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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**

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



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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 One Valpy 20 Valpy Street Reading Berkshire RG1 1AR
<b>Bankers</b>	HSBC Bank Plc Apex Plaza Reading Berkshire RG1 1AX

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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 2021**

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**Introduction**

The objectives of this report are to provide shareholders of Kerridge Commercial Systems Limited (the "Company") and other users of these statements with:

- the appropriate level of background context for these financial statements;
- an analysis of the Company's past performance; and
- 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 sector 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; and
- continue to invest in the Company's business infrastructure, tools, and other resources to ensure efficient delivery of our products and services.

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".

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**


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


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**Business Review****Acquisitions**

Since the Group's (Kerridge Commercial Systems Group Limited, "the Group") inception in 2010 the Group has made the following strategic acquisitions:

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

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## KERRIDGE COMMERCIAL SYSTEMS LIMITED

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

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

#### Research and development

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

This is achieved through continual research and development in modern coding languages and platform technologies and careful consideration of customer business needs, business processes and trends in the market. This is continually reflected in the 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 2021. The Company has achieved a robust trading performance throughout the Covid-19 pandemic. The Company's high proportion of contractual recurring revenues helped the Company achieve stable and predictable trading and the Company also benefitted from increased confidence and non-recurring project spend as our customers continued to adapt to new ways of working during the Covid-19 pandemic.

In the financial year under review the Company generated:

- Turnover of £34.2m (2020: £30.6m); and
- Operating profit before depreciation, goodwill and intangibles amortisation and impairment charges, foreign exchange differences and non-recurring items ("Underlying EBITDA") of £6.1m (2020: £6.4m).

Both turnover and Underlying EBITDA were in line with Board's expectations.

The Company had cash balances of £5.5m (2020: £3.0m) 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 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 early in order to mitigate and exploit them as or before they arise.

Organic sales growth of contractual recurring revenues continues to be strong and has been achieved from both new and existing customers; all keen to take advantage of the operational benefits provided by the increasing depth in the Company's software solutions and supporting services. 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 2021 with the majority of new business sold in the current financial year being on a SaaS basis, customers are now clearly favouring this licencing model. This has led to significant growth in recurring revenue in the current financial year and further increased the extent to which total revenue is underpinned by recurring annual contracts.

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**

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

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**Business outlook (continued)**

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

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

**Employees**

The 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. During the Covid-19 pandemic, employees' dedication to and support of the business and their ability to work flexibly and maintain productivity, often in challenging circumstances, have been crucial in enabling us to continue to service customers and to meet our objectives over the last year. We thank all our employees for their hard work and tenacity during the challenges presented by the pandemic.

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

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

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**

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

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**Principal risks and uncertainties**

**Covid-19 Pandemic**

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

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

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

**Brexit**

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

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

The 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 however due consideration will be given if the risks are sufficiently higher enough to warrant a hedge.

***Interest rate risk***

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

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**


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


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**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 is reviewed regularly and cash flows are at least monitored monthly.

**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 performance of and successful integration of acquisitions**

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

**Financial Key Performance Indicators**

The Board uses a range of performance indicators to monitor and manage the business and ensure focus is maintained on the key priorities of the 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. The KPIs which the Board currently considers to be the most important are as follows:

	12 months ended 30.09.2021	12 months ended 30.09.2020	Change
Recurring Revenue	£19.7m	£18.6m	£1.1m
Non-recurring Revenue	£14.5m	£12.0m	£2.5m
Total Revenue	£34.2m	£30.6m	£3.6m
Recurring revenue (Note 1) (% of Revenue)	57.6%	60.8%	(3.2)%
Gross Profit	£27.4m	£25.7m	£1.7m
Gross Profit (%)	80.1%	83.9%	(3.8)%
Underlying EBITDA (Note 2)	£6.1m	£6.4m	£(0.3)m
Cash balances held at end of period	£5.5m	£3.0m	£2.5m

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

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

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**

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

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**Subsequent Events**

On 6 October 2021, various of the Group's UK entities entered into agreements to transfer the trade and assets and liabilities to other UK Group entities. Details of the affected entities are provided in note 16. The transfers were part of an ongoing Group rationalisation process and were effective 30 September 2021.

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



**N J Bedford**  
Director

Date: 15/3/2022

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**

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

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

**Results and dividends**

The profit for the year, after taxation, amounted to £6,377,000 (2020: £8,575,000).

An interim dividend of £4,616,000 (2020: £3,700,000) was paid during the year. The directors do not recommend the payment of a final dividend (2020: £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.

