
KERRIDGE COMMERCIAL SYSTEMS LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**



KERRIDGE COMMERCIAL SYSTEMS LIMITED

COMPANY INFORMATION

Directors	I B Bendelow N J Bedford D A Liddle D Nangle
Registered number	07090521
Registered office	Charnham Park Hungerford Berkshire RG17 0YU
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 1020 Eskdale Road Winnersh Wokingham Berkshire RG41 5TS
Bankers	HSBC Bank Plc Apex Plaza Reading Berkshire RG1 1AX

KERRIDGE COMMERCIAL SYSTEMS LIMITED

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KERRIDGE COMMERCIAL SYSTEMS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

Introduction

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

- with the appropriate level of background context for these financial statements with respect to the performance of the company and wider Group, which includes all the subsidiary undertakings owned by the Company's ultimate parent company, Kerridge Commercial Systems Group Limited;
- with an analysis of the Company's past performance; and
- an insight into the Company's main objectives and strategies; and the principal risks it faces and how they might affect future prospects.

The Company's Objectives and Strategy

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

- Exceptional software and systems for the Company's current and future customers across the globe in the Distributive Trades sector;
- Excellent levels of innovation and service to our customers;
- Challenging yet rewarding careers for the Company's employees; and
- Strong growth in shareholder value.

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

- Maintain proactive customer engagement through the sales and operational teams to ensure customer satisfaction and maintain a strong understanding of customer needs.
- Continue to research and develop the Company's software products, tools and services to ensure the most appropriate use of technology and business practice is available to add value to our customers' businesses.
- Continue to make appropriate investment in the Company's employees through recruiting the right individuals and then developing staff through clear communication, coaching, mentoring and other training initiatives.
- Continue to invest in the Company's business infrastructure, tools and other resources to ensure efficient delivery of our product and services.

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

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

KERRIDGE COMMERCIAL SYSTEMS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

Business review

The Company's performance is described below in the context of the performance of the wider Group, which includes all the subsidiary undertakings owned by the Company's ultimate parent company, Kerridge Commercial Systems Group Limited.

Acquisitions

Since the Group's inception in 2010 the Group has made the following strategic acquisitions:

Acquisition target trading name	Acquired during the year ended 30 September	Principal customer locations	Sector	Acquisition rationale
Kerridge Computer Company	2010	UK, Ireland, South Africa, Netherlands	Distribution	MBO
TIS Software	2011	UK	Distribution	Market share and technology
Datawright	2012	UK	Manufacturing and Field Service	Technology
Dancik International	2015	USA	Distribution	Platform for launch in USA, organically growing customer base and technology
Mincron SBC	2016	USA	Distribution	Platform for launch in USA, organically growing customer base and technology
Integrity Retail	2017	South Africa	Retail	Technology
IQ Retail	2017	South Africa	Retail and distribution	Market share and technology
Lakeview	2017	UK	Manufacturing and distribution	Market share and technology
AGP	2018	Netherlands	Distribution	Market share
Electronic Data Processing	2018	UK	Distribution	Market share and technology
Insphire Limited	2018	UK, Netherlands, USA, Australia and South Africa	Hire and rental	Market share and technology
Current-RMS	2018	Global	Hire and rental	Market share and technology
Kerridge Commercial Systems (KKE) Limited	2019	Kenya	Retail	Market share
Insphire Australia	2019	Asia-pacific	Hire and rental	Market share
MAM Software Group Inc	2019	USA	Retail and Distribution	Technology and Market expansion
Infomat BV	2020	Netherlands	Distribution	Market share and technology
Unit 4 Wholesale	2020	Netherlands	Distribution	Market share and technology

KERRIDGE COMMERCIAL SYSTEMS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

During the year ended 30 September 2019 the Group concluded the following acquisitions:

In January 2019 the Group incorporated a new Kenyan subsidiary in order to offer local service to existing Kenyan customers and to offer the Group's products to new customers in the local market. We welcome our new Kenyan employees to the group and are pleased to report that the Kenyan business is trading inline with our expectations.

In February 2019 the Group incorporated a new Australian subsidiary and used it to acquire the AsiaPacific reseller of the Inspire Limited business which joined the Group during the year ended 30 September 2018. The Inspire reseller is based in Perth, Australia. We welcome our new colleagues to the Group and look forward to working with them on new opportunities for the Group's products in the AsiaPacific region.

The current year results reflect a full year of trade from these entities compared to the date of commencement in the prior year.

