

4most Group Holdings Ltd

Report and Financial Statements

Year Ended

30 September 2023

Company Number 10142164

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4most Group Holdings Ltd

Report and financial statements
for the year ended 30 September 2023

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Directors

R J McDowell
N Richards
C Watters (appointed on 1 November 2022)
J M Herbert (resigned on 22 April 2023)

Secretary and registered office

M Mullen, Salisbury House, 29 Finsbury Circus, London, EC2M 5QQ

Company number

10142164

Auditor

CLA Evelyn Partners Limited, Chartered Accountants and Statutory Auditor, 45 Gresham Street, London, EC2V 7BG

4most Group Holdings Ltd

Group strategic report for the year ended 30 September 2023

Introduction

The Directors present their strategic report, together with the audited financial statements for the year ended 30 September 2023. The Directors believe that it presents a fair, balanced and understandable assessment of our position and prospects.

Founded in 2011, 4most Group Holdings Ltd and its subsidiaries ("the Group") has grown to become one of the UK's largest specialist credit risk and actuarial consultancies, and is successfully establishing itself internationally. We work with a range of clients, from challenger banks to international financial institutions, designing, building and implementing analytics solutions. The majority of revenue is generated from consultancy fee income, subscription, and outsourced services.

The Group provides services to a well-established client base in the UK and Ireland and has a growing presence in Europe and the Middle East, as well as experience in Asia and North America. The Group has grown both its credit risk and insurance practices in 2023 by over 16%, including employees joining based in Ireland and India, has launched new practices in the areas of Data Management and General Insurance and continued its work supporting clients in relation to climate change.

During 2023 the Group made the decision to partner with Phoenix Equity Partners ("PEP") as a majority owner to clear debt in our Employee Share Ownership Trust ("ESOT"), reward employees for their 5-year majority ownership and unlock further growth potential for the Group.

As a Group, we pride ourselves on working collaboratively with our clients to create long-term partnerships by consistently delivering results in line with client expectations. A core element of our approach is to closely integrate with in-house teams throughout any engagement.

The Group's high-quality, resilient business model and differentiated culture, combined with the attractive structural growth drivers in our industry means we are well positioned to build on the successes achieved to date in the year ahead.

Business review

During the 12 months to 30 September 2023, the Group generated a gross profit of £13,417,322 (2022: £14,517,605), a margin of 40% of turnover (2022: 49% of turnover), on a turnover of £33,721,060 (2022: £29,858,633). This included a one off additional Employer NI and apprenticeship levy charge of £2,782,556 (2022: £nil) as a result of a transfer of shares from 4most ESOT to its beneficiaries. Adjusting for this, gross profit would be £16,199,878, a margin of 48% of turnover. Post tax profit for the year was £1,805,765 (2022: £5,740,278).

Strategy

The Group's plan for the coming year is to continue to grow our Global client base across banking and insurance, further develop our products and subscription services and create new practices such as Market Risk. The Group will look to progress with its capital light organic growth as well as looking for strategic inorganic growth opportunities with the support of PEP. Operations in other parts of the world, such as Europe and the Middle East continue to be a key focus of growth for the Group, and in parallel the Group is continuing to progress a partnership strategy internationally, extending its network of partners during the financial year to include decision engines, model management, model building tools and a regulatory calculation and analysis solution. As a Group we will also continue to build delivery practices outside of London with offices in Leeds, Dublin, Bengaluru and Dubai being a focus for recruitment. To achieve this, we will look to attract high quality individuals harnessing our unique culture and employee-ownership model to develop our valued team ensuring the 4most brand continues to merit the trust of our employees and clients.

4most Group Holdings Ltd

Group strategic report for the year ended 30 September 2023 (continued)

Principal risks and uncertainties

Global economic headwinds mean credit risk analysis has been front of mind for regulators, policy makers and banks. This has resulted in a substantial increase in requirements across all lenders. However, market uncertainties caused high inflation rates, changes in the competitive landscape for banks and potential economic volatility over the next few years may have an impact on our current propositions and service delivery. To mitigate these risks, we remain focussed on expanding the business in new directions and continue our focus on innovation. This includes further development of our products and services including our climate risk practice where we have already supported three UK lenders with quantifying the climate risk within their mortgage portfolios.

The Board of Directors has considered the Group's exposure to the following risks, and the policies put in place to mitigate these risks are implemented by the Group's finance department.

Credit risk

The risk relates to the recovery of amounts owed by trade debtors. To manage this risk, aged debt reports are reviewed by the finance team on a weekly basis and outstanding amounts actively chased.

Foreign exchange risk

The majority of the Group's revenue is derived from operations within the UK and billed in £ Sterling at the present time. As the Group grows, revenue from international clients has grown, and the Group is actively managing this risk by holding bank accounts in the main currencies used (€ Euro and \$ USD), and monitoring exchange rates for conversion. The Group has also expanded to open a local UAE incorporated entity to support the growing presence there.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs, and regularly monitors current and projected working capital requirements. Existing facilities and covenants are reviewed by the Board on a quarterly basis. An analysis of the maturity of borrowings can be seen in note 20 to the financial statements.

Client delivery

The Group has a number of key client relationships and meeting or exceeding our clients' expectations is paramount to the success of the Group. Under-delivery against client expectations could result in reputational damage having an adverse impact on client demand or clients being unwilling to pay for services provided. The Group mitigates this through the recruitment and retention of high-quality employees with the right mix of skills to service our specific clients' requirements, together with rigorous recruitment and performance management policies as well as ongoing training.


Key performance indicators

In addition to performance measures to monitor growth in sales and profit, as set out in the Business review, other key measures used within the business include:

- Revenue and post bonus adjusted EBITDA (PBEBITDA)¹;
- Staff utilisation;
- Recruitment and retention; and
- Project profitability.

Our projects are a mix of time and materials and fixed price. Project profitability has been consistent across almost all projects.

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


Rob McDowell (Dec 15, 2023 12:05 GMT)
R J McDowell
Director
15 December 2023

¹ operating profit before depreciation, amortisation and one-off legal and professional expenses

4most Group Holdings Ltd

Report of the Directors for the year ended 30 September 2023

The Directors present their report and the audited financial statements for the year ended 30 September 2023.

Results and dividends

The Group's profit for the year, after taxation, amounted to £1,805,765 (2022: £5,740,278).

Capital distributions paid for the year amounted to £1,220 (2022: £6,654,967).

Dividends paid for the year amounted to £nil (2022 : £330,736). The Directors recommend a final ordinary dividend of £nil per Ordinary share. Dividends of £583,437 were paid to those with non-controlling interest (2022: £640,000).

