Dragon UK Holdco Limited

Annual report and consolidated financial statements

Registered number 13891957

For the 11 month period ended 31 December 2022

Contents

Company information

Directors

A Franklin
T Jackson

Secretary

S James

Company number

13891957 (England and Wales)

Registered office

Axys House
Heol Crochendy
Parc Nantgarw
Cardiff
CF15 7TW

Auditor

KPMG LLP
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

Strategic Report

The directors present the Strategic Report for Dragon UK Holdco Limited for the 11 month period from incorporation on 3 February 2022 to 31 December 2022. The Company is a holding company and acquired Alcumus Group Limited and all of its subsidiaries on 9 March 2022, with the Group now collectively known as 'Alcumus'.

For further information on Alcumus' ownership, please see Page 3.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Trading as Alcumus, the Dragon UK Holdco Limited Group is a market-leading provider of Supply Chain Compliance and Business Certification services, underpinned by high quality technology. Alcumus now serves over 50,000 customers worldwide, ranging in size from owner-operators to large multi-nationals, and across all major industries. Our mission is to use our expertise to simplify the world of compliance for all of our customers. We are building the tools, guidance and support that enable businesses of all sizes to prove they are safe and responsible today and prepared for the challenges of tomorrow.

In 2022 alongside strong organic growth, Alcumus underwent significant change under the stewardship of a new majority owner in Apax Partners. On 30th June 2022 Alcumus Holdings Limited, a subsidiary of Dragon UK Holdco Limited, acquired 100% of the ordinary share capital of Service d'Intervention sur Mesure Inc. and thus gained control of its subsidiary, Cognibox Inc. (together "Cognibox"), resident in Canada. Cognibox is a contractor management software company, based in Quebec. Cognibox provides a suite of solutions to mitigate contractor risk, including tools to manage qualification, compliance, safety monitoring, worker onboarding, and training.

On 21 October 2022, the Group underwent a significant divestment, disposing of its entire 100% shareholdings in Alcumus Info Exchange Limited, Alcumus Sypol Limited, eCompliance Management Solutions Inc, Alcumus Banyard Holdings Limited, Riley Software Limited, Mango Software Limited and Alcumus Americas LLC, all of which were subsidiaries of Alcumus Holdings Limited. In addition, the group disposed of its entire 100% shareholdings in Banyard Solutions Limited, a subsidiary of Alcumus Banyard Holdings Limited and Mango Limited, a subsidiary of Mango Software Limited. The divestment presented a unique commercial opportunity to add focus to, and accelerate the investment and growth of, the remaining Alcumus divisions. In all cases, the disposals were sold for values which did not provide any indication of impairment to the carrying values of the assets.

Alcumus continues to focus on the pursuit of recurring revenue growth, underpinned by investment in technology to develop class-leading solutions for our customers, alongside ongoing investment in sales and marketing.

FINANCIAL OVERVIEW

Financial Highlights

This is the first 11 months of trading for the Company, and therefore it is not possible to make comparisons with prior periods. However, the underlying key financial metrics for the Alcumus Group on a Pro Forma basis were strong, with underlying double-digit revenue and EBITDA growth compared to the previous 12 months. This was especially pleasing against the backdrop of significant change that took place in the business across 2022. This was testament not only to the resilience of the business and its operating model but also, and most importantly, to the hard work, dedication and skill of Alcumus' people.

In the annual financial statements for the period ended 31 December 2022 revenue of £50.648m was generated from continuing operations and revenue of £15.834m was generated from discontinued operations. Total revenue was £66.482m. Adjusted EBITDA was £19.725m.

Strategic Report *(continued)*

FINANCIAL OVERVIEW *(continued)*

Liquidity and Borrowing

Cash holdings at 31 December 2022 were £111.8m.

Upon completion of the Apax acquisition in March 2022, a Term Loan of £240m was agreed with a syndicate of lenders, along with an Acquisition Facility of £75m and a Revolving Credit Facility of £40m. Further details are as follows:

Facility	Facility Amount	Maturity	Amount Drawn as at 31 December 2022
Facility B	£240m	9 March 2029	£240m
Acquisition Facility	£75m	9 March 2029	£54m
Revolving Credit Facility	£40m	9 September 2028	£Nil

Interest on the Facility B and Acquisition Facility is set at three-month GBP SONIA plus a margin of between 5.25% and 6% (variable dependant on net leverage).

An interest rate cap is in place at 2.5%, effective for the period from 9 June 2023 to 9 June 2026, on £170m of the Facility B debt.

The current loan arrangements include a financial covenant that requires adjusted net leverage to be below 13.75x at quarterly testing dates, starting on 31 March 2023.

OWNERSHIP

On 9th March 2022, funds managed by Apax Partners, through their investment in Dragon Holdco (Guernsey) Limited and related companies, purchased 100% of the issued share capital in Alcumus Group Limited from Inflexion Private Equity Partners and Alcumus management. Alcumus management and Inflexion Private Equity Partners subsequently reinvested in Dragon Holdco (Guernsey) Limited.

Alcumus' majority shareholders are funds managed, advised or controlled by Apax Partners ('Apax') and Inflexion Private Equity Partners ('Inflexion'). Apax took a controlling stake in March 2022 in a transaction which facilitated a continued relationship with Inflexion as a minority investor, having originally backed Alcumus in 2015. Both Apax and Inflexion have significant investment experience in the business services industry in both Europe and North America.

Apax Partners is a leading global Private Equity advisory firm. Over its more than 40-year history, Apax Partners has raised and advised funds with aggregate commitments of more than $60 billion. The Apax Funds invest in companies across four global sectors of Tech & Telco, Services, Healthcare and Consumer. These funds provide long-term equity financing to build and strengthen world-class companies.

Inflexion is a mid-market private equity firm, investing in high-growth businesses with ambitious management teams and working in partnership with them to accelerate growth. Inflexion helps businesses achieve their next stage of growth through international expansion, mergers & acquisitions, digital enhancement, commercial strategy, talent management, and access to Inflexion's global networks.

Strategic Report *(continued)*

BOARD OF DIRECTORS

The immediate controlling parent of the group post-transaction is Dragon Holdco (Guernsey) Limited (company number 70337). The Board of Directors for Dragon Holdco (Guernsey) Limited is comprised of the following people:

Alyn Franklin (Chief Executive Officer) Alyn joined Alcumus in 2015 as Chief Operating Officer and was appointed CEO in September 2017. Prior to joining Alcumus, he was Chief Financial Officer at Santia Consulting and held senior management roles at Connaught PLC, Wincanton, Coors Brewers, and Arthur Andersen. He holds a degree in Economics from Cardiff University. He is also a Chartered Accountant, receiving ACA accreditation and qualifications as a Corporate Treasurer from AMCT.	**Timothy Jackson (Chief Financial Officer)** Tim joined Alcumus as CFO in June 2019 and is responsible for financial leadership, planning, and reporting as well as the management of financial, legal and compliance risk. After qualifying as a Chartered Accountant at Grant Thornton, and after a spell at Goldman Sachs, he spent 7 years at QA Limited in finance director and commercial director roles. Tim holds an undergraduate degree in Classics from the University of Cambridge and an MBA from INSEAD.	**Frank Ehmer (Investor Director)** Frank is a Partner for Apax in the Services team. He joined Apax in 2000 in Munich, and since 2008 has been based in London. Prior to joining the Services team in 2009, Frank focused on investments in the Media sector. Frank has served as board member to a number of Apax portfolio companies including EcoOnline, PIB Group, TOI TOI & DIXI, GamaLife, Safetykleen, Azelis, Rhiag, Garda, Ascential, Tommy Hilfiger, TIM Hellas, and CME.
Anders Meyerhoff (Investor Director) Anders is a Partner in Apax's Services team. He joined Apax in 2012 and is currently based in London. Anders holds an MBA from the Wharton School at the University of Pennsylvania and BAs in Economics and German from Stanford University. Anders also serves on the Boards of ADCO and Safetykleen, and has previously served on the boards of Azelis and GlobalLogic.	**Thomas Crewe (Investor Director)** Thomas is a Principal in the Services team and joined Apax in 2015. Thomas holds an MA from the University of Oxford in Economics and Management, and an MBA from Stanford University Graduate School of Business. Prior to joining Apax, Thomas worked at Boston Consulting Group in London. He advised clients in various industries and has has been involved in key deals including Alcumus, Unilabs and Safetykleen, for whom he also sits on the Board.	**Nick Rosenberg (Investor Director)** Nick is an Investment Director at Inflexion, joining in 2017 and based in London. He holds a BA in Economics from Durham University and also has a CFA qualification. Prior to joining Inflexion, Nick spent four years at PwC working within the corporate finance and financial due diligence teams, where he completed a number of mid-market transactions in the business services sector, including the sale of Santia to Alcumus in 2015.