In August 2019 the Group incorporated a new US (Delaware) subsidiary, Chickadee Holdings Inc. to act as an acquisition vehicle to conclude the acquisition of Nasdaq listed MAM Software Group, Inc.

During the year the Group rationalised some of the historical holding companies acquired and undertook a restructure. This required 4 companies being liquidated and 3 further companies had their trade and assets hived-up. This has resulted in a notable change to intercompany balances owed to and by KCSL resulting in an operating loss as previous loans were written off and a dividend paid. This has also created a net liability position as receivables were written off through the restructure.

During the financial year ended 30 September 2020, the Group further expanded as follows:

On 21st October 2019 the group completed the acquisition of MAM Software Group Inc, a leading global provider of on-premise and cloud-based business management solutions for the automotive parts, tyre and vertical distribution industries and therefore represents a highly complementary and important acquisition for the Group.

On 11 March 2020 the Company's subsidiary, Kerridge Commercial Systems (Nederland) BV acquired 100% of the issued share capital of Virtus NV. Virtus provides ERP software to customers in the Belgium and Dutch markets.

On 8 July 2020 the Company's subsidiary, Kerridge Commercial Systems (Nederland) BV acquired 100% of the issued share capital of Unit4 Wholesale BV. Unit4 Wholesale provided ERP solutions to wholesale vertical customers in the Netherlands.

Together, the latter two acquisitions significantly increases the Group's presence in the Benelux market.

The current year results reflect trading from the date of commencement of trade to the year end date for these entities.

Employees

The company believes in keeping employees informed of the progress of the business and its performance. Accordingly it maintains regular communications with all staff as well as established consultation processes. Flexibility has been crucial in meeting our objectives over the last year, from keeping staff informed to adjusting working patterns to maintain productivity.

Across the last 12 months the company has offered additional training to support the unique situation, utilising a 3rd party training provider to offer a range of remote courses. In addition mental health leadership courses are held regularly to ensure managers are equipped to support everyone in their team.

KERRIDGE COMMERCIAL SYSTEMS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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

Going concern

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

Business focus

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

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

Summary of financial performance

We are delighted to report another strong performance for the Company

In the financial year under review the Company generated:

- Turnover of £30.6m (2019: £32.3m); and
- Operating profit before depreciation, goodwill and intangibles amortisation, impairment and other non-recurring costs (EBITDA) of £6.7m (2019: £5.8m).

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

The Company had cash balances of £3m (2019: £2.3m) at year end.

Business outlook

The business maintains a positive outlook. Its exposure to a wider geographic market, diverse customer verticals and increasing recurring revenue coupled with the highly mission critical nature of the software and services which the Company provides will enhance its ability to achieve return from investments in its products, staff and infrastructure. The directors continually monitor the social, political and economic climates in the principal jurisdictions in which the Company operates in order to identify business risks and opportunities in order to mitigate and exploit them as or before they arise.

KERRIDGE COMMERCIAL SYSTEMS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

Organic sales growth of recurring revenues across the group continues to be strong and have been achieved from both new and existing customers; all keen to take advantage of the operational benefits provided by the increasing depth in the Company's software solutions and supporting services. The Company continues to offer customers a choice between perpetual, cloud hosted and full SaaS licensing models. In recent years the Company has seen customer demand shift in favour of cloud hosted and full SaaS licensing models and this has accelerated further in the year ended 30 September 2020 with the majority of new business sold in the current financial year being on a SaaS basis. Customers are now clearly favouring this licensing model leading to growth in recurring revenue in the current financial year and further increased the extent to which total revenue is underpinned by recurring annual contracts.

This switch to SaaS generates greater stability for the future, but a drop in perpetual license sales. We continue to focus on developing our products and balance the focus against bespoke customer developments.

The Company's software systems are delivered using fast, scalable and resilient platforms with customers being given the choice of own on premise solutions or increasingly deploying systems through SaaS on a fully hosted cloud solution. The last year has pushed us to fully remote installs. This gives the company increased efficiencies and ability to install quickly and repeatedly.

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

Principal risks and uncertainties

The Board considers the principal risks and uncertainties facing the business to be those associated with the current economic climate. That being said, the Board proactively monitors order take and sales pipeline activity and believe that these key measures shows that the business' customer base are continuing to invest in their internal systems in order to improve business efficiency and competitiveness.

