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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**



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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	N J Bedford I B Bendelow D A Liddle D Nangle
<b>Registered number</b>	07090521
<b>Registered office</b>	Charnham Park Hungerford Berkshire RG17 0YU
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 1st Floor One Valpy 20 Valpy Street Reading RG1 1AR

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**

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## KERRIDGE COMMERCIAL SYSTEMS LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

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#### Introduction

The directors present their strategic report and the audited financial statements for Kerridge Commercial Systems Limited (the Company) for the year ended 30 September 2022.

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

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

#### The Company's Objectives and Strategy

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

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

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

- maintain proactive customer engagement through the sales and operational teams to ensure customer satisfaction and maintain a strong understanding of customer needs;
- continue to research and develop the Company's software products, tools and services to ensure the most appropriate use of technology and business practice is available to add value to our customers' businesses;
- continue to make appropriate investment in the Company's employees through recruiting the right individuals and then developing staff through clear communication, coaching, mentoring and other training initiatives;
- continue to invest in the Company's business infrastructure, tools, and other resources to ensure efficient delivery of our products and services; and
- deliver mission critical, end to end solutions specifically focused on the distributive trades to help our customers drive efficiencies, productivities, customer service and competitive advantage in their own businesses.

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

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

#### Acquisitions

In the year the Company acquired Wishside Limited, the reseller of MAM Software Limited's (acquired by the Group in October 2019) products in Ireland. The acquisition provides critical mass for the Group's business in Ireland and is trading in line with the acquisition business case. We welcome to the Group our new customers and colleagues.

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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**Research and development**

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

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

**Summary of financial performance**

We are delighted to report another strong performance for the Company in the financial year ended 30 September 2022.

In the financial year under review the Company generated:

- Turnover of £41.4m (2021: £41.9m - stated pro forma for the impact of the hive up of subsidiaries at the end of 30 September 2021) and
- Operating profit before depreciation, goodwill and intangibles amortisation and impairment charges, foreign exchange differences and non-recurring items ("Underlying EBITDA") of £10.5m (2021: £8.8m - stated pro forma for the impact of the hive up of subsidiaries at the end of 30 September 2021).

Both turnover and Underlying EBITDA were in line with Board's expectations. The results include the full year impact of the trading of the entities hived into the Company at the end of the prior financial year.

The Company had cash balances of £4.7m (2021: £5.5m) at the year end.

**Business outlook**

The business maintains a positive outlook despite the challenging economic climate at large. Its exposure to a wide geographic market, broad range of sub verticals within the distributive trades and significant levels of contractual recurring revenue coupled with the highly mission critical nature of the software and services which the Company provides will enhance its ability to achieve return from investments in its products, staff and infrastructure. The directors continually monitor the social, political and economic climates in the principal jurisdictions in which the Company operates in order to identify business risks and opportunities.

Organic sales growth of contractual recurring revenues continues to be strong and has been achieved from both new and existing customers. The Company continues to offer customers a choice between perpetual, cloud hosted and full SaaS licencing models. In recent years, the Company has seen customer demand shift in favour of cloud hosted and full SaaS licencing models and this has continued during the year ended 30 September 2022 with the majority of new business sold being on a SaaS or subscription basis. This has led to significant growth in recurring revenue in the current financial year and further increased the extent to which total revenue is underpinned by recurring annual contracts.

The Company's solutions are delivered using fast, scalable and resilient platforms. As the Company grows, investment levels are maintained in those platforms, internal systems, people and experienced management to maintain high service levels to our customers and allow them to obtain the most value from their solution.

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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**Employees**

The Company believes in keeping employees informed and involved in the progression of our business and its performance. Accordingly, the Company maintains regular communications with all staff as well as established consultation processes.

The Company continues to invest in training for employees to support their learning and growth. In the year, the Company has increased spend on training following the lifting of Covid-19 related social distancing rules which made in person training difficult. The Company expects to further invest in training in the year ahead and has budgeted for additional in-house training resources to develop staff and advance careers.

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

**Going concern**

The financial statements have been prepared under the going concern basis. The directors have prepared forecasts, including relevant sensitivity and downside scenario analyses, to assess the future financing requirements of the Company, and wider Group. The assumptions used in the forecast are based on current levels of contractual revenues, historical recurring contract renewal rates, non-recurring order run rates, current orders backlog, current sales pipeline, existing and expected employee costs and other operating costs. In arriving at reasonable 'base' case and sensitised cases of the forecasts the directors have adjusted assumptions to take into account the current global economic pressures, including inflation, interest and foreign exchange rates.