Directors

The Directors who served during the year were:

R J McDowell
N Richards
C Watters (appointed on 1 November 2022)
J M Herbert (resigned 22 April 2023)

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

Subject to the receipt of any objections as provided under statute or the Group's Articles of Association, the Group is relying on the provisions for the deemed reappointment of CLA Evelyn Partners Limited as auditor as provided in s485 of the Companies Act 2006.

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


Rob McDowell (Dec 15, 2023 12:05 GMT)

R J McDowell
Director

15 December 2023

4most Group Holdings Ltd

Directors' responsibilities for the year ended 30 September 2023

Directors' responsibilities

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 Group and Company and of the profit or loss of the Group 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; and
- 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 Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

4most Group Holdings Ltd

Independent auditor's report to the members of 4most Group Holdings Ltd

Opinion

We have audited the financial statements of 4most Group Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Financial Position, the Company Statement of Changes in Equity and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 group's and of the parent company's affairs as at 30 September 2023 and of the group's 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 group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Emphasis of matter – reliance on parental support

We draw attention to note 2 of the financial statements, which describes the financial support available from Sandcastle Bidco Limited to the parent company and the group. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Report and Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

4most Group Holdings Ltd

Independent auditor's report to the members of 4most Group Holdings Ltd (*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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the 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 the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained a general understanding of the Group's and the Parent Company's legal and regulatory framework through inquiry of management concerning:

- their understanding of relevant laws and regulations; and
- the Group's and the Parent Company's policies and procedures regarding compliance.

We also drew on our existing understanding of the Group's and the Parent Company's industry and regulation. We understand that the Group and the Parent Company comply with the framework through:

- Updating operating procedures, manuals and internal controls as legal and regulatory requirements change;
- The outsourcing of tax compliance to external advisors;
- The Directors' oversight and management's close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly; and
- The Directors' monitoring of product regulations and working with the wider group to ensure compliance.

4most Group Holdings Ltd

Independent auditor's report to the members of 4most Group Holdings Ltd (continued)

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

In the context of the audit, we considered those laws and regulations:

- which determine the form and content of the financial statements;
- which are central to the Group's and the Parent Company's ability to conduct its business; and
- where failure to comply could result in material penalties.

We have identified the following laws and regulations as being of significance in the context of the Group and the Parent Company:

- relevant UK tax (both direct and indirect) compliance regulation; and
- The Companies Act 2006 and FRS102 in respect of the preparation and presentation of the financial statements.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations above:

- We enquired with the Group's and the Parent Company's management as to the existence of litigation;
- We reviewed board meeting minutes of the Group and the Parent Company for evidence of non-compliance; and
- We obtained written management representations regarding the adequacy of procedures in place.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the Group's and the Parent Company's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of this discussion were with regards to manipulation of the financial statements through manual journal entries and incorrect recognition of revenue.

These areas were communicated to the other members of the engagement team not present at the discussion.

The procedures we carried out to gain evidence in the above areas included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Testing a sample of revenue transactions to underlying documentation; and
- Testing a sample of manual journal entries, selected based on specific risk assessments applied based on the Group's and the Parent Company's processes and controls surrounding manual journals.

A further description of our responsibilities is available 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 parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Lindsay Manson
Senior Statutory Auditor, for and on behalf of
CLA Evelyn Partners Limited
Statutory Auditor
Chartered Accountants

45 Gresham Street
London
EC2V 7BG

Date: 15 December 2023

4most Group Holdings Ltd

Consolidated statement of comprehensive income for the year ended 30 September 2023

	Note	Group 2023 £	Group 2022 £
Turnover	4	33,721,060	29,858,633
Cost of sales		(20,303,738)	(15,341,028)
Gross profit		13,417,322	14,517,605
Other income	5	-	55,756
Administrative expenses		(9,657,396)	(6,697,300)
Share based payment charge	28	(329,320)	(98,830)
Operating profit	6	3,430,606	7,777,231
Interest receivable and similar income	10	14,873	1
Interest payable and similar charges	9	(1,041,956)	(688,266)
Profit before taxation		2,403,523	7,088,966
Tax on profit	11	(597,759)	(1,348,688)
Profit for the year		1,805,764	5,740,278
Other comprehensive income for the year		-	-
Total comprehensive income for the year		1,805,764	5,740,278
Total comprehensive income attributable to:			
Owners of the parent		1,560,258	5,447,364
Non-controlling interests		245,506	292,914
		1,805,764	5,740,278

The notes on pages 14 to 33 form part of these financial statements.

4most Group Holdings Ltd

Consolidated statement of financial position for the year ended 30 September 2023

Company number 10142164	Note	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Intangible assets	14		30,524		72,659
Tangible assets	15		230,946		265,793
Investments	16		<u>362,970</u>		<u>150,210</u>
			624,440		488,662
Current assets					
Debtors: amounts falling due within one year	17	8,268,542		5,844,543	
Cash and cash equivalents		<u>13,373,115</u>		<u>4,343,732</u>	
		21,641,657		10,188,275	
Creditors: amounts falling due within one year	18	<u>(11,293,193)</u>		<u>(5,910,530)</u>	
Net current assets			10,348,464		4,277,745
Creditors: amounts falling due after more than one year	19	(11,493,537)		(8,990,225)	
Other provisions	22	(48,775)		(36,623)	
			<u>(11,542,312)</u>		<u>(9,026,848)</u>
Net liabilities			<u>(569,408)</u>		<u>(4,260,441)</u>
Capital and reserves					
Share capital	24		201,465		200,005
Share premium account	25		2,874,845		415,076
Capital redemption reserve	25		904,631		904,631
Reverse acquisition reserve	25		(11,148,011)		(11,148,011)
Investment in own shares	25		(760,526)		(439,903)
Retained earnings	25		8,105,046		6,216,688
Equity attributable to owners of the parent company			177,450		(3,851,514)
Non-controlling interests			(746,858)		(408,927)
Shareholders' deficit			<u>(569,408)</u>		<u>(4,260,441)</u>

The financial statements were approved and authorised for issue by the Board on 15 December 2023 and were signed on its behalf by:

Rob McDowell
Rob McDowell (Dec 15, 2023 12:05 GMT)
R J McDowell
Director

Nicola Richards
N Richards
Director

The notes on pages 14 to 33 form part of these financial statements.