Strategic Report *(continued)*

EXECUTIVE LEADERSHIP TEAM

Alongside the CEO and CFO who sit on the Board of Directors, Alcumus' Senior Leadership Team comprises:

Gemma Archibald **(Chief Executive Officer, Supply Chain Division)** Gemma is responsible for leading the Supply Chain Division in the UK and North America. She joined Alcumus in April 2016 as Head of Operations for SafeContractor and was previously Chief Operating Officer for the Membership Division. Gemma holds a degree in Sociology and Criminology from Cardiff University and prior to joining Alcumus spent 4 years leading a transformation project at the Royal Mint.	**Jim Anderson** **(Chief Executive Officer, Certification Division)** Jim is responsible for the strategic direction and growth of the ISOQAR business, leading commercial and operational delivery in the UK. He joined Alcumus in March 2023 from Marston Holdings where he was Chief Operating Officer and previously held senior roles at Scan Coin Suzohapp, G4S and IBM, working across the UK and Ireland and spending five years in South Africa. Jim holds an undergraduate degree in Geography from Manchester Metropolitan University.
Val Rees **(Chief People Officer)** Val is responsible for the people agenda to support business growth, driving employee engagement and making sure Alcumus is a great place to work. She joined Alcumus in August 2018 following an illustrious career at Marks & Spencer, where she held numerous senior HR positions and leadership roles, latterly as Global Head of Employee Relations, Employee Wellbeing and Performance. She is a Fellow of the Chartered Institute for Personnel and Development and brings over 30 years' Human Resources expertise and experience to the team.	**Kerry Edwards** **(Chief Transformation Officer)** Kerry is responsible for streamlining operations to accelerate the transformation of business operations and the execution of Alcumus' technology transformation roadmap She joined Alcumus in February 2022 from Capita, having worked as Customer Experience, Strategy & Product Director for over four years. Prior to this, Kerry held senior leadership positions at Vodafone. Kerry is well respected in the change and transformation field, with extensive experience of building high performance strategies, processes, and policies for global businesses.

Strategic Report *(continued)*

STRATEGY AND MARKET

Strategy, Vision and Mission

Alcumus' vision is To create a better working world, helping businesses turn compliance into competitive advantage. We do this by using our expertise to simplify the world of compliance. We are building the tools, guidance and support that enable businesses of all sizes to prove they are safe and responsible today and prepared for the challenges of tomorrow.

2022 covered almost the first full year of Apax's ownership of Alcumus, and it was a busy period in helping to shape the business for continued success. In October 2022, Alcumus divested of its entire software division to allow it to focus solely on Supply Chain Compliance and Certification.

In Supply Chain Compliance, Alcumus has successfully traded for many years through the SafeContractor brand in the UK, and more recently in North America (particularly in Canada) through the ContractorCheck brand. In June 2022, Alcumus acquired Cognibox to further strengthen its network of buyers and suppliers in Canada. A key pillar of the strategy for Supply Chain Compliance rests on growing the size of this network and creating a true ecosystem of like-minded buyers and suppliers globally. In existing geographies, the strategy will be led by organic growth, which will be achieved through a relentless focus on customer service and operational excellence, paired with continued investment in best-in-class products, all underpinned by technology. Inorganic growth is likely to take Alcumus into new geographies.

In Certification, Alcumus goes to market through the ISOQAR brand in the UK. The strategy for ISOQAR is again to continue to achieve scale through both organic and inorganic means, and M&A is likely to be a particularly important strategic driver for ISOQAR, both in the UK and further afield.

Market Trends and Other Factors Affecting Future Business Performance

In Supply Chain Compliance, the market continues to grow strongly, with continued interest from large buyers in ensuring their supply chain is compliant and robust. Areas such as compliance with Human Slavery and Anti-Bribery regulations and, increasingly, Sustainability, continue to drive Alcumus' products forward. There have been no material shifts observed in the industry generally that would risk negatively affecting future performance.

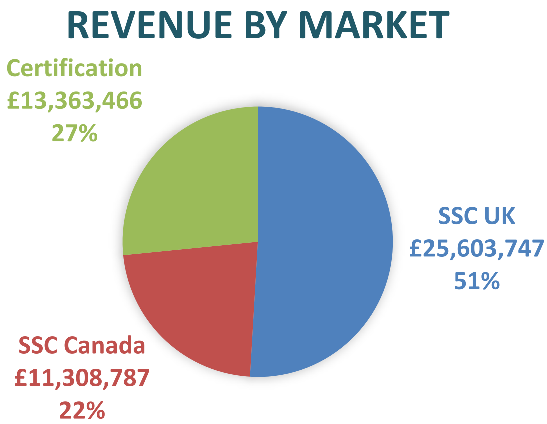
The Certification market continues to grow strongly, with newer standards in areas such as Information Security (such as ISO 27001) and Sustainability/Net Zero (such as PAS 2060) seeing noticeable growth. The business monitors the adoption of all standards carefully and regularly in order to identify potential future growth areas and ensure we are best-placed to capitalise on these trends.

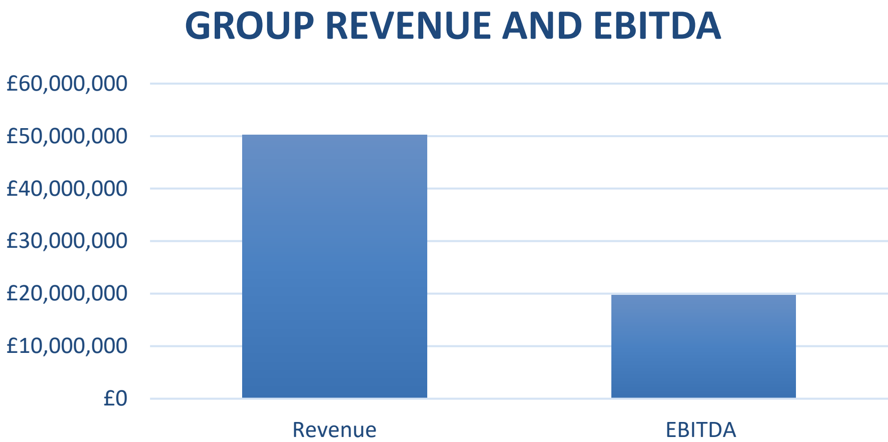
There continues to be significant consolidation and M&A activity in both the Supply Chain Compliance and Certification markets in both Europe and North America. Much of this has involved private-equity firms – both through direct majority and minority acquisitions by PE sponsors directly, but also via acquisitions by PE-backed portfolio companies. In spite of significant M&A activity in 2022 and the first half of 2023, Alcumus does not believe that its competitive position has been materially affected.

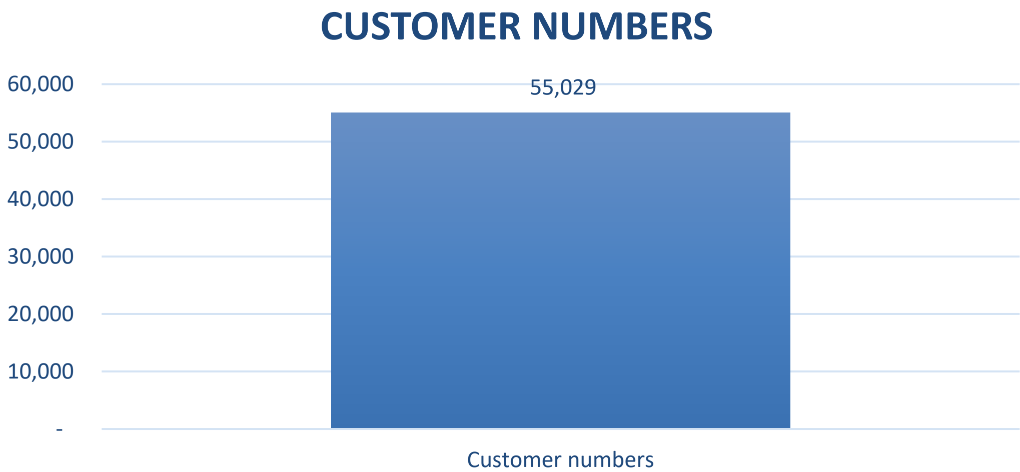
Strategic Report *(continued)*

KEY PERFORMANCE INDICATORS

All Key Performance Indicators are on an underlying, continuing basis.







