	(656)	831	(191)	(16)
Total amount recognised in profit or loss	**(656)**	**831**	**(191)**	**(16)**
Remeasurements				
Actuarial gain/(loss)	(597)	881	(284)	-
Total amount recognised in other comprehensive income/(loss)	(597)	881	(284)	-
Exchange differences	-	-	-	-
Contributions	-	-	-	-
Employers	-	430	-	430
Benefits paid	869	(869)	-	-
At 30 June 2024	**(13,427)**	**17,481**	**(4,054)**	**-**

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

	As at 30 June 2024	As at 30 June 2023
	£000	£000
Defined benefit obligation	(13,427)	(13,043)
Fair value of plan assets	17,481	16,208
Surplus of funded plans (before asset ceiling)	**4,054**	**3,165**

21. Employee benefit obligations (continued)

Defined Benefit Obligation (continued)

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 £0.4m pa, as agreed with the plan's trustees.

The following table shows a breakdown of the defined benefit obligation and plan assets as at 30 June 2024:

	As at 30 June 2024 £000	As at 30 June 2023 £000
Present value of obligation	(13,427)	(13,043)
Fair value of plan assets	17,481	16,208
Surplus in the scheme	4,054	3,165
Impact of minimum funding requirement/asset ceiling	(4,054)	(3,579)
Total liability	**-**	**(414)**

As at the last valuation date, 62% of the present value of the defined benefit obligation related to deferred members and 38% related to members in retirement.

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

	As at 30 June 2024	As at 30 June 2023
The major categories of plan assets, measured at fair value are:	**£000**	**£000**
Equities	9,539	8,773
Bonds	7,108	6,650
Insured Pensioners	331	336
Cash	503	449
Total fair value of assets	**17,481**	**16,208**
Assets included above which do not have a quoted market value:		
Insured Pensioners	331	336
Total	**331**	**336**

A full actuarial valuation was carried out in April 2021 by a qualified independent actuary. The major assumptions used by the actuary have been projected forward to 30 June 2024 as follows:

	As at 30 June 2024	As at 30 June 2023
Rate of increase in future pensions in payment	3.05%	3.05%
Rate of increase in deferred pensions	2.20%	2.20%
Discount rate	5.05%	5.20%
Inflation assumption	3.20%	3.20%
Consumer price inflation	2.20%	2.20%

21. Employee benefit obligations (continued)

Defined Benefit Obligation (continued)

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

	As at 30 June 2024	As at 30 June 2023
Retiring at the end of the reporting period:		
Male	21.1	20.2
Female	23.6	22.7
Retiring 20 years after the end of the reporting period:		
Male	22.1	21.1
Female	24.7	23.8

Management have reviewed the sensitivities around the pension liability and consider the most volatile assumption to be the discount rate used. The impact of increasing or decreasing the discount rate by 5 basis points will respectively decrease or increase the liability by approximately £78,000 (year ended 30 June 2023: £76,000).

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 30 June 2024	Decrease in assumption	As at 30 June 2024
Discount rate	0.25%	Decrease by	-2.9%	Increase by	+2.9%
Inflation assumption	0.25%	Increase by	+1.0%	Decrease by	-1.0%
Long-term rate of mortality improvement	0.25%	Increase by	+0.5%	Decrease by	-0.5%

		Impact on defined benefit obligation			
	Change in assumption	Increase in assumption	As at 30 June 2023	Decrease in assumption	As at 30 June 2023
Discount rate	0.25%	Decrease by	-2.9%	Increase by	+2.9%
Inflation assumption	0.25%	Increase by	+1.2%	Decrease by	-1.2%
Long-term rate of mortality improvement	0.25%	Increase by	+0.5%	Decrease by	-0.5%

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.

22. Business combinations

a. Acquisitions in the year to 30 June 2024

The Group made 3 stock acquisitions during the year, and these are detailed below.

In addition, the Group made 3 trade and asset deals, for which cash consideration of £3.9m was paid, and a deferred contingent consideration of £0.8m was recognised on the balance sheet, and corresponding assets recognised as customer lists of £4.2m, goodwill of £0.3m and other assets of £0.2m.

i. Acquisition of American Claims Management (ACM), Preferred Governmental Claims Services (PGCS), Insurance Claims Adjusters (ICA) and United Self Insured Services (USIS) ("Speciality programmes")

On 30 November 2023, the Group acquired 100% of the issued share capital of four claims and services businesses, ACM, PGCS, ICA and USIS. ACM is a third party claims administrator; PGCS is a claims management business specializing in Florida governmental and municipality agencies; USIS is a leading supplier of managed care services and TPA for workers' compensation and liability claims; ICA is a premier independent property adjusting firm. The four business entities have formed a new business division, Specialty Programmes, which sits within Davies North America. These four specialist businesses have strengthened the existing TPA offering in the Group's property and workers' compensation claims, catastrophic loss adjusting & response and as part of the deal, more than 600 employees have joined Davies.