4most Group Holdings Ltd

Consolidated statement of changes in equity for the year ended 30 September 2023

Note	Share capital £	Share premium £	Capital contribution reserve £	Capital redemption reserve £	Reverse acquisition reserve £	Investment in own shares £	Retained earnings £	Non-controlling interests £	Total equity £
At 1 October 2022	200,005	415,076	-	904,631	(11,148,011)	(439,903)	6,216,688	(408,927)	(4,260,441)
Profit for the year	-	-	-	-	-	-	1,560,258	245,506	1,805,764
Comprehensive income for the year	-	-	-	-	-	-	1,560,258	245,506	1,805,764
Capital distribution	13	-	-	-	-	-	(1,220)	-	(1,220)
Share based payment	28	-	-	-	-	-	329,320	-	329,320
Dividends	12	-	-	-	-	-	-	(583,437)	(583,437)
Sale of own shares	-	2,459,769	-	-	-	439,903	-	-	2,901,132
Transactions between equity holders	25	-	-	-	-	(760,526)	-	-	(760,526)
Transactions with equity holders	-	2,459,769	-	-	-	(320,623)	328,100	(583,437)	1,885,269
At 30 September 2023	201,465	2,874,845	-	904,631	(11,148,011)	(760,526)	8,105,046	(746,858)	(569,408)

Note	Share capital £	Share premium £	Capital contribution reserve £	Capital redemption reserve £	Reverse acquisition reserve £	Investment in own shares £	Retained earnings £	Non-controlling interests £	Total equity £
At 1 October 2021	1,104,636	415,076	269,073	-	(11,148,011)	-	7,376,616	(61,841)	(2,044,451)
Profit for the year	-	-	-	-	-	-	5,447,364	292,914	5,740,278
Comprehensive income for the year	-	-	-	-	-	-	5,447,364	292,914	5,740,278
Capital distribution	13	-	-	-	-	-	(6,654,967)	-	(6,654,967)
Capital contribution - Directors loan	-	-	(269,073)	-	-	-	279,581	-	10,508
Share based payment	28	-	-	-	-	-	98,830	-	98,830
Dividends	12	-	-	-	-	-	(330,736)	(640,000)	(970,736)
Repurchase of own shares	-	-	-	-	-	(1,190,948)	-	-	(1,190,948)
Sale of own shares to employees	-	-	-	-	-	751,045	-	-	751,045
Cancellation of deferred shares	(904,631)	-	-	904,631	-	-	-	-	-
Transactions with equity holders	(904,631)	-	(269,073)	904,631	-	(439,903)	(6,607,292)	(640,000)	(7,956,268)
At 30 September 2022	200,005	415,076	-	904,631	(11,148,011)	(439,903)	6,216,688	(408,927)	(4,260,441)

The notes on pages 14 to 33 form part of these financial statements.

4most Group Holdings Ltd

Consolidated statement of cash flows for the year ended 30 September 2023

	2023 £	2022 £
Cash flows from operating activities		
Profit for the financial year	1,812,348	5,735,536
Adjustments for:		
Depreciation of tangible assets	151,721	114,570
Amortisation of intangible assets	46,533	81,226
Impairment of intangible assets	25,125	7,199
Loss on disposal of tangible assets	2,761	6,166
Interest payable	1,041,920	687,228
Interest receivable	(14,873)	(1)
Taxation charge	597,759	1,348,202
Increase in debtors	(2,273,931)	(804,536)
Increase in creditors	7,089,259	200,344
Increase in provisions	12,161	7,178
Corporation tax paid	(931,400)	(2,012,504)
Share based payment	329,320	98,830
Net cash generated from operating activities	7,888,703	5,469,438
Cash flows from investing activities		
Purchase of tangible fixed assets	(122,938)	(173,416)
Proceeds from the disposal of tangible assets	321	435
Investment in intangible assets	(29,523)	(47,026)
Payment to set-up new subsidiary	(10,677)	-
Payment to acquire shares	(199,885)	-
Purchase of the shares of the subsidiary	(853,026)	-
Net cash outflow from investing activities	(1,215,728)	(220,007)
Cash flows from financing activities		
Capital distribution paid	(1,220)	(6,654,967)
Interest paid	(396,998)	(430,388)
Interest received	59	1
Term loan paid	(10,740,000)	(1,409,328)
Term loan received	-	6,222,039
Repurchase of own shares	-	(1,190,948)
Repayment of the Director's Loan	-	(566,993)
Inter-company loan received	11,000,000	-
Dividends paid to non-controlling interests	(583,437)	(640,000)
Dividends paid to shareholders	-	(330,736)
Sale of own shares	3,093,631	751,045
Net cash inflow in financing activities	2,372,035	(4,250,275)
Net increase in cash and cash equivalents	9,045,010	999,156
Cash and cash equivalents at the beginning of the year	4,343,732	3,332,274
Cash and cash equivalents at the end of the year	13,388,742	4,331,430
Translation reserve on consolidation of a subsidiary	(15,627)	12,302
Cash and cash equivalents at the end of the year comprise:		
Cash and cash at bank	13,373,115	4,343,732

4most Group Holdings Ltd

Company statement of financial position for the year ended 30 September 2023

	Note	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Tangible assets			464		-
Investments	16		13,113,926		12,784,606
			<u>13,114,390</u>		<u>12,784,606</u>
Current assets					
Debtors: amounts falling due within one year	17	3,374,421		782,820	
Cash and cash equivalents		<u>4,181,497</u>		<u>227,280</u>	
		7,555,918		1,010,100	
Creditors: amounts falling due within one year	18	(3,753,456)		(1,813,337)	
Net current liabilities			<u>3,802,462</u>		<u>(803,237)</u>
Creditors: amounts falling due after more than one year	19		(11,493,537)		(8,990,225)
Net assets			<u>5,423,315</u>		<u>2,991,144</u>
Capital and reserves					
Share capital	24		201,465		200,005
Share premium	25		2,874,845		415,076
Capital redemption reserve	24		904,631		904,631
Investment in own shares	24		-		(439,903)
Retained earnings	25		1,442,374		1,911,335
Shareholders' funds			<u>5,423,315</u>		<u>2,991,144</u>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent company for the year was £797,061 (2022: profit after tax of £3,196,742).

The financial statements were approved and authorised for issue by the Board on 15 December 2023 and were signed on its behalf by:

Rob McDowell
Rob McDowell (Dec 15, 2023 12:05 GMT)

R J McDowell
Director

Nicola Richards

N Richards
Director

The notes on pages 14 to 33 form part of these financial statements.