Strategic Report *(continued)*

Adjusted EBITDA can be reconciled to the Operating loss as follows:

	2022
	£'000
Operating loss	(52,278)
Depreciation/Amortisation	65,349
Restructuring and other non-operating costs	6,676
Funding-related management costs	87
Consolidation and other adjustments	(109)
Adjusted EBITDA	**19,725**

PRINCIPAL RISKS AND UNCERTAINTIES

The execution of the Group's strategy is subject to a number of risks and uncertainties. In mitigation of all material risks, Alcumus keeps under continuous review the relevance of its products and services to the prevailing regulatory and commercial environments. Importantly, exposure to a worsening macroeconomic environment is mitigated through the group's strategy of multi-year subscriptions and the collection of cash before rendering services to customers.

Key specific risks to the group include:

Interest Rate Risk

The group is partly funded by third party bank debt and therefore has exposure to interest rate risk, which has been exacerbated by the recent turbulence in the macroeconomic environment.

Interest rate risk is mitigated considerably through the interest rate cap instrument, which was taken out in June 2022 and effective for 3 years from June 2023. This caps the rate Alcumus will pay on £170m (which equated to over 90% of Alcumus' net debt at 31 December 2022) of its borrowing to a maximum of 8.5% (6% margin plus SONIA capped at 2.5%), meaning quarterly debt repayments are both manageable and predictable.

Exchange Rate Risk

Roughly 20% of Alcumus' revenue is denominated and collected in non-Pound Sterling currency, the majority of which is in Canadian Dollars. To mitigate the risk, Alcumus elected to draw down its borrowings under the Acquisition Facility during the year in Canadian Dollar denomination rather than in Pounds Sterling. This has provided a natural hedge against exchange rate risk, as a fall in the value of the Canadian Dollar will also reduce the amount borrowed under the Acquisition Facility when it is converted back to Pounds Sterling.

Liquidity and Covenant Compliance Risk

To maintain liquidity and to ensure that sufficient funds are available for ongoing operations and future developments, the Group operates a centralised treasury function, including intercompany cash pooling and the provision of monthly cashflow reports and rolling 12-month forward forecasts to the Board.

The Group currently has a healthy cash balance arising from the divestment of the software businesses in October 2022. Were it to be needed, the Revolving Credit Facility provides further mitigation from liquidity risk.

The Group's borrowing arrangements are subject to a single covenant test on net leverage. There is currently significant headroom against this covenant and a 12-month forward forecast is provided to the Board each month to help mitigate covenant compliance risk.

Strategic Report *(continued)*

PRINCIPAL RISKS AND UNCERTAINTIES *(continued)*

Business Change Risk

In order to remain competitive and capitalise on the significant white space that exists in its core markets, Alcumus is investing significantly in its products, underpinned by technology. There is currently a major change project in progress within the Supply Chain Compliance Division with the creation of a single product globally with a unified CRM and scalable operating system. To help mitigate this risk, Alcumus has brought in a new leadership role in the Chief Transformation Officer who has established best practice governance surrounding change programmes. A number of project management hires have also been made to further establish change management as a function within Alcumus.

Section 172(1) statement

The Group's key stakeholders are our employees, customers, suppliers and shareholders.

In line with Section 172(1), when making decisions, the directors consider the following criteria:

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

There is a Board of directors in place that meets on a monthly basis. All matters on which the Board is required to reach a decision are presented at Board meetings and are supported by papers setting out the background and key facts to the items discussed. When key decisions are presented at Board, such as strategic acquisitions, the directors consider whether this is the right long-term decision for the Group and whether it is in the interest of the Group's key stakeholders i.e. employees, suppliers, customers and others.

The impact of the Group on the community and environment is an ongoing interest of the company, with key initiatives being implemented regularly. Alcumus has a team of quality experts employed to tackle this area, so the focus and intention is always there to maintain the highest level of community care.

Employee engagement is also key to the success of the business and plays an important role when deciding future objectives. The Directors have created several feedback mechanisms allowing employees to engage at many points throughout the year. They collate employee feedback via quarterly anonymous employee surveys, annual conferences and roadshows held by the CEO, allowing all employees to evaluate the future intentions of the business.

Strategic Report *(continued)*

ENVIRONMENTAL AND PEOPLE

Sustainability

The Group has an established sustainability programme (The Healthy People, Planet and Business Programme) which sets targets and ambitions for the business through to 2030 and aims to bring together existing initiatives and galvanise and inspire employees across three pillars – social, environmental and economic. Employees across the business lead on local initiatives and are in the process of developing Community Impact Plans for each office (and one led by field-based teams) to support development of the communities in which the business operates.

Streamlined Energy and Carbon Reporting

Dragon UK Holdco Limited is reporting on all UK subsidiaries within the group (as listed in note 25) for the period from 1 January 2022 to 31 December 2022 (noting that this is different from the accounting period of 3 February 2022 to 31 December 2022), and the consumption of reportable energy for these companies was as follows:

Natural Gas: 48,962.81 kWh (Scope 1 emissions)

Gas Oil: 2,401 litres (Scope 1 emissions)

Electricity: 513,466.38 kWh (Scope 2 emissions)

Business travel – all activity classes: 1,211,065.57 miles (Scope 3 emissions)

In additional to reportable energy consumption (Scope 1 and 2) their associated tonnes of carbon dioxide equivalent (tCO2e) emissions are provided alongside voluntary reporting of material Scope 3 emissions from business travel (car mileage, public transport), overnight stays (hotels), waste generated, water usage and material use (paper printed).

Scope 1 Carbon Dioxide Equivalent (CO2e) emissions equate to 15.5844 tCO2e.

Scope 2 Carbon Dioxide Equivalent (CO2e) emissions equate to 103.525 tCO2e.

Scope 3 Carbon Dioxide Equivalent (CO2e) emissions equate to 528.011 tCO2e.

Total Scope 1,2 and 3 emissions equate to 647.12. tCO2e. Based on the intensity metric of the average annual employee headcount, the group used on average 0.9 tCO2e for each UK employee for 2022 (702 employees).

As part of The Sustainability Strategy and internal Healthy People, Planet and Business Programme, Alcumus' energy use across its offices is constantly monitored and tracked using Alcumus' internal ESG carbon accounting software to ensure compliance with carbon reduction targets.

A number of energy saving, and renewable energy initiatives continued to be implemented in 2022 based on the 2019 ESOS assessment recommendations, which include the installation of electric vehicle charging points, final installation of LED luminaires to light fittings and initiatives to reduce emissions from business travel.

Strategic Report *(continued)*

Streamlined Energy and Carbon Reporting *(continued)*

A detailed carbon accounting and reporting methodology has been established for each year (from a base year of 2019), following the Green House Gas Protocol (GHGP) standards. This document details the source data and methods used to produce the above carbon inventory for all three scopes, taken from primary activity-based source data and monthly averages where applicable. Activity data is a quantitative measure of a level of activity (e.g., litres of fuel consumed, Kilowatt hours (kWh) of electricity or natural gas used, kilometres travelled, cubic meters of water supplied/removed, kilograms of waste generated etc.) that results in GHG emissions. Conversion Factors for greenhouse gas (GHG) reporting for each emission source (activity data) were taken from the Defra/BEIS managed dataset published by the UK Government on an annual basis. These factors are suitable for use by UK-based organisations of all sizes and international organisations reporting on UK operations. Therefore, the scope of the factors is defined such that it is relevant to emissions reporting. The individual conversion factors used are detailed in the carbon accounting and reporting methodology.