More detail around the factors considered by the directors and the key measures tracked are provided in note 2 to the financial statements.

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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**Principal risks and uncertainties**

**Ukraine Crisis**

The crisis in Ukraine has created ongoing global economic uncertainty for all businesses. Inflation and interest rates have increased, though the rate of change in both now appears to be reducing, and there has been a step change in foreign currency exchange rates.

**Covid-19 Pandemic**

The Covid-19 Pandemic was one of the most significant economic shocks for the global economy in recent history. At the date of approval of these financial statements the day to day disruption to the Company has largely abated, though the economic disruption caused by the virus continues to be felt within the economy as a whole. We continue to monitor residual risk associated with the pandemic.

**Brexit**

The UK formally left the EU on 31 January 2020 and the transition period ended on 31 December 2020. We continue to monitor Brexit related risks and opportunities. To date Brexit has had limited impact upon our business.

Further and continuing economic deterioration caused by the Ukraine Crisis, Covid-19 and Brexit could increase the risk of counterparty failure. Economic risk is mitigated by the Company's significant proportion of recurring revenue which is typically billed in advance of service delivery and earned from a diversified customer base. The directors review trading results each month and customer retention rates quarterly and adjust the Company's cost base appropriately in line with revenues.

**Financial risk management objectives and policies**

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

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

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

**Foreign exchange rate risk**

Exchange rate fluctuation represents a risk because some sales are priced in currencies other than sterling. In addition, the Company's overseas operations continue to grow. The directors do not consider that the potential downside associated with this risk at this stage in the Company's development is of sufficient size to require hedging, as cash flows arise in the same currencies as the Company's principal borrowings.

**Interest rate risk**

The Company has financed its operations through a combination of its own cash generation, bank debt, preference shares and shareholders' funds. The interest rate of the debt funding (which is denominated in sterling and Euro) is variable with relevant inter-bank borrowing rates. The directors are carefully monitoring the outlook for global interest rates and have performed relevant downside forecast analysis. Based on this analysis the directors have not concluded it appropriate to formally hedge interest rate exposure, but whether this is appropriate will continue to be monitored.

**Liquidity risk**

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

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**


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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**


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**Credit risk**

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

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

**Financial Key Performance Indicators**

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

The Key Performance Indicators ("KPIs"), which are monitored at Board level, have been devised to allow the Board and shareholders to monitor the Company as a whole by focusing on recurring revenue growth and profitability and are as follows:

1. Recurring Revenue growth rate
2. The proportion of total revenue coming from Recurring Revenue
3. Direct Gross Margin % - being revenue less third-party external costs expressed as a percentage of Total Revenue
4. Underlying EBITDA (Note 2) – growth rate
5. Underlying EBITDA (Note 2) Margin % - being Underlying EBITDA expressed as a percentage of Total Revenue

The key financials and consolidated KPIs may be summarised as follows:

	Year ended 30 September 2022	Year ended 30 September 2021*	Change	Change %	KPI growth target	KPI score
Recurring Revenue	£27.0m	£25.2m	£1.8m	7%	>10%	X
Non-recurring Revenue	£14.4m	£16.7m	£(2.3)m	(14)%		
Total Revenue	£41.4m	£41.9m	£(0.5)m	(1)%		
Recurring Revenue (Note 1) (% of Revenue)	65.2%	60.1%	5.1ppt	9%	>0%	✓
Direct Gross Margin	£35.8m	£34.7m	£1.1m	3%		
Direct Gross Margin (% of Revenue)	86.5%	82.8%	3.7ppt	4%	>0%	✓
Underlying EBITDA (Note 2)	£10.5m	£8.8m	£1.7m	19.3%	>0%	✓
Underlying EBITDA (Note 2) Margin (% of Revenue)	25.4%	21.0%	4.4ppt	20%	>0%	✓

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

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

\* - Stated pro forma for the impact of the hive up of subsidiaries at the end of 30 September 2021, see note 15 for details

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## KERRIDGE COMMERCIAL SYSTEMS LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

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Recurring Revenue has increased by £1.8m year on year, an increase of 7% and below the directors' target of 10% and reflective of the hive up of subsidiaries with lower growth profiles. The proportion of Recurring Revenue contributing to total revenue has increased year on year and is now 65.2% (2021: 60.1%). Direct Gross Margin % of Revenue has increased by 3.2ppt and is now 86.5% (2021: 82.8%). Costs are closely controlled and Underlying EBITDA Margin increasing to 25.4% (2021: 21.0%).