4most Group Holdings Ltd

Company statement of changes in equity for the year ended 30 September 2023

	Note	Share capital £	Share premium £	Capital redemption reserve £	Investment in own shares £	Retained earnings £	Total equity £
At 1 October 2022		200,005	415,076	904,631	(439,903)	1,911,335	2,991,144
Loss for the year		-	-	-	-	(797,061)	(797,061)
Comprehensive loss for the year		-	-	-	-	(797,061)	(797,061)
Capital distribution	13	-	-	-	-	(1,220)	(1,220)
Share based payment	28	-	-	-	-	329,320	329,320
Sale of own shares		1,460	2,459,769	-	439,903	-	2,901,132
Transactions with equity holders		1,460	2,459,769	-	439,903	328,100	3,220,232
At 30 September 2023		201,465	2,874,845	904,631	-	1,442,374	5,423,315

	Note	Share capital £	Share premium £	Capital redemption reserve £	Investment in own shares £	Retained earnings £	Total equity £
At 1 October 2021		1,104,636	415,076	-	-	5,601,466	7,121,178
Profit for the year		-	-	-	-	3,196,742	3,196,742
Comprehensive income for the year		-	-	-	-	3,196,742	3,196,742
Capital distribution	13	-	-	-	-	(6,654,967)	(6,654,967)
Share based payment	28	-	-	-	-	98,830	98,830
Dividends		-	-	-	-	(330,736)	(330,736)
Cancellation of deferred shares		(904,631)	-	904,631	-	-	-
Repurchase of own shares		-	-	-	(1,190,948)	-	(1,190,948)
Sale of own shares to employees		-	-	-	751,045	-	751,045
Transactions with equity holders		(904,631)	-	904,631	(439,903)	(6,886,873)	(7,326,776)
At 30 September 2022		200,005	415,076	904,631	(439,903)	1,911,335	2,991,144

The notes on pages 14 to 33 form part of these financial statements.

4most Group Holdings Ltd

Notes to the financial statements for the year ended 30 September 2023

1 General information

4most Group Holdings Ltd (Company number 10142164) is a private company limited by shares incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given on the contents page and the nature of the Group's operations and its principal activities are set out in the strategic report.

2 Accounting policies

Basis of preparation of financial statements

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

The Company as a parent entity meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented along with the consolidated financial statements. Exemptions have been taken in relation to parent financial instrument disclosures, presentation of a parent cash flow statement and remuneration of key management personnel.

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

Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. The transaction that took place in the year ended 30 September 2016 was accounted for as a reverse acquisition. The results are deconsolidated from the date control ceases.

Revenue recognition

Turnover is recognised net of value added tax and other sales related taxes and represents the value of services undertaken by the Group in the normal course of business.

These consist of:

- turnover from time and materials contracts, where amounts invoiced are at an agreed daily rate for services provided by staff. This is recognised when the service has been provided;
- turnover from fixed price contracts, which is typically recognised on percentage of completion of the agreed delivery or recognised based on of the percentage of completion of the expected cost of delivery. This includes revenue anticipated but not invoiced at the balance sheet date, which is included on the statement of financial position within accrued income. Where amounts have been invoiced in excess of work performed, the excess is included within deferred income; and
- expenses charged to clients, the terms of which are agreed with the client. These are recognised when they have been invoiced to the client. Where amounts have been incurred and not invoiced, they are included within the consolidated statement of financial position within accrued income.

4most Group Holdings Ltd

Notes to the financial statements for the year ended 30 September 2023 (continued)

2 Accounting policies (continued)

Other income

Other income includes proceeds which do not relate to the principal activities of the Group.

These consist of:

- government grants which are recognised on an accruals basis with the grant income recognised over the period to which the costs relate.

Going concern

The Board are of the opinion that the business model together with forward projections mean that the Company and Group continue to be a going concern. The Board notes that the Group currently displays net liabilities of £569,408 (2022: £4,260,441) but is in a net current asset position of £10,348,464 (2022: £4,277,745). The net liabilities position is due to the reverse acquisition reserve which arises on consolidation of 4most (Europe) Limited.

The directors of the Company's parent company, Sandcastle Bidco Limited, have confirmed to the directors in writing that Sandcastle Bidco Limited will not demand repayment of existing intercompany debt unless the Group has sufficient cash resources to repay.

Given the confirmation of financial support provided by Sandcastle Bidco Limited, and the Board having reviewed the forward projections and cash flow forecasts of the Company and the Group, the Board confirms that the Company and the Group have adequate resources to meet liabilities as they fall due for at least 12 months from the date of approval of these financial statements.

Intangible assets

Intangible assets comprise solution development costs which are capitalised as intangible fixed assets as they are identifiable non-monetary assets without physical substance whose cost can be reliably estimated, and it is probable that the expected future economic benefits that are attributable to the assets will flow to the Group. They are amortised over two years on a straight-line basis, which is the expected life of the future economic benefits.

Amortisation and any impairment are recognised within administrative expenses in the statement of comprehensive income.

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.

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:

Short-term leasehold property	-	Straight line over the lease term
Fixtures and fittings	-	33% Straight line
Computer equipment	-	33% Straight line

4most Group Holdings Ltd

Notes to the financial statements for the year ended 30 September 2023 (continued)

2 Accounting policies (continued)

Valuation of investments

Investments in subsidiaries are reviewed for impairment when events indicate the carrying amount may not be recoverable and are accounted for in the Company's financial statements at cost less impairment.

Other investments are accounted for in the Company's financial statements at cost less impairment. They are reviewed for impairment when events indicate the carrying amount may not be recoverable.

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.

Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like 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.

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 consolidated 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 Group would receive for the asset if it were to be sold at the balance sheet 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.

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Foreign currency translation

The Group's functional and presentational currency is GBP.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions and rounded to the nearest pound sterling.

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

4most Group Holdings Ltd

Notes to the financial statements for the year ended 30 September 2023 (continued)

2 Accounting policies (continued)

Foreign currency translation (continued)

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 the statement of comprehensive income.

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 the statement of comprehensive income within 'other operating income'.

Capital distributions

Capital distributions are recognised when they are declared by the Company.

Operating leases

Rentals paid under operating leases are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term. Where lease incentives have been provided, they have been spread equally across the term of the lease.

Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Employee Benefits

Short term employee benefits including annual bonuses are accrued as services are rendered.

Contributions to defined contribution pension schemes are charged to the statement of comprehensive income as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and those actually paid are shown as either accruals or prepayments in the statement of financial position.

Provisions for liabilities

Provisions are made where an event has taken place that gives the Group 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 consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation and are measured at the best estimate at the consolidated statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties and, where material, the time value of money.

When payments are eventually made, they are charged to the provision carried in the consolidated statement of financial position.

4most Group Holdings Ltd

Notes to the financial statements for the year ended 30 September 2023 (continued)

2 Accounting policies (continued)

Taxation

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 and the Group operate and generate income.

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

- 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.

Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive income over the vesting period.

Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme). Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive income over the remaining vesting period.

