20231204102820282

Årsredovisning
Annual Accounts

för
for

LRQA Sverige AB
556293-0817

Räkenskapsåret
The financial year
2021-07-01 – 2022-12-31

Fastställelseintyg/ *Certificate of Adoption*

Undertecknad, styrelseledamot i LRQA Sverige AB intygar att resultaträkningen och balansräkningen fastställts på årsstämman den 1 december 2023. Årstämman beslöt att godkänna styrelsens förslag beträffande det uppkomna resultatet.

Jag intygar också att innehållet i årsredovisningen/ och revisionsberättelsen stämmer överens med originalen.

The undersigned, Board member of LRQA Sverige AB, certifies that the Income Statement and Balance Sheet have been adopted by the Annual General Meeting held on 1 December 2023. The General meeting decided to adopt the Board of Directors' proposal regarding the allocation of the result.

The undersigned certifies also that the contents of the annual report/ and the auditors' report are a true copy of the original document.

Stockholm den 1 december 2023.

Name: Paulus Timotheus Graaf

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Årsredovisning

för

LRQA Sverige AB

556293-0817

Räkenskapsåret

2021–07–01 – 2022–12–31

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Styrelsen och verkställande direktören för LRQA Sverige AB avger följande årsredovisning för räkenskapsåret 2021–07–01 – 2022–12–31.

Årsredovisningen är upprättad i svenska kronor, SEK. Om inte annat särskilt anges, redovisas alla belopp i hela kronor (kr). Uppgifter inom parentes avser föregående år.

Förvaltningsberättelse

Verksamheten

Allmänt om verksamheten

Bolaget bedriver verksamhet i Sverige. LRQA Sverige AB är sedan 1995 ett av Swedac ackrediterat certifigeringsorgan i Sverige. Verksamheten bedrivs inom området ledningssystem såsom GAP analyser, certifiering verifiering samt kundanpassad utbildning inom dessa grenar. I den totala produktportföljen finns mer än 250 tjänster som kan levereras till bolagets kunder. Ett utval av de standarder och kriterier som erbjuds finns redovisade nedan:

-Certifiering för kvalitet enligt	IS09001, IATF 16949, ISO 3834
-Certifiering för miljö enligt	ISO 14001
-Certifiering för arbetsn-üljö enligt	OHSAS 18001, ISO 39001
-Certifieling för livsmedel enligt	BRC, BRC IOP, ISO 22000, FSSC 22000
-Certifiering för socialt ansvar (CSR) enligt	SA 8000, SEDEX, SMETA
-Certifiering för energiledning enligt	ISO 20001
-Verifieringstjänster	EU BTS, CDM, ISO 14064

LRQA Sverige AB är ett helägt dotterbolag till Lloyd's Register Quality Assurance Limited (NO 1879370). Koncernredovisningen finns att tillgå på moderbolagets huvudkontor, 71 Fenchurch Street, London, EC3M 4BS, UK.

Företaget har sitt säte i Göteborg.

Väsentliga händelser under räkenskapsåret

Den 13 september 2021 ingick Lloyd's Register EMEA filial Sverige ett avtal där en liten del av verksamheten såldes till LRQA Sverige AB.

LRQA Sverige AB övertog äganderätten till alla affärstillgångar och skulder för den icke maritima inspektionsverksamheten i Sverige.

Flerårsöversikt (Tkr)	**2021/22**	**2020/21**	**2019/20**	**2018/19**	**2017/18**
Nettoomsättning	105 924	56 543	56 153	67 078	71 157
Resultat efter finansiella poster	-9 004	1 425	1 031	-52	-2 035
Soliditet (%)	3,2	50,1	49,2	36,7	30,7

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Förändringar i eget kapital

	Aktie-	Uppskriv-ningsfond	Balanserat resultat	Årets resultat	Totalt
Belopp vid årets ingång	500 000	100 000	8 659 629	1 424 908	**10 684 537**
Disposition enligt beslut av årsstämman:					
Balanseras i ny räkning			1 424 908	-1 424 908	**0**
Årets resultat				-9 004 141	**-9 004 141**
Belopp vid årets utgång	**500 000**	**100 000**	**10 084 537**	**-9 004 141**	**1 680 396**

Resultatdisposition

Styrelsen föreslår att till förfogande stående vinstmedel (kronor):

balanserad vinst	10 084 537
årets förlust	-9 004 141
	1 080 396
disponeras så att	
i ny räkning överföres	1 080 396
	1 080 396

Företagets resultat och ställning i övrigt framgår av efterföljande resultat- och balansräkning med noter.