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

**Future developments**

Future developments have been discussed in the 'Business outlook' 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 2021**

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**Matters covered in the Strategic Report**

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

**Disclosure of information to auditor**

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company'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.



**N J Bedford**  
Director

Date: 15/3/2022



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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 2021 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 Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.



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

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

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

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

**Other information**

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

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

We have nothing to report in this regard.

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

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

- the information given in the 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.



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

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

In the light of the knowledge and understanding of the 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.

**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.

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.



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

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

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

How we obtained an understanding of the legal and regulatory framework

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

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

- Through the understanding that we obtained, we determined that the most significant legal and regulatory frameworks which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks including United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ((United Kingdom Generally Accepted Accounting Practice); the Companies Act 2006; and the relevant taxation legislation.

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

- 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, of revenue recognition and through management override of controls.
- Our audit procedures included:
  - Making enquiries of management concerning the Company's policies and procedures relating to the identification, evaluation and compliance with laws and regulations, the detection and response to the risks of fraud and the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations. We also enquired with management and those charged with governance whether they were aware of any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual, suspected, or alleged fraud.
  - Gaining an understanding of the controls that management has in place to prevent and detect fraud;
  - Using data interrogation software and our understanding of the Company to identify and test large or unusual journal entries which may indicate a higher risk of fraud;
  - Challenging significant accounting assumptions, estimates and judgements made by management, including those relevant to the areas of revenue recognition;
  - Gaining an understanding of and testing significant identified related party transactions;
  - Assessing the extent of compliance with the relevant laws and regulations as part of our



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

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- procedures on the related financial statement item; and
- Performing audit procedures to consider the compliance of disclosures in the financial statements with applicable financial reporting requirements.
- Our audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

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

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

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

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

**Use of our report**

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

*Grant Thornton UK LLP*

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

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**


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


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	Note	2021 £000	2020 £000
Turnover	4	34,202	30,559
Cost of sales		(6,753)	(4,877)
<b>Gross profit</b>		<u>27,449</u>	<u>25,682</u>
Administrative expenses		(22,136)	(20,241)
Other operating income	5	-	76
<b>Operating profit</b>	6	<u>5,313</u>	<u>5,517</u>
Income from shares in group undertakings		2,100	3,885
Interest receivable and similar income	10	2,805	1,512
Interest payable and similar expenses	11	(2,686)	(1,668)
<b>Profit before tax</b>		<u>7,532</u>	<u>9,246</u>
Tax on profit	12	(1,155)	(671)
<b>Profit for the financial year</b>		<u><u>6,377</u></u>	<u><u>8,575</u></u>
<b>Total comprehensive income for the year</b>		<u><u>6,377</u></u>	<u><u>8,575</u></u>

There were no recognised gains and losses for 2021 or 2020 other than those included in the Statement of Comprehensive Income.

The notes on pages 19 to 40 form part of these financial statements.

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

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

	Note	2021 £000	2020 £000
<b>Fixed assets</b>			
Intangible assets	14	102	64
Tangible assets	15	1,161	848
Investments	16	28,603	34,228
		<u>29,866</u>	<u>35,140</u>
<b>Current assets</b>			
Stocks	17	4	-
Debtors: amounts falling due after more than one year	18	43,918	44,925
Debtors: amounts falling due within one year	18	23,664	25,573
Cash at bank and in hand	19	5,498	3,011
		<u>73,084</u>	<u>73,509</u>
Creditors: amounts falling due within one year	20	(39,130)	(36,515)
<b>Net current assets</b>		<u>33,954</u>	<u>36,994</u>
<b>Total assets less current liabilities</b>		<u>63,820</u>	<u>72,134</u>
Creditors: amounts falling due after more than one year	21	(33,357)	(37,983)
<b>Provisions for liabilities</b>			
Deferred tax	23	(182)	(40)
		<u>(182)</u>	<u>(40)</u>
<b>Net assets</b>		<u><u>30,281</u></u>	<u><u>34,111</u></u>
<b>Capital and reserves</b>			
Called up share capital	24	455	455
Share premium account	25	701	701
Capital redemption reserve	25	5,304	5,304
Employee benefit trust reserve	25	119	84
Merger reserve	25	(5,626)	-
Profit and loss account	25	29,328	27,567
		<u>30,281</u>	<u>34,111</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 2021**

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

**N J Bedford**  
Director



15/3/2022

Date:

The notes on pages 19 to 40 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 2021**