Fair value is measured by use of the Black Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behaviour considerations.

Reverse acquisition

The Company previously traded as 4most (Europe) Limited. During the year ended 30 September 2016 a new holding company, 4most Group Holdings Ltd, was incorporated, acquiring 100% of the share capital of 4most (Europe) Limited. Consolidated financial statements were prepared for the accounting year ended 30 September 2016, with comparatives for the year ended 30 September 2015, as if the Group had always been in operation in this legal form, in order to reflect the substance of the transaction whereby the legal subsidiary 4most (Europe) Limited in substance acquired the legal parent 4most Group Holdings Ltd.

The Company was incorporated on 22 April 2016 as 4most Group Holdings Ltd. On 26 May 2016 the Company became the holding company of 4most (Europe) Limited.

Under FRS 102 Section 19, "Business Combinations", this acquisition has been accounted for as a reverse acquisition. This treatment presents a departure from the Companies Act 2006 in order to present a true and

4most Group Holdings Ltd

Notes to the financial statements for the year ended 30 September 2023 (continued)

2 Accounting policies (continued)

Reverse acquisition (continued)

fair view. Although the consolidated financial statements have been prepared in the name of the legal parent, the Company, they are in substance a continuation of the consolidated financial statements of the legal subsidiary, 4most (Europe) Limited. The following accounting treatment has been applied in respect of the reverse acquisition:

- (a) The assets and liabilities of the legal subsidiary, 4most (Europe) Limited, are recognised and measured in the consolidated financial statements at the pre-combination carrying amounts, without restatement to fair value, and;
- (b) The retained earnings and other equity balances recognised in the consolidated financial statements reflect the retained earnings and other equity balances of 4most (Europe) Limited immediately before the business combination, and the results for the period from 1 October 2015 to the date of the business combination are those of 4most (Europe) Limited. The equity structure appearing in the consolidated financial statements reflects the equity structure of the legal parent, 4most Group Holdings Ltd.

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

The preparation of financial statements in conformity with generally accepted accounting policies requires management to make judgements and estimates that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenues and expenses.

Other key sources of estimation uncertainty

- *Revenue (see note 4)*

Revenue from fixed price service contracts is recognised using an estimation of percentage completion by reference to the value of work done and milestones agreed with clients. The valuation of accrued and deferred income balances relating to contracts are based on management's best estimate of costs incurred and time spent.

Revenue from recharged expenses is recognised within revenue when the costs have been incurred. The Directors have reviewed the underlying substance of the transactions and determined that charging of expenses is that of a principal relationship as the Group assumes the price risk and credit risk associated with incurring the expenses in order to deliver the services to the client.

- *Impairment of investments in subsidiary companies (see note 16)*

The Company determines whether investments in subsidiary companies are impaired on an annual basis or otherwise when changes in events or situations indicate that the carrying value may not be recoverable. This requires an estimation of the recoverable amount for the individual investment. Management has considered indicators of impairment and prepared cash flow forecasts which indicate the Company's investments are not impaired.

- *Provision for dilapidations (see note 22)*

Provisions for dilapidations are based on management's estimations taking into account the terms of the lease, the rental value of the property and any other market information available.

- *Share option valuation (see note 28)*

Fair value is measured by use of the Black Scholes model in respect of options granted. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

4most Group Holdings Ltd

Notes to the financial statements for the year ended 30 September 2023 (continued)

4 Revenue

	2023	2022
	£	£
An analysis of turnover by geography:		
United Kingdom and Ireland	27,159,140	26,129,611
Rest of the World	6,561,920	3,729,022
	33,721,060	29,858,633

An analysis of turnover by type:

Service contracts	33,641,515	29,780,629
Expenses recharged to clients	79,545	78,004
	33,721,060	29,858,633

5 Other income

	2023	2022
	£	£
An analysis of other income by type:		
Government grants	-	55,756
	-	55,756

In 2022 £55,756 of Government grants were received. These consisted of £16,021 of reimbursement for costs incurred under the Access to Work scheme and £39,735 for the development of a Climate Change Scorecard through the Small Business Research Initiative competition issued by Innovate UK (part of the UK government). No government grant income was received in 2023.

6 Operating profit

	2023	2022
	£	£
This has been arrived at after charging or (crediting):		
Depreciation of tangible fixed assets	151,705	114,570
Amortisation of intangible assets	46,533	81,226
Loss on disposal of tangible fixed assets	2,761	6,166
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	84,639	103,997
Fees payable to the Group's auditor and its associates for other services to the Group	48,136	38,588
Loss/(Profit) on foreign exchange	41,291	(44,495)
Impairment of intangible assets	25,125	7,199
Other operating lease rentals	431,142	318,849

4most Group Holdings Ltd

Notes to the financial statements for the year ended 30 September 2023 (continued)

7 Employees	2023	2022
	£	£
Staff costs (including directors) were as follows:		
Wages and salaries	19,185,079	16,354,984
Social security costs	5,324,139	1,691,944
Cost of defined contribution scheme	715,071	553,583
	25,224,289	18,600,511

On 22 April 2023, 4most ESOT transferred 75,567 shares to Group employees. This resulted in an additional one off employer NI charge of £3,414,785 and apprenticeship levy of £121,325, of which £2,728,556 is shown in Cost of Sales and £807,555 is shown in Administrative expenses.

The average monthly number of employees (including directors) during the year was as follows:	Number	Number
Banking	143	123
Insurance	52	45
PMO	3	2
Data Architecture	2	0
Sales	2	4
Directors	4	4
Support Staff	19	17
	225	195

As at 1 July 2023 3 of the directors employed in 4most (Europe) Limited, a direct subsidiary of the Company, transferred employment to Sandcastle Bidco Limited, an indirect subsidiary of the ultimate parent of the Company. Their costs from that point are then shown in the accounts of Sandcastle Bidco Limited.

The number of employees (including directors) remunerated by the Company during the year was nil (2022: nil).

8 Directors' remuneration

	2023	2022
	£	£
Directors' emoluments	936,534	826,557
Directors' pensions	39,387	40,157
	975,921	866,714

During the year retirement benefits were accruing for 6 directors (2022: 7) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £277,333 (2022 - £317,105). The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £9,180 (2022 - £12,000).

1 director (2022 – nil) has exercised share options in the year.