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Resultaträkning

	Not	2021-07-01 -2022-12-31 (18 mån)	2020-07-01 -2021-06-30
Rörelseintäkter, lagerförändringar m. m.			
Nettoomsättning	2	105 923 506	56 543 278
Övriga rörelseintäkter		59 032	316 347
Summa rörelseintäkter, lagerförändringar m.m.		**105 982 538**	**56 859 625**
Rörelsekostnader			
Handelsvaror	2	-45 246 108	-21 422 389
Övriga externa kostnader		-26 176 141	-11 813 621
Personalkostnader	3	-32 284 055	-22 003 738
Av- och nedskrivningar av materiella och immateriella anläggningstillgångar	4, 5	-9 625 782	-311 840
Övriga rörelsekostnader		-19 021	0
Summa rörelsekostnader		**-113 351 10 7**	**-55 551 588**
Rörelseresultat		**-7 368 569**	**1 308 037**
Finansiella poster			
Övriga ränteintäkter och liknande resultatposter		1 775 452	243 481
Räntekostnader och liknande resultatposter		-3 411 024	-126 610
Summa finansiella poster		**-1 635 572**	**116 871**
Resultat efter finansiella poster		**-9 004 141**	**1 424 908**
Resultat före skatt		**-9 004 141**	**1 424 908**
Årets resultat		**-9 004 141**	**1 424 908**

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Balansräkning

	Not	2022-12-31	2021-06-30
TILLGÅNGAR			
Anläggningstillgångar			
Immateriella anläggningstillgångar			
Goodwill	4	25 177 544	0
Summa immateriella anläggningstillgångar		**25 177 544**	**0**
Materiella anläggningstillgångar			
Inventarier, verktyg och installationer	5	704 272	1 133 919
Summa materiella anläggningstillgångar		**704 272**	**1 133 919**
Finansiella anläggningstillgångar			
Andelar i koncernföretag	6	27 141	27 141
Summa finansiella anläggningstillgångar		**27 141**	**27 141**
Summa anläggningstillgångar		**25 908 957**	**1 161 060**
Omsättningstillgångar			
Kortfristiga fordringar			
Kundfordringar		10 185 199	7 963 714
Fordringar hos koncernföretag		4 590 469	7 671 328
Övriga fordringar		711 735	1 380 902
Upparbetad men ej fakturerad intäkt		4 124 950	801 859
Förutbetalda kostnader och upplupna intäkter		2 279 969	1 059 594
Summa kortfristiga fordringar		**21 892 322**	**18 877 397**
Kassa och bank			
Kassa och bank		4 638 818	1 278 684
Summa kassa och bank		**4 638 818**	**1 278 684**
Summa omsättningstillgångar		**26 531 140**	**20 156 081**
SUMMA TILLGÅNGAR		**52 440 097**	**21 317 141**

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Balansräkning

	Not	2022-12-31	2021-06-30
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital		500 000	500 000
Reservfond		100 000	100 000
Summa bundet eget kapital		**600 000**	**600 000**
Fritt eget kapital			
Balanserat resultat		10 084 537	8 659 628
Årets resultat		-9 004 141	1 424 908
Summa fritt eget kapital		**1 080 396**	**10 084 536**
Summa eget kapital		**1 680 396**	**10 684 536**
Kortfristiga skulder			
Förskott från kunder		29 257	20 186
Leverantörsskulder		5 660 444	2 006 320
Skulder till koncernföretag		34 196 122	0
Övriga skulder		1 765 223	2 584 605
Upplupna kostnader och förutbetalda intäkter		9 108 655	6 021 494
Summa kortfristiga skulder		**50 759 701**	**10 632 605**
SUMMA EGET KAPITAL OCH SKULDER		**52 440 097**	**21 317 141**

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Noter

Not 1 Redovisningsprinciper

Allmänna upplysningar

Företaget är moderföretag men med hänvisning till undantagsreglerna i Årsredovisningslagen 7 kap 2§, upprättas ingen koncernredovisning. Närmaste överordnade moderföretag som upprättar koncernredovisning i vilket företaget ingår är Lloyd's Register Quality Assurance Limited med säte i England.