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

Purchase consideration

	£000
Cash paid	150,354
Contingent consideration	22,404
Total purchase consideration	**172,758**

Assets and liabilities recognised

Fair value recognised on acquisition	£000
Intangible fixed assets	75,827
Tangible Fixed Assets	520
Right of use asset	360
Cash	10,562
Trade Receivables	5,446
Prepayments	275
Accrued income	4,472
Other current assets	48
Deferred tax liability	(18,445)
Deferred revenue	(14,527)
Other LT liabilities	(194)
Finance leases	(360)
Accruals	(3,258)
Other current liabilities	(5,843)
Net identifiable assets acquired	**54,883**
Add: Goodwill	117,875
Total purchase consideration	**172,758**

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

22. Business combinations (continued)

a. Acquisitions in the year to 30 June 2024 (continued)

i. Acquisition of American Claims Management (ACM), Preferred Governmental Claims Services (PGCS), Insurance Claims Adjusters (ICA) and U.S. Information Services (USIS) ("Speciality programmes") (continued)

a. Acquired receivables

On the acquisition date the fair value and gross contractual amount of acquired trade receivables was £5.6m. The Group's best estimate at the acquisition date of the contractual cash flows not expected to be collected was £0.1m.

b. Revenue and profit contribution

The acquired business contributed revenues of £48.2m and profit after tax of £10.7m to the Group for the period from 30 November 2023 to 30 June 2024.

Purchase consideration – cash outflow

Outflow of cash to acquire Speciality Programmes, net of cash acquired:

	£000
Cash consideration	150,354
Less: balances acquired	
Cash at bank	10,562
Net outflow of cash – investing activities	**139,792**

i. Acquisition of MDD Group

On 29 February 2024, the Group acquired 100% of interests in the leading international forensic accounting firm, MDD. MDD is one of the largest specialist forensic accounting firms in the world, serving the insurance and legal sectors. MDD specialises in assessing economic damages in relation to insurance claims, business disputes, natural or man-made catastrophes, business interruption, fraud and product recalls, expert litigation support, business valuations and shareholder disputes. Its team of 330+ professionals serve 1,000+ international clients from 40+ office locations across the globe, including North America, Latin America, Europe, Asia, and Australasia. MDD has formed a new business line within Davies' Global Solutions division, establishing a new global forensic accounting capability for the Group.

22. Business combinations (continued)

a. Acquisitions in the year to 30 June 2024 (continued)

ii. Acquisition of MDD Group (continued)

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

Purchase consideration

	£000
Cash paid	100,538
Ordinary shares issued	39,494
Deferred completion payment	4,976
Deferred consideration	1,975
Contingent consideration	10,870
Total purchase consideration	**157,853**

The fair value of the 26.3m shares issued as part of the consideration paid for was £39.5m.

Assets and liabilities recognised

Fair value recognised on acquisition	**£000**
Intangible fixed assets	74,566
Tangible Fixed Assets	633
Right of use asset	6,631
Cash	10,335
Trade Receivables	18,712
Work in progress	11,580
Prepayments	1,175
Deferred tax liability	(10,540)
Finance leases	(6,631)
Trade creditors	(228)
Accruals	(5,415)
Other current liabilities	(2,259)
Net identifiable assets acquired	**98,559**
Add: Goodwill	59,294
Total purchase consideration	**157,853**

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

c. Acquired receivables

On the acquisition date the fair value and gross contractual amount of acquired trade receivables was £20.7m. The Group's best estimate at the acquisition date of the contractual cash flows not expected to be collected was £2.0m.

d. Revenue and profit contribution

The acquired business contributed revenues of £24.3m and profit after tax of £2.3m to the Group for the period from 1 March 2024 to 30 June 2024.

22. Business combinations (continued)

a. Acquisitions in the year to 30 June 2024 (continued)

ii. Acquisition of MDD Group (continued)

Purchase consideration – cash outflow

Outflow of cash to acquire the MDD Group, net of cash acquired:

	£000
Cash consideration	100,538
Less: balances acquired	
Cash at bank	10,335
Net outflow of cash – investing activities	**90,203**

iii. Acquisition of Shoreside

On 22 March 2024 the Group acquired 100% of the issued share capital of the Shoreside Law Limited and Shoreside Agents Limited (together "Shoreside"), the commercial and litigation maritime business, specialising on shipping, commercial insurance and energy disputes for a range of insurers, ship and yacht owners, charterers, NVOCCs (non-vessel operating common carriers, ports and other international law firms. Shoreside has joined the Group's Davies Claims UK & Ireland division.

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

Purchase consideration

	£000
Cash paid	5,227
Other non cash consideration	375
Ordinary shares issued	1,500
Total purchase consideration	**7,102**

The fair value of the 1.0 million shares issued as part of the consideration paid for was £1.5 million.

Assets and liabilities recognised

Fair value recognised on acquisition	**£000**
Cash	1,245
Trade Receivables	451
Other current assets	745
Accruals	(57)
Other current liabilities	(573)
Net identifiable assets acquired	**1,811**
Add: Goodwill	5,291
Total purchase consideration	**7,102**

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

22. Business combinations (continued)

a. Acquisitions in the year to 30 June 2024 (continued)

iii. Acquisition of Shoreside

Acquired receivables

On the acquisition date the fair value and gross contractual amount of acquired trade receivables was £0.5m. The Group's best estimate at the acquisition date of the contractual cash flows not expected to be collected was nil.