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

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

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

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

The following paragraphs summarise how the Directors fulfil their duties:

#### Risk management

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

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

For details of our principal risks and uncertainties, and how we manage our risk environment, please refer to the 'Principal risks and uncertainties' sections of the Strategic Report.

#### Our people

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

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

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

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

#### Business relationships

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

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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**Shareholders**

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

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

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

**Community and environment**

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

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

As an environmentally ethical Company we:

- continue to invest in energy efficiency technologies when refurbishing offices;
- encourage employees and customers to travel for work only when it makes work service delivery more efficient;
- have embraced hybrid working policies that balance remote working and in person collaboration and development;
- undertake most of our marketing digitally to reduce waste; and
- support employees through low carbon travel schemes (e.g. cycle to work, tax efficient electronic car leasing plans)

**Streamlined Energy and Carbon Reporting**

The ultimate parent undertaking of the Company, Kerridge Commercial Systems Group Limited, has prepared reporting as required under the streamlined energy and carbon reporting guidelines. As Kerridge Commercial Systems Limited is included within the data presented within the Group financial statements of Kerridge Commercial Systems Group Limited, the exemption has been taken not to present such information within these financial statements under the available subsidiary exemption.

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

*Bedford, Nigel*

**N J Bedford**  
Director

Date: 20/3/2023

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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The directors present their report and the financial statements for the year ended 30 September 2022.

**Principal activity**

The principal activity of the Company continued to be that of the creation and marketing of computer software products.

**Results and dividends**

The profit for the year, after taxation, amounted to £22,460,000 (2021: £6,377,000).

An interim dividend of £15,059,000 (2021: £4,616,000) was paid during the year. The directors do not recommend the payment of a final dividend (2021: £Nil).

**Directors**

The directors who served during the year were:

N J Bedford  
I B Bendelow  
D A Liddle  
D Nangle

**Directors' Responsibilities Statement**

The directors are responsible for preparing the Strategic Report, the Directors' 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Future developments**

Future developments have been discussed in the 'Business outlook' section of the Company's Strategic Report.

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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**Matters covered in the Strategic Report**

Principal risks and uncertainties for the year ended 30 September 2022 are disclosed in the Strategic Report as required by S414C (11) of Companies Act 2006.

**Disclosure of information to auditor**

The directors confirm that:

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

**Auditor**

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

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

*Bedford, Nigel*

**N J Bedford**  
Director

Date: 20/3/2023



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

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**Opinion**

We have audited the financial statements of Kerridge Commercial Systems Limited (the 'Company') for the year, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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



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

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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 Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

**Other information**

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

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



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

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

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

- adequate accounting records have not been kept, or 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
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors for the financial statements**

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

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

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and sector in which it operates through our commercial and sector experience; making enquiries of management and those charged with governance; and inspection of the Company's relevant external correspondence. We corroborated our enquiries through inspection of board minutes and other relevant information obtained during the course of the audit.



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

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- Through the understanding that we obtained, we determined the most significant legal and regulatory frameworks which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks including United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; the Companies Act 2006; and the relevant taxation legislation.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by considering management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to the estimation and judgemental areas with a risk of fraud including potential management bias in relation to improper revenue recognition as well as through management override of controls.
- Our audit procedures included:
  - Gaining an understanding of the controls that management has in place to prevent and detect fraud;
  - Journal entry testing, with a focus on journals indicating large or unusual transactions or account combinations based on our understanding of the business;
  - Gaining an understanding of and testing significant identified related party transactions; and
  - Performing audit procedures to consider the compliance of disclosures in the financial statements with the applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - Understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - Knowledge of the sector in which the Company operates;
  - Understanding of the relevant legal and regulatory frameworks specific to the Company including, the provisions of the applicable legislation and the applicable statutory provisions.
- Communications within the audit team in respect of potential non-compliance with laws and regulations and fraud included the estimation and judgemental areas with a risk of fraud, including potential management bias in relation to improper revenue recognition as well as through management override of controls in the preparation of the financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.



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

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**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Grant Thornton UK LLP*

Paul Holland BSc BFP FCA  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Reading  
Date: 20/3/2023

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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	Note	2022 £000	2021 £000
Turnover	4	41,429	34,202
Cost of sales		(5,661)	(6,753)
<b>Gross profit</b>		<b>35,768</b>	<b>27,449</b>
Administrative expenses		(26,696)	(22,136)
<b>Operating profit</b>	5	<b>9,072</b>	<b>5,313</b>
Income from shares in group undertakings	12	14,011	2,100
Interest receivable and similar income	9	2,147	2,805
Interest payable and similar expenses	10	(1,719)	(2,686)
<b>Profit before tax</b>		<b>23,511</b>	<b>7,532</b>
Tax on profit	11	(1,051)	(1,155)
<b>Profit for the financial year</b>		<b>22,460</b>	<b>6,377</b>
<b>Other comprehensive income for the year</b>			
<b>Total comprehensive income for the year</b>		<b>22,460</b>	<b>6,377</b>

There were no recognised gains and losses for 2022 or 2021 other than those included in the Statement of Comprehensive Income.