Coronavirus

This event continues to be one of the most significant economic shocks for the UK and the Global economy, respectively, in recent history. Through the year we utilised government support schemes that the company was eligible for, this was predominantly related to employee support schemes. At the date of approval of these accounts its effects continue to impact all levels of society generating unprecedented levels of uncertainty, with the full extent of the implications as yet unknown.

We are monitoring the spread of the virus and considering our people movements on a case by case basis. We have been successful in delivering all of our services remotely, from Customer Support to professional services. We are closely monitoring our supply chain to ensure availability of equipment and materials in order to allow us to continue to deliver high levels of customer service.

Brexit

The UK formally left the EU on 31 January 2020 and the transition period ended on 31 December 2020. During the transition period we monitored key risks and opportunities to assess how we might make changes to our business to ensure we mitigate any risks and maximise the opportunities. Despite the late agreement on the final deal, being globally diversified offered a degree of protection. We have quickly adapted to the changes to the customs treaty and delivered an interrupted service to our customers.

KERRIDGE COMMERCIAL SYSTEMS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

Financial risk management objectives and policies

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

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

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

Foreign exchange rate risk

Exchange rate fluctuation represents a risk because some sales are priced in currencies other than Sterling. In addition, the Company's overseas operations continue to grow. The directors do not consider that the potential downside associated with this risk at this stage in the Company's development is of sufficient size to require hedging however due consideration will be given if the risks are sufficiently higher enough to warrant a hedge.

Interest rate risk

The Company has financed its operations through a combination of inter-group balances and shareholders' funds. The interest rate of the debt funding in the Group (which is denominated in Sterling, Euros and US Dollar) is variable with applicable currency 'LIBOR' rates. Given the current level of borrowings, the directors are of the view that the risk of material interest rate increase is limited. If the level of borrowings and potential for interest rate risk were to increase then the Company would use certain financial instruments to manage that risk by use, for example, of interest rate caps.

Liquidity risk

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

Credit risk

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

In order to manage credit risk the directors set a policy of monitoring exposure with customers based on a combination of payment history and third party credit references. Exposure levels are reviewed by senior management on a regular basis in conjunction with debt ageing and collection history. The credit risk on intercompany receivables is managed by the directors at the group level by ensuring that sufficient cash facilities are secured, in respect of positive cash inflows from operations, to settle any amount upon demand.

In addition to external factors the board remains vigilant ensuring acquisitions are successful, including, but not limited to profitability. The performance of acquisitions are monitored, including people, service as well as profitability to ensure the correct integration and cross skilling is used to maximise the quality of service provided. In the year this has included rationalising the group structure and liquidating some of the former holding companies to simplify and improve efficiency. This has required an impairment charge to be incurred in the year which has impacted the company's overall pre tax profitability.

KERRIDGE COMMERCIAL SYSTEMS LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

Financial key performance indicators

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

The Key Performance Indicators ("KPI's"), which are monitored at Board level, have been devised to allow the Board and shareholders to monitor the Company as a whole. The consolidated KPI's which the Board currently considers to be the most important are as follows:

	2020	2019	Growth
Recurring Revenue (Note 1)	£18.6m	£17.6m	£1.0m
Non-recurring Revenue	£12.0m	£14.7m	(£2.7m)
Total Revenue	£30.6m	32.3m	(£1.7m)
Recurring Revenue (Note 1) (% of Revenue)	60.8%	54.5%	
Gross Profit	£25.7m	£27.3m	(£1.6m)
Gross Profit %	83.9%	84.6%	
EBITDA (Note 2)	£5.9m	£5.6m	£0.3m
Cash balances held at period end	£3.0m	£2.4m	£0.6m

Note 1 - Revenue from renewable service contracts.

Note 2 - Operating profit before depreciation, goodwill and intangibles amortisation and impairment

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

Nigel Bedford

N J Bedford
Director

Date: 15/4/2021

KERRIDGE COMMERCIAL SYSTEMS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

The directors present their report and the financial statements for the year ended 30 September 2020.

Results and dividends

The profit for the year, after taxation, amounted to £8,576,000 (2019: £4,374,000).

An interim dividend of £3,700,000 (2019: £Nil) was paid during the year. The directors do not recommend the payment of a final dividend (2019: £Nil).

Directors

The directors who served during the year were:

I B Bendelow
N J Bedford
D A Liddle
D Nangle

Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Future developments

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

KERRIDGE COMMERCIAL SYSTEMS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

Matters covered in the strategic report

Principal risks and uncertainties for the year ended 30 September 2020 are disclosed in the Strategic Report as required by S414C (11) of Companies Act 2006.