Social

Community engagement is a core part of Alcumus' values and employee engagement strategy. As a successful, growing organisation we believe strongly that we have a responsibility to improve the communities that we work in, and the world at large.

Alcumus has a number of initiatives that help drive and deliver community engagement. Chief among these are the provision of one day's annual leave for all employees to use as a 'giving day' to support good causes in the local community. Teams have volunteered at local schools, dog rescue centres, social community centres and cleared litter from local beaches.

Alcumus engages heavily in charity donations, often alongside employees. In the last 12 months, Alcumus has given meaningful donations for, amongst others, humanitarian efforts in Ukraine, to the charity Impetus, and to the Bookmark Reading charity, which helps children develop reading skills.

Alcumus takes its responsibilities to the environment incredibly seriously and has been ISO14001 (Environmental Management Systems) certified for a number of years. We plant trees for every employee on their first anniversary of employment and at other key service milestones and run a number of initiatives that focus on reducing waste and cutting emissions. Examples of these include the installation of solar panels and electric charging points at Alcumus offices.

Human Rights and Compliance

As an organisation that helps our customers create a safer, more sustainable world, Alcumus remains vigilant to the blight of modern slavery and human trafficking and are committed to meeting our obligations under the Modern Slavery Act 2015. Whilst issues around human rights are not a material issue for Alcumus given the nature of our business, we take a zero-tolerance approach to non-ethical practices and are committed to acting professionally, fairly, and with integrity at all times. This applies not just to Alcumus internally, but to all of our business dealings and supply chain relationships, wherever we operate. We contractually require our business partners and suppliers to provide training to their employees and supply chain and we track our compliance with modern slavery obligations as part of our wider internal sustainability programme.

As part of our commitments in this area, we have robust policies in place including:

Modern Slavery Policy;

Whistleblowing Policy;

Code of Conduct Policy; and

Anti-Bribery and Corruption Policy.

Strategic Report *(continued)*

People and Employee Engagement

Building and maintaining a fantastic culture at Alcumus is one of management's highest priorities. We strive to maximise engagement and promote opportunities for career progression, development and, perhaps above all else, personal and professional satisfaction.

We carry out twice-yearly employee engagement surveys across the entire employee base, which helps keep management connected to the needs of employees.

Staff welfare is a vital part of Alcumus' employee engagement strategy. In consultation with employees, Alcumus has introduced a hybrid working policy to encourage flexible and inclusive working patterns. Mental health is always high on the agenda, and 35 employees have now been trained as Mental Health First Aiders. For employees encountering financial difficulties, a financial assistance programme is offered, alongside healthcare programmes and wellbeing options to support physical and mental good health.

Gender Diversity

At Alcumus, we put our people at the heart of everything we do, delivering our people strategy with the ultimate aim of making Alcumus a great place to work for everyone, irrespective of gender. The Alcumus Board and Senior Management Team are committed to constantly improving the gender balance across all levels in our business.

Our reported gender pay gap for 2022 improved by 2 points compared to 2021. Our aim remains to close our pay gap over the coming years having made overall improvements since figures were first reported in 2017. We support equality through equal pay and are confident that men and women are paid equally for doing the same roles in Alcumus.

The number of employees by gender as at 31 December 2022 was as follows:

	Male No.	**Male %**	**Female No.**	**Female %**	**Total No.**	**Total %**
Directors	2	0.3%	0	-	2	0.3%
Senior Leadership	2	0.3%	3	0.4%	5	0.7%
Employees	365	53.8%	306	45.1%	671	99.0%
Total	**369**	**54.4%**	**309**	**45.6%**	**678**	**100%**

By order of the Board

T Jackson
Director

31 October 2023

Axys House
Heol Crochendy
Parc Nantgarw
Cardiff
CF15 7TW

Directors' Report

The Directors present their report, together with the Strategic Report and the audited consolidated financial statements of Dragon UK Holdco Limited (the Company) and its subsidiaries (together, the Group) for the 11 month period ended 31 December 2022.

The Company was incorporated on 3 February 2022, is a private company limited by shares and is incorporated, registered, and domiciled in Wales. The company's registered number is 13891957 and the address of the registered office of the Company is Axys House Heol Crochendy, Parc Nantgarw, Cardiff, CF15 7TW.

On 9 March 2022 the Company acquired Alcumus Group Limited and its subsidiaries and the Group is now collectively known as 'Alcumus'.

Principal activities

Alcumus is a market-leading provider of Supply Chain Compliance and Business Certification services, underpinned by high quality technology.

Results and proposed dividends

The profit for the financial period amounted to £448,000.

The payment of a dividend amounted to £68,000,000.

Directors

The directors who held office during the year and subsequently, until the date of this report, were as follows:

A Franklin	(appointed 9 March 2022)
T Jackson	(appointed 9 March 2022)
T Crewe	(appointed 3 February 2022, resigned 9 March 2022)
A Meyerhoff	(appointed 3 February 2022, resigned 9 March 2022)

Financial risk management

A detailed description of financial risks and mitigations of these risks is included in the Strategic Report.

Going concern and future developments

The Group and Company financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Directors have a reasonable expectation that the Group and the Company will have sufficient resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approving these financial statements. The Directors have made this assessment on the basis of the current cash position, headroom against the single covenant associated with third-party debt, and medium-term cash flow forecasts. The Group's position is strengthened by a very high level of recurring revenue (>90%), the majority of which originates from customers with annual evergreen subscriptions and multi-year contracts.

As part of their going concern assessment, the directors have modelled severe but plausible downside scenarios including a drop off in both new business and renewals across all divisions of the Group. The forecasts indicate that, even after taking account of reasonably possible downsides, the Group and Company will continue their positive EBITDA performance and generate positive operating cash flows in the going concern period. As a result, even in a plausible downside scenario the Group is expected to remain in full compliance with its loan covenants and to be able to meet its financial obligations as they fall due.

Based on the above, the directors are satisfied that the Group and Company will have sufficient funds to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Directors' Report *(continued)*

Post balance sheet events

On 21 March 2023, Alcumus Holdings Limited, a direct subsidiary of Dragon UK Holdco Limited, acquired 100% of the ordinary share capital of CitrusHR Limited, registered in England and Wales. CitrusHR provide HR expertise, software and payroll solutions to businesses in the UK.

On 9 May 2023, a further issue of 289,505 shares of £0.01p each gave rise to a premium of £287,000.

On 20 October 2023, Alcumus Holdings Limited, a direct subsidiary of Dragon UK Holdco Limited, acquired 100% of the ordinary share capital of Planet First Limited, registered in England and Wales. Based in the UK, Planet First are a leading sustainability certification and net-zero provider.

Employees

The company recognises the benefit of keeping employees informed of the progress of the business and of involving them in the company's performance and, accordingly, maintains regular communications with employees and has well established consultation arrangements.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

Qualifying third party indemnity provisions

Professional indemnity cover for the purpose of the Companies Act 2006 has been taken out with a reputable insurance broker and has been in place throughout the year and up to the date of signing these financial statements.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

KPMG LLP was appointed as auditor during the period. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

T Jackson
Director

Axys House
Heol Crochendy
Parc Nantgarw
Cardiff
CF15 7TW

31 October 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the Group and parent company 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 they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 of the group and parent company and the group's profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DRAGON UK HOLDCO LIMITED

Opinion

We have audited the financial statements of Dragon UK Holdco Limited ("the company") for the period from 3 February 2022 (the date of incorporation) to 31 December 2022 which comprise the Consolidated Profit and Loss Account and Other Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, Company Balance Sheet, Company Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group or the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DRAGON UK HOLDCO LIMITED *(continued)*

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular,

- the risk that Group management may be in a position to make inappropriate accounting entries; and
- the risk that revenue is overstated through recording revenues in the wrong period.

We did not identify any additional fraud risks.

We also performed procedures including:

- identifying journal entries to test for all components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual account combinations.
- assessing, for a selection of turnover recorded around the year end, if it is recorded in the correct period based on the turnover recognition criteria.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery and employment law recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DRAGON UK HOLDCO LIMITED *(continued)*

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 15, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DRAGON UK HOLDCO LIMITED *(continued)*

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

The purpose of our audit work and to whom we owe our responsibilities

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.