The notes on pages 19 to 39 form part of these financial statements.

**KERRIDGE COMMERCIAL SYSTEMS LIMITED**  
**REGISTERED NUMBER:07090521**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2022**

	Note	2022 £000	2021 £000
<b>Fixed assets</b>			
Intangible assets	13	107	102
Tangible assets	14	1,027	1,161
Investments	15	24,028	28,603
		<u>25,162</u>	<u>29,866</u>
<b>Current assets</b>			
Stocks	16	4	4
Debtors: amounts falling due after more than one year	17	43,723	43,918
Debtors: amounts falling due within one year	17	24,677	23,664
Cash at bank and in hand	18	4,663	5,498
		<u>73,067</u>	<u>73,084</u>
Creditors: amounts falling due within one year	19	(33,552)	(39,130)
<b>Net current assets</b>		<u>39,515</u>	<u>33,954</u>
<b>Total assets less current liabilities</b>		<u>64,677</u>	<u>63,820</u>
Creditors: amounts falling due after more than one year	20	(32,784)	(33,357)
<b>Provisions for liabilities</b>			
Deferred tax	21	(98)	(182)
		<u>(98)</u>	<u>(182)</u>
<b>Net assets</b>		<u><u>31,795</u></u>	<u><u>30,281</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	455	455
Share premium account	23	701	701
Capital redemption reserve	23	5,304	5,304
Employee benefit trust reserve	23	35	119
Merger reserve	23	(11,429)	(5,626)
Profit and loss account	23	36,729	29,328
		<u>31,795</u>	<u>30,281</u>

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**  
**REGISTERED NUMBER:07090521**

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**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 30 SEPTEMBER 2022**

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

*Bedford, Nigel*  
**N J Bedford**  
Director

Date: 20/3/2023

The notes on pages 19 to 39 form part of these financial statements.

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**


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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**


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	Called up share capital £000	Share premium account £000	Capital contribution £000	Employee benefit trust reserve £000	Merger reserve £000	Profit and loss account £000	Total equity £000
<b>At 1 October 2020</b>	<b>455</b>	<b>701</b>	<b>5,304</b>	<b>84</b>	<b>-</b>	<b>27,567</b>	<b>34,111</b>
<b>Comprehensive income for the year</b>							
Profit for the year	-	-	-	-	-	6,377	6,377
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,377</b>	<b>6,377</b>
Dividends: Equity capital	-	-	-	-	-	(4,616)	(4,616)
Lakeview EBT	-	-	-	35	-	-	35
Contribution during the year	-	-	-	-	(5,626)	-	(5,626)
<b>At 1 October 2021</b>	<b>455</b>	<b>701</b>	<b>5,304</b>	<b>119</b>	<b>(5,626)</b>	<b>29,328</b>	<b>30,281</b>
<b>Comprehensive income for the year</b>							
Profit for the year	-	-	-	-	-	22,460	22,460
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,460</b>	<b>22,460</b>
Dividends: Equity capital	-	-	-	-	-	(15,059)	(15,059)
Distribution of Employee benefit trust	-	-	-	(84)	-	-	(84)
Contribution during the year	-	-	-	-	(5,803)	-	(5,803)
<b>At 30 September 2022</b>	<b>455</b>	<b>701</b>	<b>5,304</b>	<b>35</b>	<b>(11,429)</b>	<b>36,729</b>	<b>31,795</b>

The notes on pages 19 to 39 form part of these financial statements.

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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**1. General information**

Kerridge Commercial Systems Limited (the Company) is a private company limited by shares and incorporated in England and Wales. Registered number 07090521. Its registered office is located at Charnham Park, Hungerford, Berkshire, RG17 0YU.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006, as such these financial statements present information about the Company as an individual undertaking and not about its group. Details of the group are included in the consolidated financial statements of Kerridge Commercial Systems Group Limited as at 30 September 2022 and these financial statements may be obtained from Companies House.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand (£000) except when otherwise stated.

In the preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

**2.2 Financial reporting standard 102 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions in preparing financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Kerridge Commercial Systems Group Limited as at 30 September 2022 and these financial statements may be obtained from Companies House.