Revenue and profit contribution

The acquired business contributed revenues of £0.7m and profits of £0.2m to the Group for the period from 23 March 2024 to 30 June 2024.

Purchase consideration – cash outflow

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

	£000
Cash consideration	5,227
Less: balances acquired	
Cash at bank	1,245
Net outflow of cash – investing activities	**3,982**

b. Acquisitions in the year to 30 June 2023

i. Acquisition of ProAdjust Ltd

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. ProAdjust is a top 3 Irish loss adjustor with established relationships across most of the main insurers, providing loss adjusting services to the property claims market. The acquisition of ProAdjust strengthens our Claims Solutions business in Ireland and creates the market leading adjusting platform.

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

Purchase consideration

	£000
Cash paid	11,063
Ordinary shares issued	2,166
Contingent consideration	642
Total purchase consideration	**13,871**

The fair value of the 1.8m shares issued as part of the consideration paid for was £2.2m.

22. Business combinations (continued)

i. Acquisition of ProAdjust Ltd (continued)

Assets and liabilities recognised

Fair value recognised on acquisition	£000
Cash	724
Trade Receivables	458
WIP	765
Other current assets	3
Intangible assets	5,598
Prepayments	81
Property, plant and equipment	582
Provisions	(17)
Deferred tax liability	(1,400)
Trade Payables	(55)
Accruals	(256)
Corporation tax payable	(94)
Payroll taxes	(510)
Other liabilities	(26)
Net identifiable assets acquired	**5,853**
Add: Goodwill	8,018
Total purchase consideration	**13,871**

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

e. Acquired receivables

On the acquisition date the fair value and gross contractual amount of acquired trade receivables was £0.5m. The Group's best estimate at the acquisition date of the contractual cash flows not expected to be collected was nil.

f. Revenue and profit contribution

The acquired business contributed revenues of £5.8m and profits of £1.6m to the Group for the period from 1 July 2022 to 30 June 2023.

Purchase consideration – cash outflow

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

	£000
Cash consideration	11,063
Less: balances acquired	
Bank	724
Net outflow of cash – investing activities	**10,339**

22. Business combinations (continued)

ii. Acquisition of Asta Group Limited

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. Asta joins the Group's Insurance Services business in London.

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

Purchase consideration

	£000
Cash paid	119,786
Ordinary shares issued	4,231
Total purchase consideration	**124,017**

The fair value of the 13.7m shares issued as part of the consideration paid for was £4.2m.

Assets and liabilities recognised

Fair value recognised on acquisition	£000
Cash	16,527
Investment in Associates	3,527
Trade Receivables	4,039
Accrued Income	4,691
Prepayments	941
Other current assets	2,147
Intangible assets	40,536
Property, plant and equipment	253
Deferred income	(2,410)
Taxes payable	(836)
Provisions	(605)
Trade Payables	(30)
Accruals	(7,350)
Deferred tax liabilities	(8,718)
Other liabilities	(4,540)
Net identifiable assets acquired	**48,171**
Add: Goodwill	75,846
Total purchase consideration	**124,017**

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 £4.0m. The Group's best estimate at the acquisition date of the contractual cash flows not expected to be collected was £0.1m.

22. Business combinations (continued)

ii. Acquisition of Asta Group Limited

b. Revenue and profit contribution

The acquired business contributed revenues of £53.1m and profits of £13.9m to the Group for the period from 13 July 2022 to 30 June 2023.

Purchase consideration – cash outflow

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

	£000
Cash consideration	119,786
Less: balances acquired	
Bank	16,527
Net outflow of cash – investing activities	**103,259**

iii. Acquisition of Johns Eastern, Inc

On 23 September 2022, the Group acquired 100% of the issued share capital of Johns Eastern Company Inc ('Johns Eastern'), 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 ("TPA") services, primarily monitoring the business through three operating segments: TPA, Excess and Surplus, and Field & Catastrophe (CAT). Johns Eastern has established itself as a leading TPA and independent adjusting firm for many self-insured groups, public entities, insurance carriers and the London Market. This acquisition strengthens our Claims platform in the US.

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

Purchase consideration

	£000
Cash paid	37,732
Ordinary shares issued	4,639
Total purchase consideration	**42,371**

The fair value of the 4.6m shares issued as part of the consideration paid for was £4.6m.

22. Business combinations (continued)

iii. Acquisition of Johns Eastern, Inc

Assets and liabilities recognised

Fair value recognised on acquisition	**£000**
Cash	1,377
Trade Receivables	2,165
Accrued Income	1,551
Other current assets	16
Intangible assets	22,844
Prepayments	503
Property, plant and equipment	657
Provisions	(641)
Deferred tax liability	(5,097)
Trade Payables	1
Accruals	(2,417)
Other liabilities	292
Net identifiable assets acquired	**21,151**
Add: Goodwill	21,120
Total purchase consideration	**42,371**

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 £2.2m 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 £30.3m and profits of £5.0m to the Group for the period from 23 September 2022 to 30 June 2023.