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	Called up share capital	Share premium account	Capital contribution	Employee benefit trust reserve	Merger reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 1 October 2020	455	701	5,304	84	-	27,567	34,111
<b>Comprehensive income for the year</b>							
Profit for the year	-	-	-	-	-	6,377	6,377
<b>Total comprehensive income for the year</b>	-	-	-	-	-	6,377	6,377
Dividends: Equity capital	-	-	-	-	-	(4,616)	(4,616)
Contribution during the year	-	-	-	35	(5,626)	-	(5,591)
<b>At 30 September 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>

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


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	Called up share capital	Share premium account	Capital contribution	Employee benefit trust reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 October 2019	455	701	5,304	84	22,692	29,236
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	-	-	8,575	8,575
Dividends: Equity capital	-	-	-	-	(3,700)	(3,700)
<b>At 30 September 2020</b>	<b>455</b>	<b>701</b>	<b>5,304</b>	<b>84</b>	<b>27,567</b>	<b>34,111</b>

The notes on pages 19 to 40 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 2021**

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**1. General information**

Kerridge Commercial Systems Limited is a private company limited by shares and incorporated in England and Wales. Registered number 07090521. Its registered office is located at Unit 2a Herongate, Charnham Park, Hungerford, Berkshire, RG17 0YU.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention 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 2021 and these financial statements may be obtained from Companies House.

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 these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- 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 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 2021 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 2021**

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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, after considering levels of contractual revenues and renewal and reoccurrence rates, orders backlog, new order run rate, sales pipeline and employee costs and other operating costs.

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

**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 2021**

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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, instillation, consultancy support, training services and maintenance.

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

**2.6 Government grants**

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

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

**2.7 Research and development**

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

**2.8 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 Consolidated Income Statement 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.

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**

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

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**2. Accounting policies (continued)**

**2.9 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.

**2.10 Interest income**

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

**2.11 Finance costs**

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

**2.12 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.

**2.13 Dividend income**

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

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**

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

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**2. Accounting policies (continued)**

**2.14 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.

**2.15 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 acquire 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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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**

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

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**2. Accounting policies (continued)**

**2.16 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
Other equipment	- 2 to 5 years

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

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

**2.17 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.

**2.18 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**

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

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**2. Accounting policies (continued)**

**2.19 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.

**2.20 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.

**2.21 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.

**2.22 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.

**2.23 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

**2.24 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 2021**

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**2. Accounting policies (continued)**

**2.25 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.

**2.26 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 2021**

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

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

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

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

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

***Estimated impairment of 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.

***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.

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**


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


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**4. Turnover**

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

	<b>2021</b>	<i>2020</i>
	<b>£000</b>	<i>£000</i>
Rendering of services	<b>24,193</b>	<i>24,721</i>
Licencing on intellectual property	<b>3,635</b>	<i>686</i>
Sale of goods	<b>176</b>	<i>149</i>
Other revenues	<b>305</b>	<i>455</i>
Interco	<b>5,893</b>	<i>4,548</i>
	<b><u>34,202</u></b>	<i><u>30,559</u></i>

Analysis of turnover by country of destination:

	<b>2021</b>	<i>2020</i>
	<b>£000</b>	<i>£000</i>
United Kingdom	<b>30,156</b>	<i>29,872</i>
Rest of World	<b>4,046</b>	<i>687</i>
	<b><u>34,202</u></b>	<i><u>30,559</u></i>

**5. Other operating income**

	<b>2021</b>	<i>2020</i>
	<b>£000</b>	<i>£000</i>
Coronavirus Job Retention Scheme grants receivable	<b>-</b>	<i>76</i>
	<b><u>-</u></b>	<i><u>76</u></i>

**6. Operating profit**

The operating profit is stated after charging:

	<b>2021</b>	<i>2020</i>
	<b>£000</b>	<i>£000</i>
Foreign exchange gains and losses	<b>(214)</b>	<i>645</i>
Operating lease charges	<b>314</b>	<i>379</i>
	<b><u>90</u></b>	<i><u>1024</u></i>

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**

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

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**7. Auditor's remuneration**

Fees in respect of audit and taxation have been borne by other group companies.

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.