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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**2. Accounting policies (continued)**

**2.3 Going concern**

The financial statements have been prepared under the going concern basis. The directors have prepared forecasts, including relevant sensitivity and downside scenario analyses, to assess the future financing requirements of the Company, and wider Group. The assumptions used in the forecast are based on current levels of contractual revenues, historical recurring contract renewal rates, non-recurring order run rates, current orders backlog, current sales pipeline, existing and expected employee costs and other operating costs. In arriving at reasonable 'base' case and sensitised cases of the forecasts the directors have adjusted assumptions to take into account the current global economic pressures, including inflation, interest and foreign exchange rates.

Based on the work undertaken, the directors are satisfied that sufficient cash facilities are secured from cash on hand, available borrowing facilities and cash inflows from forecast trading to meet the Company's and Group's working capital requirements for a period ending at least 12 months after the signature of these financial statements. The directors therefore consider it appropriate for the financial statements to be prepared on a going concern basis.

**2.4 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

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

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

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

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

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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**2. Accounting policies (continued)**

**2.5 Revenue**

Revenue income represents services supplied during the year after deducting trade discounts and value added tax.

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

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

**2.6 Research and development**

Research and development costs are expensed through the Statement of Comprehensive Income as incurred.

**2.7 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan, a pension plan under which the Company pays fixed contributions into a separate entity. The assets of the plan are held separately from the Company in independently administered funds and once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

**2.8 Operating leases: the Company as lessee**

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

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

**2.9 Interest income**

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

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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**2. Accounting policies (continued)**

**2.10 Finance costs**

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

**2.11 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**2.12 Dividend income**

Dividend income is recognised when the right to receive payment is established.

**2.13 Current and deferred taxation**

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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**2. Accounting policies (continued)****2.14 Intangible assets****Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis in the Statement of Comprehensive Income over its useful economic life of 20 years.

**Other intangible assets**

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

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

The estimated useful lives range as follows:

Trademarks	-	10 years (from date trademark is granted)
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**2.15 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

Depreciation is provided on the following basis:

Leasehold property	-	over the length of lease
Office equipment	-	2 to 10 years

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

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

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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**2. Accounting policies (continued)**

**2.16 Impairment of fixed assets, goodwill and other intangibles**

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

**2.17 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.18 Stocks**

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

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

**2.19 Debtors**

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.20 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.21 Creditors**

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.22 Holiday pay accrual**

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

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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**2. Accounting policies (continued)**

**2.23 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

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

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

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

**2.24 Employee benefit trust**

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

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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

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

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

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

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

***Estimated impairment of investment in subsidiaries***

The Company tests, when there are indicators of impairment, whether investments have suffered any impairment, in accordance with its accounting policies. The recoverable amounts of cash generating units have been determined by discounting estimated future cash flows for the time value of money to arrive at estimates of value in use. Each of the components of the value in use calculation (the cash flow, the duration of the cash flow, the discount rate) requires the use of estimates. Because of this, in concluding upon the reasonableness of the final estimate of value in use, the directors use sensitivity analysis to consider the impact of variability in inputs to the calculation. The effect can be seen in note 15.

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

The Company make an estimate of the recoverable value of trade, inter-company and other debtors. When assessing the impairment of trade, inter-company and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience (see note 17).

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**


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**4. Turnover**

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

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Rendering of services	<b>32,698</b>	24,193
Licencing on intellectual property	<b>918</b>	3,635
Sale of goods	<b>155</b>	176
Other revenues	<b>510</b>	305
Intercompany revenues	<b>7,148</b>	5,893
	<b>41,429</b>	34,202

Intercompany revenue relates to management charges, group procurement charges and royalties receivable where the Company is the intellectual property holder.

Analysis of turnover by country of destination:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
United Kingdom	<b>36,303</b>	30,156
Rest of World	<b>5,126</b>	4,046
	<b>41,429</b>	34,202

**5. Operating profit**

The operating profit is stated after charging:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Operating lease charges	<b>437</b>	314
Foreign exchange gains	<b>(63)</b>	(214)

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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**6. Auditor's remuneration**

Fees in respect of audit were £38,000 (2021: £33,000).

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group accounts of the parent Company.

**7. Employees**

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

	2022 £000	2021 £000
Wages and salaries	14,022	11,271
Social security costs	1,867	1,486
Cost of defined contribution scheme	971	876
	<u>16,860</u>	<u>13,633</u>

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

	2022 No.	2021 No.
Sales and administrative staff	78	67
Operations staff	87	62
Technical staff	90	67
	<u>255</u>	<u>196</u>

**8. Directors' remuneration**

	2022 £000	2021 £000
Directors' emoluments	130	114
Company contributions to defined contribution pension schemes	20	18
	<u>150</u>	<u>132</u>

During the year retirement benefits were accruing to one director (2021: one) in respect of defined contribution pension schemes.