Purchase consideration – cash outflow

Outflow of cash to acquire Johns Eastern, net of cash acquired:

	£000
Cash consideration	37,732
Less: balances acquired	
Bank	1,377
Net outflow of cash – investing activities	**36,354**

22. Business combinations (continued)

iv. Acquisition of Quick Internet Service Solutions, Inc

On 19 January 2023, the Group acquired 100% of the issued share capital of Quick Internet Service Solutions, Inc ('Claimpilot'). Established in 2000 and based in the US, the Company is a web-based provider of claims management services utilising its proprietary software, Claimpilot. Customers include self-insured companies, government agencies, TPA and independent adjusting firms. The ClaimPilot acquisition will be a significant milestone for our US Claims business as we will secure our proprietary platform to unlock further growth across the group.

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

Purchase consideration

	£000
Cash paid	4,194
Ordinary shares issued	126
Deferred consideration	405
Total purchase consideration	**4,725**

The fair value of the 0.1m shares issued as part of the consideration paid for was £0.1m.

Assets and liabilities recognised

Fair value recognised on acquisition	£000
Cash	253
Trade Receivables	159
Intangibles	2,052
Accrued Income	79
Other current assets	1
Provisions	(35)
Trade Creditors	(4)
Accruals	(85)
Taxes	(3)
Deferred tax liability	(513)
Net identifiable assets acquired	**1,904**
Add: Goodwill	2,821
Total purchase consideration	**4,725**

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 £0.2m. 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 £0.8m and profits of £0.1m to the Group for the period from 19 January 2023 to 30 June 2023.

22. Business combinations (continued)

iv. Acquisition of Quick Internet Service Solutions, Inc (continued)

Purchase consideration – cash outflow

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

	£000
Cash consideration	4,194
Less: balances acquired	
Bank	253
Net outflow of cash – investing activities	**3,941**

v. Acquisition of MVP Advisory Group

On 27 January 2023, the Group acquired 100% of the issued share capital of MVP Advisory Group LLC ('MVP'). Formed in 2013 and based in the US, the Company provides specialised insurance business and technology consulting services to its L&H and P&C insurer client base. This acquisition represents an expansion of Davies consulting business in the U.S., providing a suite of services that can be marketed directly to our core insurance client base through MVP's experienced and well-regarded team.

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

Purchase consideration

	£000
Cash paid	3,053
Ordinary shares issued	994
Deferred consideration	2,385
Total purchase consideration	**6,432**

The fair value of the 0.8m shares issued as part of the consideration paid for was £1.0m.

Assets and liabilities recognised

Fair value recognised on acquisition	£000
Cash	982
Trade Receivables	261
Accrued Income	130
Intangible assets	1,214
Prepayments	7
Trade Payables	(101)
Accruals	(207)
Net identifiable assets acquired	**2,286**
Add: Goodwill	4,146
Total purchase consideration	**6,432**

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

22. Business combinations (continued)

v. Acquisition of MVP Advisory Group (continued)

a. Acquired receivables

On the acquisition date the fair value and gross contractual amount of acquired trade receivables was £260,658. 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 £2.0m and profits of £0.4m to the Group for the period from 27 January 2023 to 30 June 2023.

Purchase consideration – cash outflow

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

	£000
Cash consideration	3,053
Less: balances acquired	
Bank	982
Net outflow of cash – investing activities	**2,071**

vi. Acquisition of Afirm

On 28 April 2023, the Group acquired 100% of the equity of two Afirm solutions entities (US-Reports, Inc., and Canada-Reports ULC). Afirm Solutions ("Afirm") is a national provider of premium audit and commercial lines focused loss control inspections. The acquisition of Afirm diversifies and strengthens Davies Insurance Services business in the U.S. and Canada. Afirm adds additional commercial inspection scale and new premium audit capability as well as diversifying our operations geographically for insurance clients.

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

Purchase consideration

	£000
Cash paid	33,258
Deferred consideration	2,387
Total purchase consideration	**35,645**

22. Business combinations (continued)

vi. Acquisition of Afirm (continued)

Assets and liabilities recognised

Fair value recognised on acquisition	£000
Property Plant and equipment	288
Cash	1,232
Trade Receivables	3,114
Other current assets	121
Intangible assets	20,525
Prepayments	66
Accruals	(1,829)
Other liabilities	(25)
Provisions	(80)
Net identifiable assets acquired	**23,412**
Add: Goodwill	12,233
Total purchase consideration	**35,645**

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 £3.2m. The Group's best estimate at the acquisition date of the contractual cash flows not expected to be collected was £42k.

b. Revenue and profit contribution

The acquired business contributed revenues of £5.5m and profits of £1.3m to the Group for the period from 28 of April 2023 to 30 June 2023.