**8. Employees**

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

	2021 £000	2020 £000
Wages and salaries	11,271	10,221
Social security costs	1,486	1,607
Cost of defined contribution scheme	876	845
	<u>13,633</u>	<u>12,673</u>

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

	2021 No.	2020 No.
Sales and administrative staff	67	55
Operations staff	62	71
Technical staff	67	81
	<u>196</u>	<u>207</u>

**9. Directors' remuneration**

	2021 £000	2020 £000
Directors' emoluments	114	103
Company contributions to defined contribution pension schemes	18	16
	<u>132</u>	<u>119</u>

During the year retirement benefits were accruing to 1 director (2020 - 1) in respect of defined contribution pension schemes.

The directors consider that there are no key management other than the directors (2020: None).

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**


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


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**10. Interest receivable**

	2021 £000	2020 £000
Receivable on loans to subsidiaries	2,805	1,512

**11. Interest payable and similar expenses**

	2021 £000	2020 £000
Bank interest payable	1	-
Payable on loans from other group companies	2,685	1,668
	<u>2,686</u>	<u>1,668</u>

**12. Taxation**

	2021 £000	2020 £000
<b>Corporation tax</b>		
Current tax on profits for the year	996	671
<b>Total current tax</b>	<u>996</u>	<u>671</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences for the year	124	-
Origination and reversal of timing differences in respect of prior periods	35	-
<b>Total deferred tax</b>	<u>159</u>	<u>-</u>
<b>Taxation on profit on ordinary activities</b>	<u>1,155</u>	<u>671</u>

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**


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


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**12. Taxation (continued)****Factors affecting tax charge for the year**

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

	2021 £000	2020 £000
Profit on ordinary activities before tax	7,532	9,246
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	1,430	1,757
<b>Effects of:</b>		
Expenses not deductible for tax purposes	39	17
Ineligible fixed asset costs	(2)	11
Adjustments to tax charge in respect of prior periods	35	(55)
Dividends from UK companies	(399)	(738)
Adjustment to change of rate for deferred tax	35	20
Unrecognised deferred tax	17	(10)
Group relief	-	(331)
<b>Total tax charge for the year</b>	<b>1,155</b>	<b>671</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%.

**13. Dividends paid and received**

	2021 £000	2020 £000
Dividends paid	4,616	3,700
Dividends received	(2,100)	(3,885)
	<b>2,516</b>	<b>(185)</b>

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**


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


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**14. Intangible assets**

	Trademarks £000	Goodwill £000	Total £000
<b>Cost</b>			
At 1 October 2020	64	15,487	15,551
Additions	38	-	38
At 30 September 2021	<u>102</u>	<u>15,487</u>	<u>15,589</u>
At 1 October 2020	-	15,487	15,487
At 30 September 2021	<u>-</u>	<u>15,487</u>	<u>15,487</u>
<b>Net book value</b>			
At 30 September 2021	<u>102</u>	<u>-</u>	<u>102</u>
At 30 September 2020	<u>64</u>	<u>-</u>	<u>64</u>

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**


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FOR THE YEAR ENDED 30 SEPTEMBER 2021**


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**15. Tangible fixed assets**

	Freehold/ leasehold property £000	Office equipment £000	Motor vehicles £000	Total £000
<b>Cost or valuation</b>				
At 1 October 2020	1,058	3,195	-	4,253
Additions	-	716	-	716
Transfers intra group	125	375	19	519
Disposals	(11)	(786)	-	(797)
At 30 September 2021	<u>1,172</u>	<u>3,500</u>	<u>19</u>	<u>4,691</u>
<b>Depreciation</b>				
At 1 October 2020	784	2,621	-	3,405
Charge for the year on owned assets	67	365	-	432
Transfers intra group	125	352	19	496
Disposals	(11)	(792)	-	(803)
At 30 September 2021	<u>965</u>	<u>2,546</u>	<u>19</u>	<u>3,530</u>
<b>Net book value</b>				
At 30 September 2021	<u>207</u>	<u>954</u>	<u>-</u>	<u>1,161</u>
At 30 September 2020	<u>274</u>	<u>574</u>	<u>-</u>	<u>848</u>

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**16. Fixed asset investments**

	<b>Investments in subsidiary companies £000</b>
<b>Cost or valuation</b>	
At 1 October 2020	34,228
At 30 September 2021	<u>34,228</u>
<b>Change in value upon merger</b>	
Charge for the period	5,625
At 30 September 2021	<u>5,625</u>
<b>Net book value</b>	
At 30 September 2021	<u><u>28,603</u></u>
At 30 September 2020	<u><u>34,228</u></u>

**Subsidiary undertakings**

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 (i)</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(a)	United Kingdom/A
Kerridge Commercial Systems (KNE) Limited(a)	United Kingdom/A
Kerridge Commercial Systems (KBE) Limited(a)	United Kingdom/A
Current-RMS Ltd(b)	United Kingdom/A