The directors consider that there are no key management other than the directors (2021: None).

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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**9. Interest receivable**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Receivable on loans to subsidiaries	<b>2,147</b>	<b>2,805</b>
	<u><b>2,147</b></u>	<u><b>2,805</b></u>

**10. Interest payable and similar expenses**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Bank interest payable	<b>20</b>	<b>1</b>
Payable on loans from other group companies	<b>1,699</b>	<b>2,685</b>
	<u><b>1,719</b></u>	<u><b>2,686</b></u>

**11. Taxation**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Corporation tax</b>		
Current tax on profits for the year	<b>875</b>	<b>996</b>
Adjustments in respect of previous periods	<b>277</b>	<b>-</b>
<b>Total current tax</b>	<u><b>1,152</b></u>	<u><b>996</b></u>
<b>Deferred tax</b>		
Origination and reversal of timing differences for the year	<b>(84)</b>	<b>124</b>
Origination and reversal of timing differences in respect of prior periods	<b>(17)</b>	<b>35</b>
<b>Total deferred tax</b>	<u><b>(101)</b></u>	<u><b>159</b></u>
<b>Taxation on profit on ordinary activities</b>	<u><b>1,051</b></u>	<u><b>1,155</b></u>

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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**11. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Profit on ordinary activities before tax	<b>23,511</b>	<b>7,532</b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	<b>4,467</b>	<b>1,430</b>
<b>Effects of:</b>		
Expenses not deductible for tax purposes	<b>115</b>	<b>39</b>
Ineligible fixed asset costs	<b>(42)</b>	<b>(2)</b>
Adjustments to tax charge in respect of prior periods	<b>260</b>	<b>35</b>
Dividends from UK companies	<b>(2,667)</b>	<b>(399)</b>
Adjustment to change of rate for deferred tax	<b>15</b>	<b>35</b>
Unrecognised deferred tax	<b>(147)</b>	<b>17</b>
Group tax relief	<b>(950)</b>	<b>-</b>
<b>Total tax charge for the year</b>	<b>1,051</b>	<b>1,155</b>

**Factors that may affect future tax charges**

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

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

**12. Dividends paid and received**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Dividends paid	<b>15,059</b>	<b>4,616</b>
Dividends received	<b>(14,011)</b>	<b>(2,100)</b>

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**

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**13. Intangible assets**

	<b>Trademarks £000</b>	<b>Goodwill £000</b>	<b>Total £000</b>
<b>Cost</b>			
At 1 October 2021	102	15,487	15,589
Additions	5	-	5
At 30 September 2022	<u>107</u>	<u>15,487</u>	<u>15,594</u>
<b>Amortisation</b>			
At 1 October 2021	-	15,487	15,487
At 30 September 2022	<u>-</u>	<u>15,487</u>	<u>15,487</u>
<b>Net book value</b>			
At 30 September 2022	<u>107</u>	<u>-</u>	<u>107</u>
At 30 September 2021	<u>102</u>	<u>-</u>	<u>102</u>

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**


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**14. Tangible fixed assets**

	Leasehold Property £000	Office equipment £000	Motor vehicles £000	Total £000
<b>Cost</b>				
At 1 October 2021	1,172	3,500	19	4,691
Additions	-	427	-	427
Disposals	-	-	(19)	(19)
At 30 September 2022	<u>1,172</u>	<u>3,927</u>	<u>-</u>	<u>5,099</u>
<b>Depreciation</b>				
At 1 October 2021	965	2,546	19	3,530
Charge for the year on owned assets	67	494	-	561
Disposals	-	-	(19)	(19)
At 30 September 2022	<u>1,032</u>	<u>3,040</u>	<u>-</u>	<u>4,072</u>
<b>Net book value</b>				
At 30 September 2022	<u>140</u>	<u>887</u>	<u>-</u>	<u>1,027</u>
<i>At 30 September 2021</i>	<u>207</u>	<u>954</u>	<u>-</u>	<u>1,161</u>

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**


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FOR THE YEAR ENDED 30 SEPTEMBER 2022**


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**15. Fixed asset investments**

	<b>Investments in subsidiary companies £000</b>
<b>Cost</b>	
At 1 October 2021	28,603
Additions	1,229
Change in value due to restructuring	(5,804)
	<hr/>
At 30 September 2022	24,028
<b>Net book value</b>	
At 30 September 2022	24,028
	<hr/> <hr/>
<i>At 30 September 2021</i>	<hr/> <hr/> 28,603

**Subsidiary undertakings****30 September 2022**

All subsidiary undertakings are controlled by Kerridge Commercial Systems Group Limited and their results are fully consolidated within those financial statements.