Jeremy Thomas

Jeremy Thomas (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

31 October 2023

Consolidated Profit and Loss Account and Other Comprehensive Income

for the period ended 31 December 2022

		Period 3 February 2022 to 31 December 2022		
	Note	**Continuing £000**	**Discontinued £000**	**Total £000**
Turnover	*1,2*	**50,276**	**16,391**	**66,667**
Cost of sales		**(13,926)**	**(3,151)**	**(17,077)**
Gross profit		**36,350**	**13,240**	**49,590**
Administrative expenses		**(88,628)**	**(14,220)**	**(102,848)**
Operating loss		**(52,278)**	**(980)**	**(53,258)**
Profit on disposal of subsidiaries	*19*	**-**	**66,686**	**66,686**
Interest receivable and similar income	*6a*	**8,530**	**-**	**8,530**
Interest payable and similar expenses	*6b*	**(18,989)**	**(90)**	**(19,079)**
Profit/(loss) before taxation	*3-5*	**(62,737)**	**65,616**	**2,879**
Taxation	*7*	**(2,732)**	**-**	**(2,732)**
Profit/(loss) for the financial period		**(65,469)**	**65,616**	**147**
Other comprehensive income/(loss)				
Foreign exchange differences on translation of subsidiary undertakings		**301**	**-**	**301**
Total comprehensive income/(loss) for the financial period		**(65,168)**	**65,616**	**448**

The notes form part of these financial statements.

Consolidated Balance Sheet
at 31 December 2022

	Note	**2022** **£000**	**2022** **£000**
Fixed assets			
Intangible assets			
Goodwill	*8*		**530,865**
Other intangibles	*9*		**33,784**
Investments	*11*		**6,600**
			571,249
Tangible assets	*10*		**4,667**
			575,916
Current assets			
Debtors	*12*	**16,522**	
Cash at bank and in hand		**113,035**	
		129,557	
Creditors: amounts falling due within one year	*13*	**(22,510)**	
Net current assets			**107,047**
Total assets less current liabilities			**682,963**
Creditors: amounts falling due after more than one year	*14*		**(289,185)**
Provisions for liabilities			
Deferred tax	*16*		**(4,989)**
Net assets			**388,789**
Capital and reserves			
Called up share capital	*20*		**4,552**
Share premium account	*20*		**450,615**
Capital contribution reserve	*20*		**1,174**
Foreign exchange reserve	*20*		**301**
Profit and loss account	*20*		**(67,853)**
Shareholders' funds			**388,789**

These financial statements were approved by the board of directors on 31 October 2023 and were signed on its behalf by:

T Jackson
Director
Company registered number: 13891957

The notes form part of these financial statements.

Company Balance Sheet
at 31 December 2022

	Note	**2022 £000**	**2022 £000**
Fixed assets			
Investments	*11*		**455,165**
Current assets			
Debtors	*12*	**380**	
Cash at bank and in hand		**254**	
		634	
Creditors: amounts falling due within one year	*13*	**(632)**	
Net current assets			**2**
Net assets			**455,167**
Capital and reserves			
Called up share capital	*20*		**4,552**
Share premium account	*20*		**450,615**
Profit and loss account	*20*		**-**
Shareholders' funds			**455,167**

These financial statements were approved by the board of directors on 31 October 2023 and were signed on its behalf by:

T Jackson
Director

Company registered number: 13891957

The notes form part of these financial statements.

Consolidated Statement of Changes in Equity
for the period ended 31 December 2022

	Called up share capital	**Share premium account**	**Capital contribution reserve**	**Foreign exchange reserve**	**Profit and loss account**	**Total equity**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
At 3 February 2022 – on incorporation	-	-	-	-	-	-
Transactions with owners recorded directly in equity:						
Shares issued 3 February 2022	-	-	-	-	-	**-**
Shares issued 9 March 2022	4,552	450,615	-	-	-	**455,167**
Capital contribution reserve	-	-	1,174	-	-	**1,174**
Dividends paid	-	-	-	-	(68,000)	**(68,000)**
	4,552	450,615	1,174	-	(68,000)	**388,341**
Comprehensive income for the financial period						
Profit for the period	-	-	-	-	147	**147**
Other comprehensive income:						
Foreign exchange differences on translation of subsidiary undertakings	-	-	-	301	-	**301**
Total comprehensive income for the financial period	-	-	**-**	**301**	**147**	**448**
At 31 December 2022	**4,552**	**450,615**	**1,174**	**301**	**(67,853)**	**388,789**

Company Statement of Changes in Equity

for the period ended 31 December 2022

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Balance at 3 February 2022	-	-	-	-
Transactions with owners recorded directly in equity:				
Shares issued 3 February 2022	-	-	-	-
Shares issued 9 March 2022	4,552	450,615	-	455,167
Dividends paid	-	-	(68,000)	(68,000)
	4,552	**450,615**	**(68,000)**	**387,167**
Comprehensive income for the financial year				
Profit for the financial period	-	-	68,000	68,000
Total comprehensive profit for the financial year	-	-	**68,000**	**68,000**
At 31 December 2022	**4,552**	**450,615**	-	**455,167**

Consolidated Cash Flow Statement

for the period ended 31 December 2022

	2022
	£000
Cash flows from operating activities	
Profit for the period	147
Adjustments for:	
Depreciation, amortisation and impairment	65,012
Interest receivable and similar income	(8,530)
Interest payable and similar expenses	19,079
Gain on disposal of subsidiaries	(66,686)
Taxation	2,732
	11,754
Decrease in trade and other debtors	(2,038)
Increase in trade and other creditors	26,252
	35,968
Tax paid	(1,333)
Net cash flow from operating activities	**34,635**
Cash flows from investing activities	
Proceeds from sale of subsidiaries (net of transaction costs of £2,027,000)	133,579
Interest received	369
Acquisition of subsidiaries (acquisition costs)	(9,441)
Acquisition of tangible fixed assets	(113)
Acquisition of other intangible assets	(8,238)
Net cash flow from investing activities	**116,156**
Cash flows from financing activities	
Proceeds from new loans	-
Payment of borrowing costs	(11,259)
Dividends paid	(13,000)
Interest paid	(13,400)
Repayment of finance lease liabilities	(97)
Net cash flow from financing activities	**(37,756)**
Net increase in cash and cash equivalents	**113,035**
Cash and cash equivalents at beginning of period	**-**
Cash and cash equivalents at end of period	**113,035**

The notes form part of these financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

Dragon UK Holdco Limited (the "Company") is a private company incorporated, domiciled and registered in England and Wales, the company's registered number is 13891957 and the registered office address is Axys House, Heol Crochendy, Parc Nantgarw, Cardiff, CF15 7TW.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (*"FRS 102"*). The presentation currency of these financial statements is Great British pound sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company Cash Flow Statement with related notes is included,
- Key Management Personnel compensation has not been included a second time,
- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 26.

Measurement convention

The financial statements are prepared on the historical cost basis except that the following are stated at their fair value: financial instruments classified at fair value through the profit or loss account (see note 11).

Going concern

The Group and Company financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Directors have a reasonable expectation that the Group and the Company will have sufficient resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approving these financial statements. The Directors have made this assessment on the basis of the current cash position, headroom against the single covenant associated with third-party debt, and medium-term cash flow forecasts. The Group's position is strengthened by a very high level of recurring revenue (>90%), the majority of which originates from customers with annual evergreen subscriptions and multi-year contracts.

As part of their going concern assessment, the directors have modelled severe but plausible downside scenarios including a drop off in both new business and renewals across all divisions of the Group. The forecasts indicate that, even after taking account of reasonably possible downsides, the Group and Company will continue their positive EBITDA performance and generate positive operating cash flows in the going concern period. As a result, even in a plausible downside scenario the Group is expected to remain in full compliance with its loan covenants and to be able to meet its financial obligations as they fall due.