Disclosure of information to auditor

The directors confirm that:

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

Auditor

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

This report was approved by the board on 15/4/2021 and signed on its behalf.

Nigel Bedford

N J Bedford
Director



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

Opinion

We have audited the financial statements of Kerridge Commercial Systems Limited (the 'Company') for the year ended 30 September 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as COVID-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

COVID-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.



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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business model, including effects arising from macro-economic uncertainties such as COVID-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

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 absence of reference to a material uncertainty in this Auditor's report is not a guarantee that the company will continue in operation.

Other information

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

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

We have nothing to report in this regard.



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

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

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

Grant Thornton UK LLP

Paul Holland BSc BFP FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Reading
Date: 15/4/2021

KERRIDGE COMMERCIAL SYSTEMS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Note	2020 £000	2019 £000
Turnover	4	30,559	32,338
Cost of sales		(4,877)	(4,992)
Gross profit		<u>25,682</u>	<u>27,346</u>
Administrative expenses		(20,241)	(31,104)
Other operating income	5	76	-
Operating profit/(loss)	6	<u>5,517</u>	<u>(3,758)</u>
Income from shares in group undertakings		3,885	9,205
Interest receivable and similar income	10	1,512	923
Interest payable and expenses	11	(1,668)	(879)
Profit before tax		<u>9,246</u>	<u>5,491</u>
Tax on profit	12	(671)	(1,117)
Profit for the financial year		<u><u>8,575</u></u>	<u><u>4,374</u></u>
Total comprehensive income for the year		<u><u>8,575</u></u>	<u><u>4,374</u></u>

There were no recognised gains and losses for 2020 or 2019 other than those included in the Statement of Comprehensive Income.

The notes on pages 18 to 40 form part of these financial statements.

KERRIDGE COMMERCIAL SYSTEMS LIMITED
REGISTERED NUMBER:07090521

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	14	64	60
Tangible assets	15	848	898
Investments	16	34,228	34,212
		<u>35,140</u>	<u>35,170</u>
Current assets			
Debtors: amounts falling due within one year	17	69,743	34,651
Cash at bank and in hand	18	3,012	2,428
		<u>72,755</u>	<u>37,079</u>
Creditors: amounts falling due within one year	19	(73,744)	(42,993)
Net current liabilities		<u>(989)</u>	<u>(5,914)</u>
Total assets less current liabilities		<u>34,151</u>	<u>29,256</u>
Provisions for liabilities			
Deferred tax	21	(40)	(20)
		<u>(40)</u>	<u>(20)</u>
Net assets		<u><u>34,111</u></u>	<u><u>29,236</u></u>
Capital and reserves			
Called up share capital	22	455	455
Share premium account	23	701	701
Capital contribution reserve	23	5,304	5,304
Other reserves	23	84	84
Profit and loss account	23	27,567	22,692
		<u>34,111</u>	<u>29,236</u>

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

N J Bedford
 Director

Ngel Bedford

Date: 15/4/2021

The notes on pages 18 to 40 form part of these financial statements.

KERRIDGE COMMERCIAL SYSTEMS LIMITED

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

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

KERRIDGE COMMERCIAL SYSTEMS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Called up share capital	Share premium account	Capital contribution	Employee benefit trust reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 October 2018	455	701	5,304	86	18,316	24,862
Comprehensive income for the year						
Profit for the year	-	-	-	-	4,374	4,374
Movement on EBT reserve	-	-	-	(2)	2	-
At 30 September 2019	455	701	5,304	84	22,692	29,236

The notes on pages 18 to 40 form part of these financial statements.

KERRIDGE COMMERCIAL SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

1. General information

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

The principal activity of Kerridge Commercial Systems Limited as outlined in the Strategic Report is to provide exceptional software solutions, systems and ongoing support to customers in the Distributive trades.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7

This information is included in the consolidated financial statements of Kerridge Commercial Systems Group Limited as at 30 September 2020 and these financial statements may be obtained from Companies House.

2.3 Going concern

The financial statements have been prepared under the going concern basis as the directors have undertaken a review of the future financing requirements for the ongoing operation of the Company, and wider Group, taking into account external market factors and expected level of recurring revenue and current pipeline for new business. The board closely monitor overheads and aim to keep the Group's cost base as low as possible. The directors are satisfied that sufficient cash facilities are secured, in respect of positive cash inflows from operations, to meet its working capital requirement for at least 12 months from the date of signing of these financial statements allowing for all COVID-19 delayed tax payments. The directors accordingly consider it appropriate for the financial statements to be prepared on a going concern basis.