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

<b>Name</b>	<b>Country of incorporation/ registered office address key <sup>(1)</sup></b>
inspHire Limited	United Kingdom/A
Eagle Bidco 2018 Limited	United Kingdom/A
Kerridge Commercial Systems (Ireland) Limited	Ireland/D
Kerridge Commercial Systems (Nederland) BV	The Netherlands/B
Kerridge Commercial Systems (Canada) Ltd	Canada/G
Kerridge Commercial Systems (South Africa) Pty Limited	South Africa/H
Kerridge Commercial Systems Trustee Company Limited	United Kingdom/A
Kerridge Commercial Systems (KSE) Limited <sup>(a)</sup>	United Kingdom/A
Kerridge Commercial Systems (KNE) Limited <sup>(a)</sup>	United Kingdom/A
Kerridge Commercial Systems (KBE) Limited <sup>(a)</sup>	United Kingdom/A
Current-RMS Ltd <sup>(b)</sup>	United Kingdom/A
TIS Software Holdings Limited <sup>(c)</sup>	United Kingdom/K

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**


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

**Investments held indirectly by Kerridge Commercial Systems (Bidco) Limited with 100% voting rights. Capital comprises of ordinary shares.**

<b>Name</b>	<b>Country of incorporation/ registered office address key <sup>(i)</sup></b>
inspHire International BV	The Netherlands/B
inspHire Australia Pty Ltd	Australia/C
Kerridge Commercial Systems (KSH) Limited	United Kingdom/A
Kerridge Commercial Systems (KNG) BV	The Netherlands/E
Kerridge Commercial Systems (KNV) BV	The Netherlands/E
Kerridge Commercial Systems (KNR) BV	The Netherlands/B
Kerridge Commercial Systems Belgium NV	Belgium/F
Infomat NV	Belgium/F
Infomat BV	The Netherlands/B
Kerridge Commercial Systems (KNW) BV	The Netherlands/B
Kerridge Commercial Systems (KIR) Pty Limited	South Africa/H
IQ Retail Proprietary Limited	South Africa/I
Kerridge Commercial Systems (KKE) Limited	Kenya/J
MAM Software (Ireland) Ltd (formally Wishside Ltd) <sup>(d)</sup>	Ireland/D
Vecta Sales Solutions Limited <sup>(a)</sup>	United Kingdom/A
Origin Software Solutions Limited <sup>(a)</sup>	United Kingdom/A
BML (Office Computers) Limited <sup>(c)</sup>	United Kingdom/K
BCT Software Solutions Limited <sup>(c)</sup>	United Kingdom/K
Disys Associates Limited <sup>(c)</sup>	United Kingdom/K
Smartpoint Technologies Limited <sup>(c)</sup>	United Kingdom/K

(a) Hived up into parent on 6 October 2021 (effective 30 September 2021);

(b) Hived up into inspHire Ltd on 6 October 2021 (effective 30 September 2021);

(c) Entered voluntary liquidation on 14 July 2020 as part of a group rationalisation project

(d) Entity acquired by Kerridge Commercial Systems Ltd 18 November 2021

(i) Registered office

A: 2a Herongate, Charnham Park, Hungerford, Berkshire, RG17 0YU

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

C: 225 Fullarton Road, Eastwood SA 5063, Australia

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

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

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

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

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

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

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

K: C/O Milsted Langdon LLP Freshford House, Redcliffe Way, Bristol BS1 6NL

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**


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**16. Stocks**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Raw materials and consumables	<b>4</b>	<b>4</b>

**17. Debtors**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Due after more than one year</b>		
Amounts owed by group undertakings	<b>43,723</b>	<b>43,918</b>
<b>Due within one year</b>		
Trade debtors	<b>6,084</b>	<b>5,126</b>
Amounts owed by group undertakings	<b>14,591</b>	<b>14,906</b>
Other debtors	<b>7</b>	<b>7</b>
Prepayments and accrued income	<b>3,947</b>	<b>3,560</b>
Tax recoverable	<b>48</b>	<b>65</b>
	<b>24,677</b>	<b>23,664</b>

Amounts owed by group undertakings due in more than one year are formal loan agreements with the same terms and conditions as the Group's debt.