4most Group Holdings Ltd

Notes to the financial statements for the year ended 30 September 2023 (continued)

9 Interest payable and similar charges	2023	2022
	£	£
Interest payable on term loans	477,074	679,546
Interest payable on group balances	493,537	-
Other interest payable	71,345	8,720
	1,041,956	688,266

10 Interest receivable and similar income	2023	2022
	£	£
Interest on staff loan	14,814	-
Bank interest received	59	1
	14,873	1

11 Taxation	2023	2022
	£	£
<i>Corporation tax</i>		
UK corporation tax in respect of the current year	546,650	1,411,318
Foreign tax on income for the year	47,872	-
Adjustments in respect of prior periods	(31,889)	(62,332)
Total current tax credit	562,633	1,348,986
<i>Deferred tax</i>		
Origination and reversal of timing differences	35,126	(298)
Adjustments in respect of prior periods	-	-
Effect of tax rate change on opening balance	-	-
Total deferred tax (credit)/charge	35,126	(298)
Tax on profit on ordinary activities	597,759	1,348,688

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022: higher than) the blended standard rate of corporation tax in the UK of 22.01% (2022: 19%). The differences are explained below:

Profit on ordinary activities before tax	2,403,523	7,088,966
Tax on profit on ordinary activities at a blended standard UK corporation tax rate of 22.01% (2022: 19%)	529,015	1,346,904

4most Group Holdings Ltd

Notes to the financial statements for the year ended 30 September 2023 (continued)

11 Taxation (continued)	2023	2022
<i>Effects of:</i>		
Fixed asset differences	(3,728)	(7,952)
Expenses not deductible for tax purposes	275,895	69,835
Income not taxable for tax purposes	27,447	-
Exempt ABGH distributions	19	-
Other permanent differences	(83,903)	-
Group relief surrendered/(claimed)	(119,317)	-
Adjustments to brought forward values	-	(547)
Adjustments in respect of prior periods	(31,889)	(62,332)
Adjustments in respect of prior periods - deferred tax	-	-
Remeasurement of deferred tax for changes in tax rates	4,336	(104)
Rounding	-	-
Movement in deferred tax not recognised	(116)	-
Foreign tax	-	2,884
Tax charge for the year	597,759	1,348,688

12 Dividends	2023	2022
	£	£
Ordinary shares		
Interim at £nil (2022: £5.84) per share	-	330,736

13 Capital distributions	2023	2022
	£	£
Capital distributions	1,220	6,654,967
	1,220	6,654,967

The 4most Employee Share Ownership Trust ("ESOT") was established on 5 July 2018 as an Employee Ownership Trust for the benefit of employees. Under the scheme the Trustee of the ESOT, 4most ESOT Limited, purchased a majority of the company's ordinary shares from existing shareholders and share option holders.

On 22 April 23, the ESOT transferred 75,567 shares to its beneficiaries, and sold 54,216 shares to Sandcastle Bidco Limited, making it no longer the majority shareholder.

Prior to this, capital distributions were made to 4most ESOT Limited in its role as a Trustee of the ESOT, holding shares in the Company on behalf of the ESOT.

4most Group Holdings Ltd

Notes to the financial statements for the year ended 30 September 2023 (continued)

14 Intangible assets

	Solution development costs £	Total £
<i>Cost</i>		
At 1 October 2022	298,030	298,030
Additions	29,523	29,523
Disposals	-	-
At 30 September 2023	327,553	327,553
<i>Amortisation and Impairment</i>		
At 1 October 2022	225,371	225,371
Amortisation charge for the year	46,533	46,533
Impairment	25,125	25,125
Disposals	-	-
At 30 September 2023	297,029	297,029
<i>Net Book Value</i>		
At 30 September 2023	30,524	30,524
At 30 September 2022	72,659	72,659

In 2023 the Company capitalised an intangible asset (Pricing Machine Learning Models) for the amount of £10,540 (2022: £14,585) as it met capitalisation criteria for development costs. At the end of the year the Company assessed the recoverable amount of the asset which was concluded to be nil, as the asset was no longer technically feasible or able to generate future economic benefits. The asset was fully impaired.

The remaining assets are amortised over 2 years on a straight-line basis, which is the expected life of the future economic benefits.

4most Group Holdings Ltd

Notes to the financial statements for the year ended 30 September 2023 (continued)

15 Tangible assets

	Leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
<i>Cost</i>				
At 1 October 2022	150,284	87,323	267,445	505,052
Additions	9,253	30,931	82,754	122,938
Disposals	-	-	(22,117)	(22,117)
At 30 September 2023	159,537	118,254	328,082	605,873
<i>Depreciation</i>				
At 1 October 2022	54,870	35,219	149,168	239,257
Charge for the year	54,090	31,787	65,829	151,706
Disposals	-	-	(16,036)	(16,036)
At 30 September 2023	108,960	67,006	198,961	374,927
<i>Net Book Value</i>				
At 30 September 2023	50,577	51,248	129,121	230,946
At 30 September 2022	95,414	52,104	118,277	265,795

16 Fixed asset investments

	Group	Company	Group	Company
	Investments in subsidiary companies £	Investments in subsidiary companies £	Investments in shares £	Investment s in shares £
<i>Cost</i>				
At 1 October 2022	-	12,784,606	150,210	-
Additions	12,875	329,320	199,885	-
At 30 September 2023	12,875	13,113,926	350,095	-
<i>Net book value</i>				
At 30 September 2023	12,875	13,113,926	350,095	-
At 30 September 2022	-	12,784,606	150,210	-

The additions during the year are made up of the fair value charge of the options granted to employees of 4most (Europe) Limited.

Four Most - FZCO was incorporated on 18 September 2023 and therefore results have not been consolidated.

4most Group Holdings Ltd

Notes to the financial statements
for the year ended 30 September 2023 (continued)

16 Fixed asset investments (continued)

Subsidiary undertakings

The following were direct subsidiary undertakings of the Company:

Name and Registered Address	Country of incorporation	Class of shares	Holdings	Capital and Reserves	Profit for the year	Nature of business
4most (Europe) Limited Salisbury House 29 Finsbury Circus London EC2M 5QQ	United Kingdom	Ordinary	100%	7,477,789	3,254,517	Provision of specialist risk consultancy services

The following were indirect subsidiary undertakings of the Company:

Name and Registered Address	Country of incorporation	Class of shares	Holdings	Capital and Reserves	Profit for the year	Nature of business
4most Analytics Ireland Limited Commercial House Millbank Business Park Lucan Co. Dublin	Ireland	Ordinary	100% owned by 4most (Europe) Limited	89,277	49,810	Provision of specialist risk consultancy services
4pi Ltd Salisbury House 29 Finsbury Circus London EC2M 5QQ	United Kingdom	Ordinary	75% owned by 4most (Europe) Limited	302,968	1,365,292	Provision of specialist risk consultancy services in Europe and the Middle East
4pi Analytics India Private Limited 6th Floor Valence Block Prestige Technology Park III Marathahalli Outer Ring Road Bengaluru, Karnataka 560103	India	Ordinary	99% owned by 4most (Europe) Limited, 1% owned by 4most Group Holdings Ltd	196,651	128,948	Provision of specialist risk consultancy services
Four Most - FZCO Dubai Silicon Oasis, DDP, Building A1, Dubai, United Arab Emirates	UAE	Ordinary	100% owned by 4most (Europe) Limited	2,198	-	Provision of specialist risk consultancy services in the Middle East