Based on the above, the directors are satisfied that the Group and Company will have sufficient funds to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Notes
(forming part of the financial statements)

1 Accounting policies *(continued)*

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings up to 31 December 2022. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

The assets and liabilities of foreign subsidiaries have been translated to the Group's functional currency at the foreign exchange ruling at the reporting date. Exchange differences arising on translation of the foreign subsidiaries' assets and liabilities have been recognised in a foreign exchange reserve.

Notes *(continued)*

1 Accounting policies *(continued)*

Classification of financial instruments issued by the group

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and

(b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described in "Expenses" below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Notes *(continued)*

1 Accounting policies *(continued)*

Tangible fixed assets *(continued)*

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Freehold property 50 years
- Fixtures, fittings and equipment 3 years
- Motor vehicles 4 years
- Freehold improvements 5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities (included in technology and software) may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and external development costs incurred. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Notes *(continued)*

1 Accounting policies *(continued)*

Intangible assets and goodwill *(continued)*

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred. Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of intangible assets acquired in a business combination are capitalised separately from goodwill when all three of the following conditions are met:

- the recognition criteria are met (i.e. it is probable that economic benefits will flow and the value of the asset can be measured reliably);
- the intangible asset arises from contractual or other legal rights; and
- the intangible asset is separable

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Customer relationships 10 years
- Brand 10 years
- Technology and software 3 - 10 years
- Licences, copyright and trademarks 10 years

Goodwill is amortised on a straight-line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 10 years.

Brands, licences, copyrights and trademarks were valued using the relief from royalty approach. Customer relationships were valued using a multi-period excess earning method approach.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

Impairment

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes *(continued)*

1 Accounting policies *(continued)*

Impairment *(continued)*

Non-financial assets
The carrying amounts of the entity's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss recognised for goodwill is not reversed. Impairment losses recognised for other assets is reversed only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee benefits

Defined contribution plans and other long-term employee benefits
A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured, also it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the parent Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Turnover

Turnover represents accreditation services, audit certification services and software. Accreditation revenue generated from new business is recognised at the point of registration and renewals recognised at the point of renewal. Audit certification revenue is recognised at the point the associated audit is performed. Software revenue is recognised over the term of the contract to which it relates, reflecting the phasing of work through initiation, go live and completion stages.

Any amounts invoiced where the service is to be provided in future, or for subscriptions paid in advance, are included in deferred income, in line with contractual arrangements.

Turnover is stated net of value added tax and trade discounts and includes rechargeable expenses where applicable.

Notes *(continued)*

1 Accounting policies *(continued)*

Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation, in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and Interest payable

Interest payable and similar expenses include, where applicable, interest payable on bank borrowings and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Interest receivable and similar income includes interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Taxation

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes *(continued)*

2 Turnover

An analysis of turnover by class of business and by country of classification is as follows:

			Period to 31 December 2022
	Continuing £000	**Discontinued £000**	**Total £000**
Accreditation	36,749	-	**36,749**
Certification	13,527	-	**13,527**
Software	-	16,391	**16,391**
	50,276	**16,391**	**66,667**

	Continuing £000	**Discontinued £000**	**Total £000**
United Kingdom	37,696	10,505	48,201
Europe	290	772	1,062
Rest of the world	12,290	5,114	17,404
	50,276	**16,391**	**66,667**

Notes *(continued)*

3 Expenses and auditor's remuneration

Included in the loss for the financial period are the following:

	Period to 31 December 2022 £000
Depreciation of tangible fixed assets	449
Amortisation of goodwill	52,780
Amortisation of other intangible fixed assets	11,783
Auditor's remuneration:	
Audit of these financial statements	23
Audit of financial statements of subsidiaries	172
Other services including taxation	95
Restructuring and other non-operating costs – continuing activities (see note below)	6,676
Restructuring and other non-operating costs - discontinued activities (see note below)	894
Management costs	87

Restructuring and other non-operating costs reflect corporate activity during the period including a large amount of restructuring to position Alcumus for future growth, various corporate projects, and business transformation activity.

4 Staff numbers and costs

The average number of staff employed by the group, including directors, during the period was:

	Period to 31 December 2022 Number
Auditors	158
Consultants	48
Helpdesk	18
Sales and marketing	211
Management and administration	316
	751

The aggregate payroll costs of the above were:

	Period to 31 December 2022 £000
Wages and salaries	29,299
Social security costs	3,299
Other pension costs	1,166
	33,764

The compensation for key management personnel totalled £690,000.

Notes *(continued)*

5 Remuneration of directors

	2022 £000
Directors' emoluments	**662**
Company contributions to defined contribution pension schemes	**28**
	690

Directors' emoluments represent amounts receivable by the directors of Alcumus Group Limited for qualifying services to the Alcumus group as a whole during the period.

The highest paid director received remuneration of £336,000. The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £18,000.

6a Interest receivable and similar income

	2022 £000
On cash balances	**369**
Net gain on financial assets measured at fair value through profit or loss (note 11)	**6,600**
Foreign exchange gains	**1,561**
	8,530

6b Interest payable and similar expenses

	2022 £000
On bank borrowings	**15,239**
On finance lease obligations	**12**
Amortisation of debt issue costs	**3,828**
	19,079

Notes *(continued)*

7 Taxation

Total tax expense recognised in the profit and loss account

	2022 **£000**
Current tax	
UK corporation tax on income for the period	2,916
Foreign tax	7
Adjustments in respect of prior periods	-
Total current tax	2,923
Deferred tax (see note 16)	
Origination and reversal of timing differences	(191)
Adjustments in respect of prior periods	-
Total deferred tax	(191)
Total tax (all recognised in the Profit and Loss account)	2,732

Reconciliation of effective tax rate

	2022 **£000**
Profit for the period	147
Total tax	2,732
Profit excluding taxation	2,879
Tax using the UK corporation tax rate of 19%	547
Group relief surrendered without charge	15
Non-taxable income	(12,670)
Expenses not deductible for tax purposes	10,613
Fixed asset differences	25
Remeasurement of deferred tax for change in tax rates	(835)
Movement in deferred tax asset not recognised	5,037
Adjustments in respect of prior periods	-
Total tax expense/(credit) included in profit or loss	2,732

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Group's future current tax charge accordingly.

Deferred tax balances at 31 December 2022 has been calculated based on these rates, reflecting the expected timing of reversal of the related timing differences (see note 16).

Notes *(continued)*

8 Goodwill

Group	**Goodwill £000**
Cost	
At 3 February 2022	-
Additions – Alcumus group (note 17)	657,192
Additions – Cognibox (note 18)	40,789
Disposals	(121,847)
At 31 December 2022	**576,134**
Amortisation	
At 3 February 2022	-
Amortisation for the period	52,780
On disposals	(7,511)
At 31 December 2022	**45,269**
Net book value	
At 31 December 2022	**530,865**

Amortisation is recognised in administrative expenses.

Notes *(continued)*

9 Other intangible fixed assets

Group	Brand £000	Customer relationships £000	Licences, copyright and trademarks £000	Technology and software £000	Total £000
Cost					
At 3 February 2022	-	-	-	-	-
Additions – internally developed	-	-	22	8,216	8,238
Acquired with acquisition of subsidiary (notes 17 and 18)	17,277	24,189	3,036	9,903	54,405
Disposals	(6,510)	(10,266)	-	(4,567)	(21,343)
At 31 December 2022	**10,767**	**13,923**	**3,058**	**13,552**	**41,300**
Amortisation and impairment					
At 3 February 2022	-	-	-	-	-
Amortisation for the year	1,331	4,967	153	5,332	11,783
On disposals	(434)	(2,482)	-	(1,351)	(4,267)
At 31 December 2022	**897**	**2,485**	**153**	**3,981**	**7,516**
Net book value					
At 31 December 2022	**9,870**	**11,438**	**2,905**	**9,571**	**33,784**

Amortisation is recognised in administrative expenses.