Purchase consideration – cash outflow

Outflow of cash to acquire Johns Eastern, net of cash acquired:

	£000
Cash consideration	33,258
Less: balances acquired	
Bank	1,232
Net outflow of cash – investing activities	**32,026**

23. Fair value measurement

The Group holds the following financial instruments:

Financial instruments by category	**Note**	**As at 30 June 2024**	**As at 30 June 2023**
		£000	**£000**
Financial assets			
Financial assets at amortised cost			
Trade Receivables	16	159,167	121,437
Cash and cash equivalents	17	92,736	55,469
Other financial assets	16	18,476	15,751
Total financial assets		**270,379**	**192,657**
Financial liabilities			
Financial liabilities at amortised cost			
Trade and other payables	20	193,020	158,753
Borrowings	18	1,340,113	984,771
Total financial liabilities		**1,533,133**	**1,143,524**

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.

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 2024	**As at 30 June 2023**
	£000	**£000**
Financial liabilities		
Borrowings		
Carrying value	1,340,113	984,771
Fair value	1,340,113	984,771

Fair value hierarchy

The Group does hold certain financial assets and financial liabilities which are recognised at fair value. Fair Values on contingent consideration and defined benefit obligation are disclosed in notes 20 and 21, respectively.

24. 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.

24. Financial risk management (continued)

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.

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 2024	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	94,648	18,585	11,032	12,553	36,708	173,526
Gross carrying amount - contract assets	103,742	-	-	-	-	103,742
Expected loss rate (%) - trade receivables	2.00%	5.70%	14.06%	16.64%	21.15%	
Expected loss rate (%) - contract assets	1.09%					
Loss allowance						
Trade receivables	1,895	1,059	1,552	2,089	7,764	14,359
Contract assets	1,126	-	-	-	-	1,126
Total	**3,021**	**1,059**	**1,552**	**2,089**	**7,764**	**15,485**

24. Financial risk management (continued)

a. Credit Risk (continued)

ii. Trade receivables and contract assets (continued)

As at 30 June 2023	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	76,103	12,997	8,528	10,967	21,608	130,203
Gross carrying amount - contract assets	90,899	-	-	-	-	90,899
Expected loss rate (%) - trade receivables	1.68%	5.72%	10.88%	13.13%	20.26%	
Expected loss rate (%) - contract assets	1.18%					
Loss allowance						
Trade receivables	1,277	744	928	1,440	4,377	8,766
Contract assets	1,077	-	-	-	-	1,077
Total	**2,354**	**744**	**928**	**1,440**	**4,377**	**9,843**

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 2024 reconcile to the opening loss allowances as follows:

	Contract assets £000	Trade receivables £000	Total £000
Opening loss allowance at 1 July 2023	1,077	8,766	9,843
Accumulated loss at acquisition	107	2,051	2,158
Increase in loan loss allowance recognised in profit or loss during the year	(58)	258	200
Receivables written off during the year as uncollectible	-	3,284	3,284
Unused amount reversed	-	-	-
	(58)	3,542	3,484
Closing loss allowance at 30 June 2024	**1,126**	**14,359**	**15,485**

	Contract assets £000	Trade receivables £000	Total £000
Opening loss allowance at 1 July 2022	967	7,458	8,425
Accumulated loss at acquisition	95	173	268
Increase in loan loss allowance recognised in profit or loss during the year	15	1,013	1,028
Receivables written off during the year as uncollectible	-	122	122
Unused amount reversed	-	-	-
	15	1,135	1,150
Closing loss allowance at 30 June 2023	**1,077**	**8,766**	**9,843**

24. Financial risk management (continued)

ii. Trade receivables and contract assets (continued)

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.

The Group's loss allowance at 30 June 2024 was £15.5m (June 2023: £9.8m). 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.

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 £120m 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 2024 £000	**As at 30 June 2023 £000**
Bank loan (expiring beyond one year)	Fixed rate/Floating rate	78,243	352,206

24. Financial risk management (continued)

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 2024							
– Borrowings	-	-	-	1,340,113	-	1,340,113	1,340,113
– Trade and other payables	189,119	3,901	26,718	72,055	1,183	292,976	292,976
– Lease liabilities	4,751	5,632	11,095	9,457	3,416	34,351	34,351
– Other financial liabilities	-	-	-	-	-	-	-
Total	**193,870**	**9,533**	**37,813**	**1,421,625**	**4,599**	**1,667,440**	**1,667,440**

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 2023							
– Borrowings	-	-	-	-	984,771	984,771	984,771
– Trade and other payables	158,090	663	3,994	73,138	972	236,857	236,857
– Lease liabilities	4,557	4,558	8,096	7,071	2,823	27,105	26,533
– Other financial liabilities	-	-	-	-	-	-	-
Total	**162,647**	**5,221**	**12,090**	**80,209**	**988,566**	**1,248,733**	**1,248,161**

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.

24. Financial risk management (continued)

i. 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:

Impact on profit before tax	As at 30 June 2024 £000	As at 30 June 2023 £000
Interest rates – increase by 25 basis points	3,498	2,838
Interest rates – decrease by 25 basis points	(3,498)	(2,838)

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 2024 and 30 June 2023, the Group's exposure to foreign currency risk, expressed in £, is given in the tables below. The amounts represent only the financial assets and liabilities that are denominated in currencies other than the functional currency of the Group.