KERRIDGE COMMERCIAL SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.4 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2.5 Revenue

Revenue income represents amounts derived from the sale of software licences, installation, consultancy, support, training services, annual maintenance contracts, SaaS and subscription contracts and hosting contracts, all which fall within the company's ordinary continuing activities after deducting trade discounts and value added tax.

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

2.6 Intangible assets

Goodwill

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

Other intangible assets

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

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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

The estimated useful life is as follows:

Trademarks	-	5 years (from date trademark is granted)
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KERRIDGE COMMERCIAL SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.7 Tangible fixed assets

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

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

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

Depreciation is provided on the following basis:

Leasehold property	- straight line over the length of lease
Computer and other equipment	- 2 to 4 years straight line

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

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

2.8 Impairment of fixed assets, goodwill and other intangible assets

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

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 Debtors

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

KERRIDGE COMMERCIAL SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.11 Cash and cash equivalents

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

2.12 Financial instruments

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

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

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

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

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

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

2.13 Creditors

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

KERRIDGE COMMERCIAL SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.14 Government grants

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

Grants of a revenue nature, including accounting for furlough receipts, are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.15 Employee benefit trust

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

2.16 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

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

2.17 Finance costs

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

KERRIDGE COMMERCIAL SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.18 Dividends

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

Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.19 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

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

2.20 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

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

2.21 Holiday pay accrual

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

2.22 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

KERRIDGE COMMERCIAL SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.23 Provisions for liabilities

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

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

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

2.24 Current and deferred taxation

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

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

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

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

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

2.25 Research and development

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

KERRIDGE COMMERCIAL SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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

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

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

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

Estimated impairment of intangible assets and investments in subsidiaries

The Company tests, when there are indicators of impairment, whether goodwill, intangible assets and investments have suffered any impairment, in accordance with its accounting policies. The recoverable amounts of cash generating units have been determined based on value in use calculations. These calculations require the use of estimates.

Recoverability of Trade and other debtors

Management applies judgement in evaluating the recoverability of debtors. To the extent that the directors believe debtors to be irrecoverable, they have been provided for in the financial statements.

4. Turnover

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

	2020 £000	2019 £000
Rendering of services	24,721	26,694
Licencing of intellectual property	686	1,130
Sale of goods	149	321
Other revenues	455	443
Charges to related parties	4,548	3,750
	<u>30,559</u>	<u>32,338</u>

Analysis of turnover by country of destination:

	2020 £000	2019 £000
United Kingdom	29,872	28,933
Rest of Europe	687	3,405
	<u>30,559</u>	<u>32,338</u>

KERRIDGE COMMERCIAL SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

5. Other operating income

	2020	<i>2019</i>
	£000	<i>£000</i>
Coronavirus Job Retention Scheme grants receivable	76	<i>-</i>

6. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2020	<i>2019</i>
	£000	<i>£000</i>
Impairment charges	-	<i>8,754</i>
Depreciation of tangible fixed assets	421	<i>462</i>
Exchange differences	376	<i>2</i>
Other operating lease rentals	324	<i>404</i>

7. Auditor's remuneration

	2020	<i>2019</i>
	£000	<i>£000</i>
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	30	<i>27</i>

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

KERRIDGE COMMERCIAL SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

8. Employees

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

	2020	<i>2019</i>
	£000	<i>£000</i>
Wages and salaries	10,221	<i>10,645</i>
Social security costs	1,607	<i>1,750</i>
Cost of defined contribution scheme	845	<i>896</i>
	12,673	<i>13,291</i>

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

	2020	<i>2019</i>
	No.	<i>No.</i>
Sales and administrative staff	55	<i>53</i>
Operations staff	71	<i>86</i>
Technical staff	81	<i>87</i>
	207	<i>226</i>

9. Directors' remuneration

	2020	<i>2019</i>
	£000	<i>£000</i>
Directors' emoluments	103	<i>112</i>
Company contributions to defined contribution pension schemes	16	<i>20</i>
	119	<i>132</i>

During the year retirement benefits were accruing to 1 director (*2019: 1*) in respect of defined contribution pension schemes.

During the year retirement benefits were accruing to 1 director (*2019: 1*) in respect of defined contribution pension salaries.

The directors consider that there are no Key Management other than the directors (*2019: None*).