4most Group Holdings Ltd

Notes to the financial statements for the year ended 30 September 2023 (continued)

17 Debtors	Note	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Trade debtors		5,830,352	3,929,194	-	-
Amounts owed by group undertakings		-	300	3,374,421	782,820
Other debtors		344,736	757,183	-	-
Corporation tax		268,859	-	-	-
Deferred tax	23	77,079	112,204	-	-
Prepayments and accrued income		1,747,516	1,045,662	-	-
		8,268,542	5,844,543	3,374,421	782,820

In the prior year, other debtors included £697,399 of Staff Loan granted on 8 April 2022 to 4 employees of the company. The loan was fully repaid on 22 April 2023.

On 10 February 2023 the Group lent £193,460 to an employee on an interest free basis. The balance has been discounted at a market rate of 17% with the discount unwound across the expected life of 5 years.

18 Creditors: amounts falling due within one year	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Trade creditors	364,797	403,469	22,525	144,001
Amounts owed to group undertakings	2,198	-	-	-
Amounts owed to Parent companies	3,812,745	-	3,728,950	-
Other taxation and social security	2,386,911	929,649	1,981	847
Other creditors	465,889	419,225	-	-
Accruals and deferred income	4,160,653	2,389,790	-	-
Deferred Consideration	100,000	-	-	-
Corporation tax	-	99,908	-	-
Term loan	-	1,668,489	-	1,668,489
	11,293,193	5,910,530	3,753,456	1,813,337

19 Creditors: amounts falling due after more than one year	Note	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Term loan	20	-	8,990,225	-	8,990,225
Inter-company loan owed to the Parent payable on demand	20	11,493,537	-	11,493,537	-
		11,493,537	8,990,225	11,493,537	8,990,225

4most Group Holdings Ltd

Notes to the financial statements for the year ended 30 September 2023 (continued)

20 Loans

Analysis of the maturity of loans is given below:

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Less than one year	-	1,668,489	-	1,668,489
In more than one year but not more than five years	-	8,990,225	-	8,990,225
More than five years	-	-	-	-
Repayable on demand	11,493,537	-	11,493,537	-
	11,493,537	10,658,714	11,493,537	10,658,714

During the year the £12,000,000 term loan was repaid early in full. This was split in to two facilities. Facility A was an amortising loan of £8,400,000, and £420,000 was repayable in quarterly instalments by 14 December 2026. Facility B was a bullet loan of £3,600,000 due for repayment on 14 June 2027.

On 22 April 2023, the Company obtained an intercompany loan of £11,000,000 from Sandcastle Bidco Limited, its immediate parent company. The loan accrues 10% annual interest compounding quarterly, is repayable on the parent company's demand and is not expected to be repaid within the next 12 months period.

21 Net Debt

	At 1 October 2022 £	Cash flows £	Other non- cash changes £	At 30 September 2023 £
Cash and cash equivalents	4,343,732	9,045,010	(15,627)	13,373,115
Term loan due within 1 year	(1,668,489)	1,680,000	(11,511)	-
Term loan due in more than 1 year	(8,990,225)	9,060,000	(69,775)	-
Repayable on demand	-	(11,000,000)	(493,537)	(11,493,537)
Total borrowings	(10,658,714)	(260,000)	(574,823)	(11,493,537)
Net debt	(6,314,982)	8,785,010	(590,450)	1,879,578

4most Group Holdings Ltd

Notes to the financial statements for the year ended 30 September 2023 (continued)

22 Provisions for liabilities

Group	Dilapidation provision	Dilapidation provision	Gratuity provision	Gratuity provision
	2023	2022	2023	2022
	£	£	£	£
At 1 October	36,623	29,445	-	-
Charge for the year	466	267	-	-
Addition	7,385	9,510	4,301	-
Utilised	-	(2,586)	-	-
Reversal	-	(13)	-	-
At 30 September	44,474	36,623	4,301	-

The dilapidation provision relates to estimated costs in respect of dilapidations on the Group's business premises payable on termination of the lease.

The gratuity provision is a defined benefit plan for employees of 4pi Analytics India Private Limited. The gratuity provision is measured at the present value of the plan, based on an independent actuarial valuation using 'Projected Unit Credit method'.

There were no provisions for liabilities in the Company.

23 Deferred Tax

	Group 2023	Group 2022
	£	£
(Asset) at beginning of the year	(112,204)	(111,906)
Deferred tax credited in the statement of comprehensive income	35,125	(298)
(Asset) at end of year	(77,079)	(112,204)
Deferred tax		
Fixed asset timing differences	51,643	64,816
Short term timing differences	(128,722)	(177,020)
Total deferred tax (asset)	(77,079)	(112,204)

Finance Act 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. The full anticipated effect of these changes is reflected in the above deferred tax balances.

4most Group Holdings Ltd

Notes to the financial statements for the year ended 30 September 2023 (continued)

24 Share capital

	2023	2022
	£	£
Number of shares, issued and fully paid:		
201,465 (2022: 200,005) A Ordinary shares of £1 each	201,465	200,005
	201,465	200,005

Ordinary shares are not redeemable. They carry one vote per share and are entitled pari passu to dividend payments and other distributions including on a return of capital.

25 Reserves

Share premium

Share premium arises from excess consideration paid for shares issued over and above the nominal share value.

Reverse acquisition reserve

The reverse acquisition reserve arises on consolidation as a result of the business combination (see note 2). The reserve arises on consolidation and therefore is not considered when assessing the distributable reserves of the company.

Retained earnings

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

Capital contribution reserve

During 2019, the directors made an interest free loan to the Group of £771,833. Under FRS102, this is considered a financing transaction and as a result has been discounted at the market rate of interest, with the corresponding amount of £269,072 being recognised in the capital contribution reserve in 2019. This was repaid in full in 2022.

Investment in own shares

On 10 February 2023, the Company purchased 10% of the share capital in 4pi Ltd for a purchase price of £953,026, which included a purchase of preferential dividend rights. The Company then sold 5% of the share capital to an employee of 4pi Ltd for a sale price of £192,500.

Capital redemption reserve

The Company cancelled 126,938 deferred shares and 777,693 deferred shares on 15 December 2021 and on 8 April 2022 respectively.