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

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 liabilities.

			As at 30 June 2024 (£000)
	Foreign Currency Denomination	**Foreign Currency Amount**	**Amount**
Financial assets			
Cash	USD	67,812	53,649
Financial liabilities			
Bank loan	USD	859,824	682,942

Impact on profit before tax	As at 30 June 2024 £000
USD/GBP exchange rate – increase 1%	(719)

24. Financial risk management (continued)

e. Foreign currency risk (continued)

			As at 30 June 2023 (£000)
	Foreign Currency Denomination	**Foreign Currency Amount**	**Amount**
Financial assets			
Cash	USD	39,183	32,546
Cash	EUR	2,405	2,090
Financial liabilities			
Bank loan	USD	528,232	438,754
Bank loan	EUR	15,382	13,366

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 2023 £000**
USD/GBP exchange rate – increase 1%	(448)
EUR/GBP exchange rate – increase 1%	(15)

25. 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 2024, the Group's strategy was to maintain a leverage ratio at or less than 6.75x, to ensure that the Group is able to use its borrowing facilities to maintain its M&A strategy.

26. 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 12.
- partial settlement of a business combination through the issue of shares - note 22.

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 2024	As at 30 June 2023
	£000	£000
Cash and cash equivalents	92,736	55,469
Borrowings	(1,340,113)	(984,771)
Lease liabilities	(34,351)	(26,533)
Net debt	**(1,281,728)**	**(955,835)**

	Borrowings	Bank overdraft	Lease liabilities	Sub-total	Cash and cash equivalents	Total
	£000	£000	£000	£000	£000	£000
Net debt as at 1 July 2023	(984,771)	-	(26,533)	(1,011,304)	55,469	(955,835)
Bank loans	(369,612)	-	-	(369,612)	-	(369,612)
Repayment of borrowings	57,591	-	-	57,591	-	57,591
Principal lease payments	-	-	9,337	9,337	-	9,337
New leases	-	-	(17,284)	(17,284)	-	(17,284)
Foreign exchange adjustments	225	-	129	354	-	354
Amortisation of prepaid fee	(43,546)	-	-	(43,546)	-	(43,546)
Interest expense	-	-	(2,536)	(2,536)	-	(2,536)
Interest payments (presented as operating cash flows)	-	-	2,536	2,536	-	2,536
Cash and cash equivalents	-	-	-	-	37,267	37,267
Net debt as at 30 June 2024	**(1,340,113)**	**-**	**(34,351)**	**(1,374,464)**	**92,736**	**(1,281,728)**

26. Cash flow information (continued)

	Borrowings	Bank overdraft	Lease liabilities	Sub-total	Cash and cash equivalents	Total
	£000	£000	£000	£000	£000	£000
Net debt as at 1 July 2022	(811,706)	-	(30,270)	(841,976)	53,573	(788,403)
Bank loans	(280,165)	-	-	(280,165)	-	(280,165)
Debt acquired through business combinations	(3,750)	-	-	(3,750)	-	(3,750)
Repayment of borrowings	96,126	-	-	96,126	-	96,126
Principal lease payments	-	-	9,358	9,358	-	9,358
New leases	-	-	(6,081)	(6,081)	-	(6,081)
Foreign exchange adjustments	20,285	-	460	20,745	-	20,745
Changes in fair values	-	-	-	-	-	-
Amortisation of prepaid fee	(5,561)	-	-	(5,561)	-	(5,561)
Interest expense	-	-	(2,084)	(2,084)	-	(2,084)
Interest payments (presented as operating cash flows)	-	-	2,084	2,084	-	2,084
Cash and cash equivalents	-	-	-	-	1,896	1,896
Net debt as at 30 June 2023	**(984,771)**	**-**	**(26,533)**	**(1,011,304)**	**55,469**	**(955,835)**

27. Post balance sheet events

On 1 July 2024, the Group's intermediary holding companies repaid their outstanding loans, other than the RCF, a gross figure of £1.3bn to their external debt holders and entered into new facilities, maintaining Blackstone as the Group's debt provider. Upon completion, new debt of £1.3bn was drawn down. All these new facilities are multi-currency - in sterling GBP, US Dollars and Euros. The new facility carries interest charges made up of a fixed element: 5.25% (with a 1.75% PIK option) and a variable element linked to either the SONIA rate for GBP, EURIBOR rate for EUR elements or the US Dollar LIBOR rate for USD elements. On 30 September 2024, the Group increased its RCF facility from £90m to £120m.

On 20 September 2024, the Group completed a deal to acquire the trade and assets of certain of the business undertaken by Minuteman Adjusters, Inc. The business provides third party administrator services, claims adjusting services and field adjusting services, and is located in the US. The initial purchase price was USD2.3m. Management is assessing the accounting impact of this transaction and hence full disclosures have not been made in these financial statements.