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**


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


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

Name	Country of incorporation/ registered office address key (i)
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
Vecta Sales Solutions Limited(a)	United Kingdom/A
Origin Software Solutions Limited(a)	United Kingdom/A
BML (Office Computers) Limited(c)	United Kingdom/A
BCT Software Solutions Limited(c)	United Kingdom/A
Disys Associates Limited(c)	United Kingdom/A

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

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

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

(i) Registered office

A: 2a Herongate, Hungerford, 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

**17. Stocks**

	2021 £000	2020 £000
Raw materials and consumables	4	-

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**


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


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**18. Debtors**

	2021 £000	2020 £000
<b>Due after more than one year</b>		
Amounts owed by group undertakings	43,918	44,925
	<u>43,918</u>	<u>44,925</u>
	2021 £000	2020 £000
<b>Due within one year</b>		
Trade debtors	5,126	4,126
Amounts owed by group undertakings	14,906	17,849
Other debtors	7	739
Prepayments and accrued income	3,560	2,787
Tax recoverable	65	72
	<u>23,664</u>	<u>25,573</u>

**19. Cash and cash equivalents**

	2021 £000	2020 £000
Cash at bank and in hand	5,498	3,011
	<u>5,498</u>	<u>3,011</u>

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

	2021 £000	2020 £000
Trade creditors	2,177	1,870
Amounts owed to group undertakings	21,048	22,475
Other taxation and social security	1,405	2,775
Other creditors	137	118
Accruals and deferred income	14,363	9,277
	<u>39,130</u>	<u>36,515</u>

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**


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


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

	2021 £000	2020 £000
Amounts owed to group undertakings	<u>33,357</u>	<u>37,983</u>

**22. Financial instruments**

	2021 £000	2020 £000
<b>Financial assets</b>		
Cash at bank and in hand	5,498	3,011
Financial assets that are debt instruments measured at amortised cost	65,000	68,973
	<u>70,498</u>	<u>71,984</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(59,131)</u>	<u>(63,842)</u>

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

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

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**KERRIDGE COMMERCIAL SYSTEMS LIMITED**


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FOR THE YEAR ENDED 30 SEPTEMBER 2021**


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**23. Deferred taxation**

	2021 £000	2020 £000
At beginning of year	(40)	(20)
Charged to profit or loss	(159)	(20)
Deferred tax asset hived up from subsidiary	17	-
<b>At end of year</b>	<b>(182)</b>	<b>(40)</b>

The provision for deferred taxation is made up as follows:

	2021 £000	2020 £000
Accelerated capital allowances	(179)	(20)
Short term timing differences	(3)	(20)
	<b>(182)</b>	<b>(40)</b>

**24. Share capital**

	2021 £000	2020 £000
<b>Authorised, allotted, called up and fully paid</b>		
45,464,550 (2020 - 45,464,550) Ordinary shares of £0.01 each	455	455

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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**25. 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 Reserve**

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

Following the acquisition of the Company by Kerridge Commercial Systems Group Limited on 6 February 2015 the EBT no longer owned shares in Kerridge Commercial Systems Limited.

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

**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.

**26. 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 2021 by the Group is £104,189,000, \$76,936,000 and €41,252,000 (2020: £111,689,000, \$76,936,000 and €41,252,000).

**27. 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 £876,000 (2020: £845,000). Contributions totaling £122,000 (2020: £90,000) 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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FOR THE YEAR ENDED 30 SEPTEMBER 2021**


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**28. Commitments under operating leases**

At 30 September 2021 the Group had future minimum lease payment under non-cancellable operating leases as follows:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Land and buildings</b>		
Not later than 1 year	<b>436</b>	<b>137</b>
Later than 1 year and not later than 5 years	<b>731</b>	<b>309</b>
	<u><b>1,167</b></u>	<u><b>446</b></u>
	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Other leases</b>		
Not later than 1 year	<b>10</b>	<b>20</b>
Later than 1 year and not later than 5 years	<b>8</b>	<b>18</b>
	<u><b>18</b></u>	<u><b>38</b></u>

**29. 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.

**30. 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.

**31. Post balance sheet events**

On 6 October 2021, various of the Group's UK entities entered into agreements to transfer the trade and assets and liabilities to other UK Group entities. Details of the affected entities are provided in note 16. The transfers were part of an ongoing Group rationalisation process and were effective 30 September 2021.