KERRIDGE COMMERCIAL SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

10. Interest receivable

	2020 £000	2019 £000
Receivable on loans to subsidiaries	1,512	910
Bank interest receivable	-	13
	<u>1,512</u>	<u>923</u>

11. Interest payable and similar expenses

	2020 £000	2019 £000
Other loans	-	1
Payable on loans from other group companies	1,668	878
	<u>1,668</u>	<u>879</u>

12. Taxation

	2020 £000	2019 £000
Corporation tax		
Current tax on profits for the year	671	1,052
Adjustments in respect of previous periods	-	102
Total current tax	<u>671</u>	<u>1,154</u>
Deferred tax		
Origination and reversal of timing differences	-	(37)
Total deferred tax	<u>-</u>	<u>(37)</u>
Taxation on profit on ordinary activities	<u>671</u>	<u>1,117</u>

KERRIDGE COMMERCIAL SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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

The tax assessed for the year is lower than (2019: *higher than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
Profit on ordinary activities before tax	9,246	5,491
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	1,757	1,043
Effects of:		
Expenses not deductible for tax purposes	17	54
Ineligible fixed asset costs	11	14
Adjustments to tax charge in respect of prior periods	(55)	102
Impairment charges	-	1,663
Dividends from UK companies	(738)	(1,749)
Adjustment to change of rate for deferred tax	20	-
Unrecognised deferred tax	(10)	(23)
Other differences leading to an increase (decrease) in the tax charge	-	13
Group relief	(331)	-
Total tax charge for the year	671	1,117

Factors that may affect future tax charges

Following the Royal assent on 20 April 2017 of the 2017 Finance Act, there was a reduction in the main rate of corporation tax to 19% from 1 April 2017 and there will be a further reduction to 17% from 1 April 2020. Deferred tax has been calculated based on tax rates and laws enacted or substantially enacted at the reporting date.

13. Dividends

	2020 £000	2019 £000
Dividends paid	3,700	-

KERRIDGE COMMERCIAL SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

14. Intangible assets

	Trademarks £000	Goodwill £000	Total £000
Cost			
At 1 October 2019	60	15,487	15,547
Additions	4	-	4
At 30 September 2020	<u>64</u>	<u>15,487</u>	<u>15,551</u>
Amortisation			
At 1 October 2019	-	15,487	15,487
At 30 September 2020	<u>-</u>	<u>15,487</u>	<u>15,487</u>
Net book value			
At 30 September 2020	<u>64</u>	<u>-</u>	<u>64</u>
At 30 September 2019	<u>60</u>	<u>-</u>	<u>60</u>

KERRIDGE COMMERCIAL SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

15. Tangible fixed assets

	Leasehold Property £000	Computer and other equipment £000	Assets under construction £000	Total £000
Cost or valuation				
At 1 October 2019	1,058	2,824	-	3,882
Additions	-	330	41	371
At 30 September 2020	<u>1,058</u>	<u>3,154</u>	<u>41</u>	<u>4,253</u>
Depreciation				
At 1 October 2019	665	2,319	-	2,984
Charge for the year on owned assets	119	302	-	421
At 30 September 2020	<u>784</u>	<u>2,621</u>	<u>-</u>	<u>3,405</u>
Net book value				
At 30 September 2020	<u>274</u>	<u>533</u>	<u>41</u>	<u>848</u>
At 30 September 2019	<u>393</u>	<u>505</u>	<u>-</u>	<u>898</u>

KERRIDGE COMMERCIAL SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

16. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 October 2019	34,212
Additions	16
At 30 September 2020	<u>34,228</u>
Net book value	
At 30 September 2020	<u>34,228</u>
At 30 September 2019	<u>34,212</u>