Notes *(continued)*

10 Tangible fixed assets

	Freehold property £000	Freehold improvements £000	Motor Vehicles £000	Fixtures, fittings and equipment £000	Total £000
Cost					
At 3 February 2022	-	-	-	-	-
Acquired with acquisition of subsidiaries (note 19 & 20)	3,526	322	485	723	5,056
Additions	-	63	33	305	401
Disposals	-	(151)	(14)	(176)	(341)
At 31 December 2022	**3,526**	**234**	**504**	**852**	**5,116**
Depreciation					
At 3 February 2022	-	-	-	-	-
Charge for the period	64	72	54	259	449
Disposals	-	-	-	-	-
At 31 December 2022	**64**	**72**	**54**	**259**	**449**
Net book value					
At 31 December 2022	**3,462**	**162**	**450**	**593**	**4,667**

Notes *(continued)*

11 Fixed asset investments

	2022 Group £000	2022 Company £000
At 3 February 2022	-	-
Additions	-	455,165
Movement in fair value (note 6a)	6,600	-
At 31 December 2022	**6,600**	**455,165**

The group investment is a financial asset (Interest Rate Cap) acquired as part of the new long-term borrowing arrangements. This financial instrument is recognised at fair value, and hedge accounting is not applied. New interest rate agreements in the year are recognised initially at fair value, reflecting the transaction price, with subsequent changes in fair value, measured at each reporting date, recognised in profit or loss.

The company investment reflects shares in its group undertakings. In the opinion of the directors the investment in its subsidiary undertakings is not worth less than the value shown in the financial statements. Details of subsidiaries can be found under note 25. All subsidiaries have been included in the consolidation.

12 Debtors

	2022 Group £000	2022 Company £000
Due within one year:		
Trade debtors	**7,222**	-
Prepayments and accrued income	**2,383**	**-**
Other debtors	**6,917**	**-**
Amounts owed by group undertakings	**-**	**380**
	16,522	**380**

13 Creditors: amounts falling due within one year

	2022 Group £000	2022 Company £000
Trade creditors	**2,762**	**-**
Obligations under finance leases (note 15)	**136**	**-**
Corporation tax	**1,590**	**-**
Social security and other taxes	**676**	**-**
Accruals (other than interest)	**4,280**	**-**
Accruals (interest)	**25**	**-**
Other creditors	**1,405**	**1**
Deferred income	**11,636**	**-**
Amounts owed to group undertakings	**-**	**631**
	22,510	**632**

Notes *(continued)*

14 Creditors: amounts falling due after more than one year

	2022 Group £000	2022 Company £000
Bank loans	**287,347**	-
Accrued interest	**1,783**	-
Obligations under finance leases (note 15)	**55**	-
	289,185	-

The bank loans (which are shown net of unamortised issue costs of £7,431,000) comprise a £240m acquisition facility and drawdown of £54,778,000 of a £75m Facility B loan. Interest on the Facility B and Acquisition Facility is set at three-month GBP SONIA plus a margin of between 5.25% and 6% (variable dependant on net leverage). The principle is due on maturity of the loans in March 2029.

The Group also has a £40 million revolving credit facility which is available until 9 September 2028, which was undrawn at 31 December 2022.

15 Other interest bearing loans and borrowings

Finance lease liabilities are payable as follows:

Group	**Minimum lease payments 2022 £000**
Less than one year	**136**
Between one and five years	**55**
More than five years	**-**
At 31 December 2022	**191**

Notes *(continued)*

16 Provisions for liabilities: deferred tax

	2022
	£000
At 3 February 2022	-
Acquired and disposed of through business combinations	5,180
Recognised in the Profit and Loss Account for the period	(191)
At 31 December 2022	**4,989**

Deferred tax assets and liabilities are attributable to the following:

Group	**Assets 2022 £000**	**Liabilities 2022 £000**	**Net 2022 £000**
CIR interest restriction	(822)	-	**(822)**
Intangibles assets (acquired)		6,247	**6,247**
Fixed asset timing differences	-	276	**276**
Unused tax losses	(677)	-	**(677)**
Other timing differences	(35)	-	**(35)**
Net tax (assets) / liabilities	(1,534)	6,523	**4,989**

In addition to the deferred tax assets and liabilities above, the Group has unrecognised deferred tax assets in respect of the following:

	2022
	£000
Unused tax losses	151
Corporate interest restriction	7,185
Other timing differences	-
Tax assets	**7,336**

A deferred tax asset has not been recognised on the items above in the financial statements on the grounds that there is uncertainty that sufficient taxable profits will be generated in the foreseeable future for the asset to be recovered.

Company

There are no deferred tax balances in relation to the Company.

Notes *(continued)*

17 Acquisition – Alcumus Group Limited and its subsidiaries

On 9 March 2022, Dragon UK Bidco Limited, a subsidiary of Dragon UK Holdco Limited, acquired 100% of the ordinary share capital of Alcumus Group Limited and its subsidiaries for total consideration of £469,537,000, including professional fees of £14,373,000.

Alcumus Group Limited and its subsidiaries contributed £57,006,000 of revenue and £17,371,980 EBITDA to the group results from the date of acquisition to the balance sheet date.

Full details of the consideration and the fair value of the net assets arising are given below:

	Book Value	Fair value adjustments	Recognised acquisition value
	£'000	£'000	£'000
Fixed assets			
Intangible fixed assets	9,888	30,567	40,455
Tangible fixed assets	4,828	-	4,828
Current assets			
Debtors	20,003	-	20,003
Cash at bank and in hand	10,737	-	10,737
Total assets	**45,456**	**30,567**	**76,023**
Creditors			
Due within one year	(27,819)	2,332	(25,487)
Due in more than one year	(232,841)	-	(232,841)
Deferred tax	-	(5,349)	(5,349)
Total liabilities	**(260,660)**	**(3,017)**	**(263,677)**
Net identifiable assets and liabilities	**(215,204)**	**27,550**	**(187,654)**
Total cost of business combination			
Initial cash paid on completion			455,165
Costs directly attributable to the business combination			14,373
Total consideration			**469,538**
Goodwill on acquisition			**657,192**

The fair value adjustments relate to the value of intangible assets acquired which were not recognised in the book value of assets acquired (together with deferred tax thereon), and deferred revenue for which fair value differs from book value.

The expected useful life of the goodwill on acquisition above is 10 years, in line with the Group's accounting policies, and will be amortised on a straight-line basis over its useful life.

Notes *(continued)*

18 Acquisition – Service d'Intervention Sur Mesure Inc and its wholly owned subsidiary Cognibox Inc

On 30 June 2022, Alcumus Holdings Limited, a subsidiary of Dragon UK Holdco Limited, acquired 100% of the ordinary share capital of Service d'Intervention Sur Mesure Inc for total consideration of £52,890,000 (CAD$82,548,901), including professional fees of £925,000.

Service d'Intervention Sur Mesure Inc and its wholly owned subsidiary Cognibox Inc contributed £9,661,000 of revenue and £2,267,000 EBITDA to the group results from the date of acquisition to the balance sheet date.

Full details of the consideration and the fair value of the net assets arising are given below:

	Book Value	Fair value adjustments	Recognised acquisition value
	£'000	£'000	£'000
Fixed assets			
Intangible fixed assets	15	13,935	**13,950**
Tangible fixed assets	228	-	**228**
Current assets			
Debtors	1,325	-	**1,325**
Cash at bank and in hand	2,292	-	**2,292**
Total assets	**3,860**	**13,935**	**17,795**
Creditors			
Due within one year	(2,453)	-	**(2,453)**
Deferred tax	-	(3,241)	**(3,241)**
Total liabilities	**(2,453)**	**(3,241)**	**(5,694)**
Net identifiable assets and liabilities	**1,407**	**10,694**	**12,101**
Total cost of business combination			
Initial cash paid on completion			51,965
Costs directly attributable to the business combination			925
Total consideration			**52,890**
Goodwill on acquisition			**40,789**

The fair value adjustments relate to the value of intangible assets acquired which were not recognised in the book value of assets acquired (together with deferred tax thereon).

The expected useful life of the goodwill on acquisition above is 10 years and will be amortised on a straight-line basis over its useful life.

Notes *(continued)*

19 Disposals

On 21 October 2022 the company disposed of its entire 100% shareholdings (whether direct or indirect) in the below subsidiaries. The divestment presented a unique commercial opportunity to accelerate the investment and growth of the division. In all cases, the shareholdings were sold for values which did not provide any indication of impairment at the balance sheet date.