26 Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £715,071 (2022: £553,583). These charges are split between cost of sales and administrative expenses in the consolidated statement of comprehensive income. Contributions totalling £183,245 (2022: £136,424) were payable to the fund at the reporting date and are included in other creditors.

4most Group Holdings Ltd

Notes to the financial statements for the year ended 30 September 2023 (continued)

27 Commitments under operating leases

As at 30 September 2023, the Group and Company had future minimum lease payments under non-cancellable operating leases as set out below:

	Group 2023 £	Group 2022 £	Company 2022 £	Company 2022 £
Within one year	357,907	349,945	-	-
Within two to five years	63,635	153,473	-	-
	421,542	503,418	-	-

28 Share based payments

The Company operates an equity-settled share-based remuneration scheme for employees under HMRC's EMI programme. All employees in place at the date of issue were eligible to participate in the long-term incentive scheme. The options become exercisable if the Company's 2023 profit target is met. If the options remain unexercised after a period of 10 years from the date of grant, the options expire.

In addition, the Company operated an equity-settled share-based remuneration scheme for employees under HMRC's EMI programme. Options were granted in November 2022 to individuals. These were eligible to be exercised following a change in control, that occurred in April 2023.

	Number 2023	Weighted average exercise price £ 2023	Number 2022	Weighted average exercise price £ 2022
Outstanding at the beginning of the year	29,376	49.15	34,976	49.15
Granted during the year	1,570	78.67	-	-
Lapsed during the year	(266)	61.36	(5,600)	49.15
Exercised during the year	(1,460)	78.67	-	-
Outstanding at the end of the year	29,220	49.15	29,376	49.15

There were 29,220 (2022: 29,376) options outstanding at the end of the year at an exercise price of £49.15 (2022: £49.15). The Company recognised a total expense of £329,320 (2022: £98,830) related to equity-settled share-based payment transactions in the current year.

The following information is relevant in the determination of the fair value of options granted during the current and previous years under the equity-settled share-based remuneration schemes operated by the Company.

4most Group Holdings Ltd

Notes to the financial statements for the year ended 30 September 2023 (continued)

28 Share based payments (continued)

	2023 Scheme issued in November 2022	2023, 2022 Scheme issued in March 2020
Equity-settled		
Option pricing model used	Black-Scholes	Black-Scholes
Weighted average share price at grant date (£)	199.94	64.46
Exercise price (£)	78.67	49.15
Weighted average contractual life (years)	3	3.74
Expected volatility	0.2	0.2
Risk-free interest rate	0.0413	0.0007

The Black-Scholes option pricing model was used to value the share-based payment awards as it was considered that this approach would result in a materially accurate estimate of the fair value of options granted.

29 Related party transactions

The Company has taken advantage of the exemptions provided by Section 33 of FRS 102 'Related Party Disclosures' and has not disclosed transactions or balances with wholly owned Group companies.

During the year, fees for recruitment services amounting to £152,100 (2022: £176,353) were charged by Leadenhall Search & Select Limited, a company of which one Director of 4most (Europe) Limited was also a director in the year. Additionally, £23,000 of prepayments (2022: £29,480) and £nil of payable amounts were outstanding at the year-end (2022: £7,344).

Key management personnel include all directors across the Group who together have authority and responsibility for planning, directing and controlling the activities of the Group. As at 1 July 2023 3 of the directors employed in 4most (Europe) Limited, a direct subsidiary of the Company, transferred employment to Sandcastle Bidco Limited, the parent of the Company. Their costs from that point are shown in the accounts of Sandcastle Bidco Limited. The total compensation paid to key management personnel for services provided to the Group was £1,011,431 (2022: £1,134,437). In addition, £104,435 (2022: £34,682) of the share based payment charge relates to key management personnel.

In April 2023, 4most ESOT transferred 75,567 of its shares in the Group to its beneficiaries, of which 3,442 were for key management personnel, who also held 7,000 shares in the Group directly. These were then sold to Sandcastle Bidco Limited, the parent, for £339.79 a share, giving gross consideration of £3,548,087 for shares sold by key management personnel.

The Company granted an interest free loan of £375,523 on 8 April 2022 to key management personnel of the company. £34,957 was paid off during 2022. The balance was paid off in April 2023.

4pi Ltd, "4pi", is 75% (2022: 70%) owned by 4most (Europe) Limited, "4most". During the year, 4most provided £3,218,476 (2022: £1,844,896) of consultancy services to 4pi. 4pi provided £nil (2022: £4,837) of consultancy services to 4most. 4most paid £40,709 (2022: £22,102) of expenses on behalf of 4pi which were subsequently recharged to them. £956,413 (2022: £231,089) was due to 4most from 4pi at the year end. £1,538 (2022: £nil) was owed by 4most at the year end. Additionally, an intercompany balance of £231,589 (2022: £700) was due from 4most to 4pi at the year end. During the year, there were no transactions between the Company and 4pi.

4most Group Holdings Ltd

Notes to the financial statements for the year ended 30 September 2023 (continued)

29 Related party transactions (continued)

During the year, 4most made an interest free loan of £193,460 to 4pi. This is part of the intercompany balance of £231,589 at the year end.

During the year, Interim Dividends of £150,142 (2022: £180,000) were declared in favour of Draconis Pi Limited, a company of which one Director of 4pi was also a Director in the year. These were all paid by the year end. Additionally, £22,287 of final dividends in respect of prior year were paid in 2023 (2022: £140,000). An intercompany balance of £nil (2022: £150) was due from Draconis Pi Limited at year end.

During the year, Interim Dividends of £150,142 (2022: £180,000) were declared in favour of 3LMK Limited, a company of which one Director of 4pi was also a Director in the year. These were all paid by the year end. Additionally, £22,287 of final dividends in respect of prior year were paid in 2023 (2022: £140,000). An intercompany balance of £nil (2022: £150) was due from 3LMK Limited at year end.

30 Controlling party

The ultimate parent company is Sandcastle Holdco Limited, a company incorporated in the United Kingdom which is the largest group of undertakings for which group accounts are drawn up. These group accounts are publicly available and can be obtained from Sandcastle Holdco Limited, Salisbury House, 29 Finsbury Circus, EC2M 5QQ.

The ultimate controlling party is Phoenix Equity Partners 2022 Guernsey Limited, a company acting as general partner for both Phoenix Equity Partners 2022 L.P. and PEP 2022 F.P. L.P..

31 Post balance sheet events

On 19 October 2023, 4most Europe Limited purchased the remaining 25% shares of 4pi Limited from the minority shareholders for consideration of £1,016,435.