**18. Cash and cash equivalents**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Cash at bank and in hand	<b>4,663</b>	<b>5,498</b>

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**19. Creditors: Amounts falling due within one year**

	<b>2022</b>	<i>2021</i>
	<b>£000</b>	<i>£000</i>
Trade creditors	<b>2,402</b>	<i>2,177</i>
Amounts owed to group undertakings	<b>14,196</b>	<i>21,048</i>
Other taxation and social security	<b>1,175</b>	<i>1,405</i>
Other creditors	<b>836</b>	<i>137</i>
Accruals and deferred income	<b>14,943</b>	<i>14,363</i>
	<b>33,552</b>	<i>39,130</i>

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

	<b>2022</b>	<i>2021</i>
	<b>£000</b>	<i>£000</i>
Amounts owed to group undertakings	<b>32,784</b>	<i>33,357</i>

Amounts owed to group undertakings due in more than one year are formal loan agreements with the same terms and conditions as the Group's debt.

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**


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**21. Deferred taxation**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
At beginning of year	<b>(182)</b>	<b>(40)</b>
Charged to profit or loss	<b>101</b>	<b>(159)</b>
Deferred tax relating to discontinued operations	<b>(17)</b>	<b>17</b>
<b>At end of year</b>	<b>(98)</b>	<b>(182)</b>

The provision for deferred taxation is made up as follows:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Accelerated capital allowances	<b>(147)</b>	<b>(179)</b>
Short term timing differences	<b>49</b>	<b>(3)</b>
	<b>(98)</b>	<b>(182)</b>

**22. Share capital**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Authorised, allotted, called up and fully paid</b>		
45,464,550 (2021: 45,464,500) Ordinary shares of £0.01 each	<b>455</b>	<b>455</b>

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**23. Reserves**

**Share premium account**

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

**Capital redemption reserve**

Intercompany loans from parent companies are required to be carried at present value of the future payments discounted at a market rate of a similar loan. The measurement difference has been taken to this reserve.

**Employee Benefit Trust Reserves**

The employee benefit trust (EBT) reserve reflects two EBTs set up for the benefit of employees and directors, Lakeview EBT and Kerridge Commercial Systems EBT.

During the year, the Company exercised its authority under the Trust Deed, by bringing forward the end of the trust period, to terminate the KCS EBT.

Cash assets of £114,000 (2021: £114,000) held by KCS EBT, including £30,000 (2021: £30,000) held on behalf of Lakeview EBT, were transferred to the Company.

Cash assets of £30,000 held by the Company on behalf of Lakeview EBT are reported within the financial statements of the Company for the year ended 30 September 2022.

**Merger Reserve**

The merger reserve was created when the trade and assets of certain subsidiaries were hived into the Company. The value added to the merger reserve was the pre-merger carrying value of investments less the net book value of the assets transferred.

**Profit & loss account**

Includes all current and prior periods retained profits and losses.

**24. Contingent liabilities**

The Company is part of a Group cross guarantee in respect of bank loans held by Kerridge Commercial Systems (Bidco) Ltd and Kerridge Commercial Systems US holdco Inc. The total amount due at 30 September 2022 by the Group is £95,406,000, \$74,936,000 and €38,944,000 (2021: £104,189,000, \$76,936,000 and €41,252,000).

**25. Pension commitments**

The Company operates a defined contributions scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions paid and payable by the Company to the fund and amounted to £971,000 (2021: £876,000). Contributions totaling £118,000 (2021: £122,000) were payable to the fund at the reporting date and are included in creditors.

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**26. Commitments under operating leases**

At 30 September 2022 the Company had future minimum lease payment under non-cancellable operating leases as follows:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Land and buildings</b>		
Not later than 1 year	347	436
Later than 1 year and not later than 5 years	421	731
	<b>768</b>	<b>1,167</b>
	<b>768</b>	<b>1,167</b>
	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Other leases</b>		
Not later than 1 year	-	10
Later than 1 year and not later than 5 years	-	8
	-	18
	-	18

**27. Related party transactions**

In accordance with Financial Reporting Standard 102 'section 33', the Company has taken advantage of the exemption for subsidiary undertakings, where all of the voting rights are controlled within a Group, not to disclose related party transactions within that Group.

**28. Controlling party**

The Company's immediate parent undertaking is Kerridge Commercial Systems (Bidco) Limited, and the ultimate parent undertaking is Kerridge Commercial Systems Group Limited, both companies are registered in England and Wales.

The largest and smallest group of which the Company is a member and for which group financial statements are drawn up is headed by Kerridge Commercial Systems Group Limited. Copies of the financial statements of that entity are available from Companies House.

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