KERRIDGE COMMERCIAL SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

16. Fixed asset investments (continued)**Direct subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Kerridge Commercial Systems South Africa Proprietary Limited	South Africa	Provision of computer software, consultancy services and training	Ordinary	100%
Kerridge Commercial Systems Trustee Company Limited	2a Herongate, Charnham Park, Hungerford, Berkshire, RG17 0YU	Dormant	Ordinary	100%
TIS Software Holdings Limited	C/O Milsted Lagdon, Llp Freshford House, Redcliffe Way, Bristol, BS1 6NP	Holding company	Ordinary	100%
Datawright Limited	C/O Milsted Lagdon, Llp Freshford House, Redcliffe Way, Bristol, BS1 6NP	Holding company	Ordinary	100%
Kerridge Commercial Systems (Ireland) Limited	Republic of Ireland	Provision of computer software, consultancy services and training	Ordinary	100%
Kerridge Commercial Systems (Nederland) BV	The Netherlands	Provision of computer software, consultancy services and training	Ordinary	100%
Eagle Bidco 2018 Limited	2a Herongate, Charnham Park, Hungerford, Berkshire, RG17 0YU	Holding company	Ordinary	100%
Lakeview Computers Group Limited	C/O Milsted Lagdon, Llp Freshford House, Redcliffe Way, Bristol, BS1 6NP	Holding company	Ordinary	100%
InspHire Limited	2a Herongate, Charnham Park, Hungerford, Berkshire, RG17 0YU	Provision of computer software, consultancy services and training	Ordinary	100%
Current-RMS Limited	2a Herongate, Charnham Park, Hungerford, Berkshire, RG17 0YU	Provision of computer software, consultancy services and training	Ordinary	100%
Kerridge Commercial Systems (KBE) Limited	2a Herongate, Charnham Park, Hungerford, Berkshire, RG17 0YU	Provision of computer software, consultancy services and training	Ordinary	100%
Kerridge Commercial Systems (KNE) Limited	2a Herongate, Charnham Park, Hungerford, Berkshire, RG17 0YU	Provision of computer software, consultancy services and training	Ordinary	100%

KERRIDGE COMMERCIAL SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

16. Fixed asset investments (continued)**Direct subsidiary undertakings (continued)**

Name	Registered office	Principal activity	Class of shares	Holding
Kerridge Commercial Systems (KSE) limited	2a Herongate, Charnham Park, Hungerford, Berkshire, RG17 0YU	Provision of computer software, consultancy services and training	Ordinary	100%

Indirect Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Smart Technologies Limited	2a Herongate, Charnham Park, Hungerford, Berkshire, RG17 0YU	Provision of computer software, consultancy services and training	Ordinary	100%
IQ Retail Proprietary Limited (a)	South Africa	Provision of computer software, consultancy services and training	Ordinary	100%
Kerridge Commercial Systems (KIR) Proprietary Limited (a)	South Africa	Provision of computer software, consultancy services and training	Ordinary	100%
Kerridge Commercial Systems (KSH) Limited (b)	4th Floor, Fountain Precinct, Balm Green, Sheffield, S1 2JA	Provision of computer software, consultancy services and training	Ordinary	100%
BML (Office Computers) Limited* (b) (c)	4th Floor, Fountain Precinct, Balm Green, Sheffield, S1 2JA	Provision of computer software, consultancy services and training	Ordinary	100%
BCT Software Solutions Limited* (b) (c)	4th Floor, Fountain Precinct, Balm Green, Sheffield, S1 2JA	Provision of computer software, consultancy services and training	Ordinary	100%
Disys Associates Limited* (b) (c)	4th Floor, Fountain Precinct, Balm Green, Sheffield, S1 2JA	Provision of computer software, consultancy services and training	Ordinary	100%
Vecta Sales Solutions Limited (b)	4th Floor, Fountain Precinct, Balm Green, Sheffield, S1 2JA	Provision of computer software, consultancy services and training	Ordinary	100%

KERRIDGE COMMERCIAL SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

16. Fixed asset investments (continued)**Indirect Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Kerridge Commercial Systems (KNG) BV (d)	The Netherlands	Holding Company	Ordinary	100%
Kerridge Commercial Systems (KNV) BV (d)	The Netherlands	Provision of computer software, consultancy services and training	Ordinary	100%
Kerridge Commercial Systems (KNR) BV (d)	The Netherlands	Provision of computer software, consultancy services and training	Ordinary	100%
Inspire Australia Pty Ltd (e)	Australia	Provision of computer software, consultancy services and training	Ordinary	100%
Kerridge Commercial Systems (KKE) Limited (a)	Kenya	Provision of computer software, consultancy services and training	Ordinary	100%
Kerridge Commercial Systems (KNW) (formerly Unit 4 Wholesale BV) (d)	The Netherlands	Provision of computer software, consultancy services and training	Ordinary	100%
Kerridge Commercial Systems Belgium NV (formerly Virtus NV) (d)	Belgium	Holding Company	Ordinary	100%
Infomat BV (g)	Belgium	Provision of computer software, consultancy services and training	Ordinary	100%
Infomat NV (f)	The Netherlands	Provision of computer software, consultancy services and training	Ordinary	100%