On 18 October 2024, the Group completed a deal to acquire the trade and assets of Bespoke Training Solutions Limited. The business provides materials and remote learning workshops and webinars to support students through the CII Diploma in Regulated Financial Planning and the CII advanced exams. The business is located in the UK. The initial purchase price was £1.9m. Management is assessing the accounting impact of this transaction and hence full disclosures have not been made in these financial statements.

27. Post balance sheet events (continued)

On 25 October 2024, the Group completed a deal to acquire all of the issued and outstanding shares of Budget Claims Service Inc. The Company provides insurance claims adjusting, insurance claims management services and third party insurance administrative services. The Company is located in the US. The initial purchase price was USD6.2m. Management is assessing the accounting impact of this transaction and hence full disclosures have not been made in these financial statements.

On 30 November 2024, the Group completed a deal to acquire the business undertaken by O'Brien Lynam Solicitors. The business is a firm of solicitors and is located in the Republic of Ireland. The initial purchase price was EURO 11.8m. Management is assessing the accounting impact of this transaction and hence full disclosures have not been made in these financial statements.

28. Related party disclosures

a. Parent entities

The Group is controlled by the following entity:

Name	Type	Place of incorporation	Ownership interest 2024
BC Partners Management XI Limited as the portfolio manager of BC Partners Fund XI	Ultimate parent entity and ultimate controlling party	Guernsey, Channel Islands	69.4%

Subsidiaries

Interests in subsidiaries are set out in note 29.

b. Key management personnel compensation

	For the year to 30 June 2024 £000	For the year to 30 June 2023 £000
Short-term employee benefits	**719**	401
	719	401

c. Transactions with other related parties

	For the year to 30 June 2024 £000	For the year to 30 June 2023 £000
Contributions to Davies Loss Adjusters Life Assurance and Pension Scheme funds on behalf of employees	430	414
Payment of shareholder expenses	113	66
	543	480

29. Interest in other entities

Subsidiaries

The Group's subsidiaries as at 30 June 2024 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 2024	Ownership interest held by non-controlling interests 30 June 2024	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	USA	100%	0%	Holding Company
Tennessee US Holdco 2 Inc	USA	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
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
Garwyn Limited	UK	100%	0%	Claims Services
Garwyn Ireland Limited	Ireland	100%	0%	Claims Services
Associated Loss Adjusters Limited	Ireland	100%	0%	Claims Services
Managed Fleet Services Limited	UK	100%	0%	Claims Services

29. Interest in other entities (continued)

Subsidiaries (continued)

Name	Country of incorporation	Ownership interest held by the Group 30 June 2024	Ownership interest held by non-controlling interests 30 June 2024	Principal activities
Surveyorship Limited	UK	100%	0%	Claims Services
Core Insurance Management Services Limited	UK	100%	0%	Claims Services
Davies Specialist Services 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
Davies Insurer & Market Services 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
Davies Captive Management Limited	Bermuda	100%	0%	Insurance Services
Quest Captive Management LLC	USA	100%	0%	Insurance Services
Direct Group Property Services 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
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

29. Interest in other entities (continued)

Subsidiaries (continued)

Name	Country of incorporation	Ownership interest held by the Group 30 June 2024	Ownership interest held by non-controlling interests 30 June 2024	Principal activities
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
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 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
Cedar Consulting LLC	USA	100%	0%	Dormant
ContactPartners Limited	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
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

29. Interest in other entities (continued)

Subsidiaries (continued)

Name	Country of incorporation	Ownership interest held by the Group 30 June 2024	Ownership interest held by non-controlling interests 30 June 2024	Principal activities
Davies Management Service (Guernsey) Limited	Guernsey	100%	0%	Insurance Services
Grovelands Resourcing Limited	UK	100%	0%	Resourcing Services
Davies Property Claims, LLC (previously IAS Services Group, LLC)	USA	100%	0%	Claims Services
Insurance Services Limited	USA	100%	0%	Claims Services
Davies 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
Davies European Holdings Limited	UK	100%	0%	Consultancy Services
Sionic Global (CDHL) Limited	UK	100%	0%	Dormant
Davies Global (CDL) 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
Sionic Global (KL) Limited	UK	100%	0%	Consultancy Services

29. Interest in other entities (continued)

Subsidiaries (continued)