Name	**Registered number**	**Principal activity**
EcoOnline Info Exchange Limited	04111074	Software
EcoOnline Sypol Limited	04152975	Software
eCompliance Management Solutions Inc	n/a	Software
EcoOnline ePermits Holdings Limited	06648423	Holding company
EcoOnline ePermits Limited	06648423	Accreditation
Alcumus Americas LLC	n/a	Certification
Mango Limited	n/a	Software
Mango Software Limited	n/a	Software
EcoOnline Simple Compliance Limited	08271004	Software

	Profit on disposal £000
Net assets disposed of:	
Goodwill	114,336
Intangible assets	13,860
Deferred tax liability (in relation to intangible assets)	(3,465)
Intangibles assets – capitalised development	3,216
Tangible fixed assets	341
Debtors	6,844
Cash	6,036
Creditors	(31,903)
Net assets disposed	**109,265**
Costs incurred on disposal	2,027
Profit on disposal	66,686
Proceeds	177,978
Satisfied by:	
Cash	177,978

Notes *(continued)*

20 Share capital and reserves

	2022
	£000
Allotted, called up and fully paid	
Issued on 3 February 2022: 10,000 Ordinary shares of £0.01 each	-
Issued on 9 March 2022: 455,166,804 Ordinary shares of £0.01 each	**4,552**
	4,552

Share premium account

The share premium account represents amounts received on the issue of share capital in excess of the nominal value of the share capital, less any costs incurred as a result of the issue. The shares issued on 9 March 2022 gave rise to a premium of £450,615,000.

Capital contribution reserve

Includes capital contributions received from the parent undertaking (see note 21).

Foreign exchange reserve

Includes cumulative foreign exchange gains/losses arising on translation of the subsidiary results into the group's functional currency.

Profit and loss account

Includes all current and prior period retained profits and losses.

21 Share based payments

On 9 March 2022, 619,604 Ordinary C shares of the company's immediate parent company were granted to employees of the company's subsidiaries. Of these shares, 354,802 remained in the ownership of the employees at year end. These shares were determined to have a total fair value of £5,698,120, with the associated charge to be recognised over the vesting period in accordance with FRS102, being a charge of £1,174,000 for the period ended 31 December 2022.

As this share-based payment is in relation to employees of the group headed by Dragon UK Holdco Limited, the charge has been passed down to the group by means of a capital contribution, to be reflected in the appropriate subsidiary entity with the relevant employee expenses.

22 Pension Commitments

The Group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Group to the scheme and amounted to £1,166,000.

Notes *(continued)*

23 Related party transactions

All transactions and balances with Dragon UK Holdco Limited's wholly owned subsidiaries have been eliminated upon consolidation. The Company has taken advantage of the exemption available under Financial Reporting Standard 102 from disclosing transactions with other wholly owned group companies.

In April 2021, an interest-free loan of £2,500,000 was issued to a director. There is no fixed duration, and the loan can be repaid at any time. The loan was repaid to the Alcumus Group in March 2022.

Following the sale of certain of the company's subsidiaries as described in note 19, the group continued to transact with those subsidiaries. The transactions related to recharges to and from the former subsidiaries, as follows:

Name	Costs recharged from group £000	Costs recharged to group £000	Debtor / (creditor) balance at 31 December 2022 £000
eCompliance Management Solutions Inc	14	(150)	(88)
EcoOnline Info Exchange Limited	1,099	(123)	385
EcoOnline Sypol Limited	226	-	-
Mango Limited	84	-	-
EcoOnline ePermits Limited	68	-	-
EcoOnline Simple Compliance Limited	80	-	-

24 Ultimate and immediate controlling party

At 31 December 2022 Dragon UK Holdco Limited headed the only group to consolidate these financial statements. At the date of approval of these financial statements, the immediate parent is Dragon Holdco (Guernsey) Limited, and the ultimate holding company is Apax X GP Co. Limited. The ultimate controlling party are funds managed, advised or controlled by Apax Partners by virtue of their majority shareholding.

25 Subsidiaries

Details of the company's directly and indirectly held subsidiary undertakings are set out below:

Name	Registered office address	Company number	Principal activity	Ordinary shares held - Group	Ordinary shares held – Company
Dragon UK Midco 1 Limited	Note 1	13892165	Holding company	100%	100%
Dragon UK Midco 2 Limited	Note 1	13892549	Holding company	100%	-
Dragon UK Bidco Limited	Note 1	13892607	Holding company	100%	-
Alcumus Group Limited	Note 1	09793309	Holding company	100%	-
Alcumus Midco Limited	Note 1	09794154	Holding company	100%	-
Alcumus PIKco Topco Limited	Note 1	13086441	Holding company	100%	-
Alcumus PIKco Midco Limited	Note 1	13087054	Holding company	100%	-
Alcumus PIKco Bidco Limited	Note 1	13087002	Holding company	100%	-
Alcumus Bidco Limited	Note 1	09794274	Holding company	100%	-
Alcumus Holdings Limited	Note 1	06955372	Holding company	100%	-
Alcumus Isoqar Limited	Note 1	02637608	Certification services	100%	-
Alcumus Safeworkforce Limited	Note 1	02603010	Accreditation	100%	-
Alcumus Safecontractor Limited	Note 1	07618138	Accreditation	100%	-
Alcumus ContractorCheck Inc	Note 2	n/a	Accreditation	100%	-
Service d'Intervention Sur Mesure Inc.	Note 3	n/a	Accreditation	100%	-
Cognibox Inc.	Note 3	n/a	Accreditation	100%	-

Note 1) The registered office address of these entities is Axys House, Heol Crochendy, Parc Nantgarw, Cardiff, CF15 7TW

Note 2) The registered office address of these entities is 111 Queen Street East, Toronto, Ontario, M5C 1S2, Canada

Note 3) The registered office address of this entity is 528, 5e rue de la Pointe, Shawinigan, QC, G9N 1E8, Canada

Notes *(continued)*

26 Accounting estimates and judgements

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Critical accounting judgements in applying the company's accounting policies:

In the course of preparing the financial statements, no judgements have been made in the process of applying the Company's accounting policies, other than those involving estimations (which are dealt with separately below), that have had a significant effect on the amounts recognised in the financial statements.

Source of estimation uncertainty and judgements involving estimations:

The company does not have any key assumptions concerning the future, or other key sources of estimation uncertainty in the reporting period that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Useful economic lives and valuation of goodwill and intangible assets

Notwithstanding this, as significant balances are the group's goodwill and other intangible assets, management undertakes an annual impairment review to identify the occurrence of events or changes in circumstances that indicate the carrying amount of any goodwill or intangible asset may not be recoverable. Where indicators are present a full impairment test will be carried out, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate.

Notes *(continued)*

27 Post balance sheet events

On 21 March 2023, Alcumus Holdings Limited, a direct subsidiary of Dragon UK Holdco Limited, acquired 100% of the ordinary share capital of CitrusHR Limited, registered in England and Wales. CitrusHR provide HR expertise, software and payroll solutions to businesses in the UK.

On 9 May 2023, a further issue of 289,505 shares of £0.01p each gave rise to a premium of £287,000.

On 20 October 2023, Alcumus Holdings Limited, a direct subsidiary of Dragon UK Holdco Limited, acquired 100% of the ordinary share capital of Planet First Limited, registered in England and Wales. Based in the UK, Planet First are a leading sustainability certification and net-zero provider.

28 Operating lease commitments

Non-cancellable operating lease rentals relate to property. Non-cancellable operating lease rentals are payable as follows:

	2022 £000
Less than one year	152
Between one and five years	107
	259

29 Net debt

The below is an analysis of changes in net debt from the beginning to the end of the current reporting period:

	Borrowings due within one year £000	Borrowings due after one year £000	Obligations under finance lease liabilities £000	Cash and cash equivalents £000	Net debt £000
Balance at 3 February 2022	-	-	-	-	-
Cash flows	-	-	97	106,042	106,139
Acquired with subsidiaries	-	-	-	13,029	13,029
Disposed of with subsidiaries	-	-	-	(6,036)	(6,036)
Non-cash changes	(25)	(289,130)	(288)	-	(289,443)
Balance at 31 December 2022	**(25)**	**(289,130)**	**(191)**	**113,035**	**(176,311)**

Borrowings include bank loans and accrued interest payable.