(a) Held indirectly by the Company through Kerridge Commercial Systems South Africa Proprietary Limited

(b) Held indirectly by the Company through Eagle Bidco 2018 Limited

(c) Effective 31 March 2019, these entities were hived up to Kerridge Commercial Systems (KSH) Limited

(d) Held indirectly by the Company through Kerridge Commercial Systems (Nederland) BV

(e) Held indirectly by the Company InspHire Limited

(f) Held indirectly by the Company Kerridge Commercial Systems Belgium NV (formerly Virtus NV)

(g) Held indirectly by the Company Infomat NV

* Entered voluntary liquidation on 14 July 2020

KERRIDGE COMMERCIAL SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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17. Debtors: Amounts falling due within one year

	2020	2019
	£000	£000
Trade debtors	4,126	4,071
Amounts owed by group undertakings	62,757	26,832
Other debtors	3	2
Prepayments and accrued income	2,787	3,746
Tax recoverable	70	-
	<u>69,743</u>	<u>34,651</u>

18. Cash and cash equivalents

	2020	2019
	£000	£000
Cash at bank and in hand	<u>3,012</u>	<u>2,428</u>

19. Creditors: Amounts falling due within one year

	2020	2019
	£000	£000
Trade creditors	1,870	1,079
Amounts owed to group undertakings	60,440	31,041
Corporation tax	-	709
Other taxation and social security	2,039	584
Other creditors	120	175
Accruals and deferred income	9,275	9,405
	<u>73,744</u>	<u>42,993</u>

KERRIDGE COMMERCIAL SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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20. Financial instruments

	2020	<i>2019</i>
	£000	<i>£000</i>
Financial assets		
Cash	3,012	<i>2,428</i>
Financial assets that are debt instruments measured at amortised cost	66,887	<i>32,807</i>
	<u>69,899</u>	<u><i>35,235</i></u>
Financial liabilities		
Financial liabilities measured at amortised cost	(63,827)	<i>(33,666)</i>

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

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

KERRIDGE COMMERCIAL SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

21. Deferred taxation

	2020	2019
	£000	£000
At beginning of year	(20)	(57)
Charged to profit or loss	(20)	37
At end of year	(40)	(20)

The provision for deferred taxation is made up as follows:

	2020	2019
	£000	£000
Accelerated capital allowances	(20)	(45)
Short term timing differences	(20)	25
	(40)	(20)

22. Share capital

	2020	2019
	£000	£000
Authorised, allotted, called up and fully paid		
45,464,550 (2019 - 45,464,550) Ordinary shares of £0.01 each	455	455

KERRIDGE COMMERCIAL SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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23. Reserves

Share premium account

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

Capital contribution reserve

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

Employee Benefit Trust Reserve

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

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

At 30 September 2020 the EBT had cash of £114,000 (2019: £114,000) and had £30,000 liabilities (2019: £30,000). The EBT distributed £Nil to beneficiaries in 2020 (2019: £2,000) and incurred administration costs of £Nil (2019: £Nil). These amounts have been included in the results of Kerridge Commercial Systems Limited for the period ended 30 September 2020.

Profit & loss account

Profit and Loss account includes all current and prior periods retained profits and losses.

24. Contingent liabilities

The Company is part of a Group cross guarantee in respect of bank loans held by Kerridge Commercial Systems (Bidco) Limited and Kerridge Commercial Systems US Holdco Inc. The total amount due at 30 September 2020 by the Group is £111,689,000, \$41,252,000 and €76,936,000 (2019: £54,005,678, \$19,650,000 and €5,300,000).

25. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions paid and payable by the Company to the fund and amounted to £845,000 (2019: £896,000). Contributions totaling £90,000 (2019: £91,000) were payable to the fund at the reporting date and are included in creditors.

KERRIDGE COMMERCIAL SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

26. Commitments under operating leases

At 30 September 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020	<i>2019</i>
	£000	<i>£000</i>
Land and buildings		
Not later than 1 year	137	<i>160</i>
Later than 1 year and not later than 5 years	309	<i>30</i>
	446	<i>190</i>
	446	<i>190</i>

At 30 September 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020	<i>2019</i>
	£000	<i>£000</i>
Not later than 1 year	20	<i>43</i>
Later than 1 year and not later than 5 years	18	<i>37</i>
	38	<i>80</i>
	38	<i>80</i>

27. Related party transactions

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

28. Controlling party

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

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

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