Name	Country of incorporation	Ownership interest held by the Group 30 June 2024	Ownership interest held by non-controlling interests 30 June 2024	Principal activities
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
Asta Capital Limited	UK	100%	0%	Insurance Services
Asta Insurance Markets Ltd	UK	100%	0%	Insurance Services
Asta Managing Agency Ltd	UK	100%	0%	Insurance Services
AMA Underwriting Services Ltd.	UK	100%	0%	Insurance Services
Asta Corporate Member Limited	UK	100%	0%	Insurance Services
Asta Insurance Services Ltd	UK	100%	0%	Insurance Services
Asta Corporate Member (No.2) Limited	UK	100%	0%	Insurance Services
Asta Underwriting Management Ltd.	UK	100%	0%	Insurance Services
Asta Blue Line Services Ltd.	UK	100%	0%	Insurance Services
Asta Corporate Member (No.3) Limited	UK	100%	0%	Insurance Services
Asta Management Services Ltd.	UK	100%	0%	Insurance Services
Bricome Limited	UK	100%	0%	Insurance Services
Asta Corporate Member (No.4) Limited	UK	100%	0%	Insurance Services
Asta Europe SRL	Belgium	100%	0%	Insurance Services
Asta Solutions Asia PTE Ltd	Singapore	100%	0%	Insurance Services
PUML Ltd	UK	100%	0%	Insurance Services
PMSL Services Ltd	UK	100%	0%	Insurance Services
Bascoon Limited	Ireland	100%	0%	Claims Services
ProAdjust Limited	Ireland	100%	0%	Claims Services
Arma Fusion Ltd.	UK	49%	51%	Holding Company
Arma Underwriting Limited	UAE	49%	51%	Insurance Services
BPB UW Management Limited	UK	12.50%	87.50%	Insurance Services
Johns Eastern Company, Inc.	USA	100%	0%	Insurance Services

29. Interest in other entities (continued)

Subsidiaries (continued)

Name	Country of incorporation	Ownership interest held by the Group 30 June 2024	Ownership interest held by non-controlling interests 30 June 2024	Principal activities
Jeco Excess Agency, Inc.	USA	100%	0%	Insurance Services
Davies Life & Health, LLC	USA	100%	0%	Claims Services
Quick Internet Software Solutions, Inc.	USA	100%	0%	Technology Services
MVP Advisory Group, LLC	USA	100%	0%	Consultancy Services
US Reports, Inc	USA	100%	0%	Claims Services
Canada Reports, Inc	Canada	100%	0%	Claims Services
Frontier Adjusters co Ltd	Canada	100%	0%	Claims
Davies Consulting (Bermuda) Limited	Bermuda	100%	0%	Insurance Services
Insurance Risk Services, Inc.	USA	100%	0%	Insurance Services
Insurance Risk Services Holdings, LLC	USA	100%	0%	Insurance Services
Shoreside Law Limited	UK	100%**	0%	Claims and Legal Services
Shoreside Agents Limited	UK	100%**	0%	Claims and Legal Services
Davies Broking Europe SRL	UK	100%**	0%	Insurance Services
Davies Italy S.R.L.	Italy	100%	0%	Claims Services
USIS, Inc.	USA	100%**	0%	Claims Services
ICA, LP	USA	100%**	0%	Claims Services
American Claims Management, Inc.	USA	100%**	0%	Claims Services
Preferred Governmental Claim Solutions, Inc.	USA	100%**	0%	Claims Services
Davies Shared Services India Private Limited	India	100%**	0%	Claims Services
Marquee Managed Care Solutions, Inc	USA	100%**	0%	Claims Services
Superior Recovery Services Inc.	USA	100%**	0%	Claims Services
Matson, Driscoll & Damico PTY Limited	Australia	100%**	0%	Claims Services
MDD Brasil Consultoria LTDA	UK	100%**	0%	Claims Services
Matson, Driscoll & Damico LTD	Canada	100%**	0%	Claims Services
Matson, Driscoll & Damico PTE. LTD	Singapore	100%**	0%	Claims Services
Matson, Driscoll & Damico (Thailand) Limited	Thailand	49%**	0%	Claims Services
Matson, Driscoll & Damico, (Dubai) Ltd	UAE	100%**	0%	Claims Services
Matson, Driscoll & Damico UK LLP	UK	100%**	0%	Claims Services
Matson, Driscoll & Damico, LLC	USA	100%**	0%	Claims Services
Matson, Driscoll & Damico, LLP	USA	100%**	0%	Claims Services
MDD International Ltd	UK	100%**	0%	Claims Services
Matson, Driscoll & Damico France SARL	France	100%**	0%	Claims Services
MDD Deutschland GmbH	Germany	100%**	0%	Claims Services

29. Interest in other entities (continued)

Subsidiaries (continued)

Name	Country of incorporation	Ownership interest held by the Group 30 June 2024	Ownership interest held by non-controlling interests 30 June 2024	Principal activities
Matson, Driscoll & Damico Limited	Hong Kong	100%**	0%	Claims Services
Matson, Driscoll & Damico KK	Japan	100%**	0%	Claims Services
Matson, Driscoll & Damico Co. Ltd.	South Korea	100%**	0%	Claims Services
MDD Forensic Accountants LLP	Canada	100%**	0%	Claims Services
Matson, Driscoll & Damico (Spain) S.L.	UK	100%**	0%	Claims Services
MDD Fee Fund Administration Limited	UK	100%**	0%	Claims Services
Davies UK Holdco Ltd. (UK)	UK	100%**	0%	Holding Company
Sherlock (Au) Acquisition PTY Ltd	Australia	100%**	0%	Holding Company
Davies Canada Holdings Inc	Canada	100%**	0%	Claims Services
US Sherlock MidCo	USA	100%**	0%	Claims Services
US Sherlock BidCo	USA	100%**	0%	Claims Services
US Sherlock BidCo LLC	USA	100%**	0%	Claims Services

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