Årsredovisningen är upprättad i enlighet med årsredovisningslagen och Bokföringsnämndens allmänna råd (BFNAR 2016:10) om årsredovisning i mindre företag.

Värderingsprinciper mm

Tillgångar, avsättningar och skulder har värderats till anskaffningsvärde om inget annat anges.

Avskrivning

Tillämpade avskrivningstider:

Immateriella anläggningstillgångar
Avskrivningsperiod för goodwill är 5år.

Materiella anläggningstillgångar

Datorer m.m.	3 år
Inventarier, verktyg och installationer	8 år

Not 2 Inköp och försäljningar mellan koncernföretag

Av nettoförsäljningen utgör 7 662 256 SEK (4 087 008) försäljningar från andra koncernföretag.
Av Handelsvaror utgör 19 341 453 SEK (10 697 267) inköp från andra koncernföretag.

Not 3 Medelantalet anställda

	2021-07-01 -2022-12-31	2020-07-01 -2021-06-30
Medelantalet anställda	25	26

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Not 4 Goodwill

	2021-07-01 -2022-12-31	2020-07-01 -2021-06-30
Ingående anskaffningsvärden	0	0
Inköp	34 333 015	0
Utgående ackumulerade anskaffningsvärden	**34 333 015**	**0**
Ingående avskrivningar	0	0
Årets avskrivningar	-9 155 471	0
Utgående ackumulerade avskrivningar	**-9 155 471**	**0**
Utgående redovisat värde	**25 177 544**	**0**

Not 5 Inventarier, verktyg och installationer

	2021-07-01 -2022-12-31	2020-07-01 -2021-06-30
Ingående anskaffningsvärden	2 845 578	2 845 578
Inköp	40 664	0
Utgående ackumulerade anskaffningsvärden	**2 886 242**	**2 845 578**
Ingående avskrivningar	-1 711 659	-1 399 819
Årets avskrivningar	-470 311	-311 840
Utgående ackumulerade avskrivningar	**-2 181 970**	**-1 711 659**
Utgående redovisat värde	**704 272**	**1 133 919**

Not 6 Andelar i koncernföretag

	2022-12-31	2021-06-30
Ingående anskaffningsvärden	1 577 421	1 577 421
Utgående ackumulerade anskaffningsvärden	**1 577 421**	**1 577 421**
Ingående nedskrivningar	-1 550 280	-1 550 280
Utgående ackumulerade nedskrivningar	**-1 550 280**	**-1 550 280**
Utgående redovisat värde	**27 141**	**27 141**

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DocuSigned by:
Petrus Gerardina Cornelissen
06365005E01242E...
Petrus Cornelissen
Ordförande

DocuSigned by:
CB03BE6C5D1E408...
Paul Karim

DocuSigned by:
Paulus Timotheus Graaf
FA2EB9CAD18B435...
Paulus Graaf
Verkställande direktör

Vår revisionsberättelse har lämnats den dag som framgår av min elektroniska underskrift

Baker Tilly SEK AB

DocuSigned by:
Thomas Olofsson
D00375E907B8419...
Thomas Olofsson
Auktoriserad revisor

DocuSign

Certificate Of Completion

Envelope Id: C36929EEF9B042CBAAA0C001A46D5A40
Status: Completed
Subject: Complete with DocuSign: LRQA Sverige AB 210701-221231 SE.pdf
Source Envelope:
Document Pages: 9 Signatures: 4
Certificate Pages: 3 Initials: 0
AutoNav: Enabled
EnvelopeId Stamping: Enabled
Time Zone: (UTC) Dublin, Edinburgh, Lisbon, London

Envelope Originator:
Mohammad Reslan
TMF Netherlands B.V., Luna ArenA, Herikerbergweg 238, 1101 CM
-, - -
Mohammad.Reslan@tmf-group.com
IP Address: 83.250.26.180

Record Tracking

Status: Original
11/30/2023 5:35:54 PM
Holder: Mohammad Reslan
Mohammad.Reslan@tmf-group.com
Location: DocuSign

Signer Events

Paul Karim
paul.karim@lrqa.com
Regional Director
Security Level: Email, Account Authentication (None)

Signature

DocuSigned by:
CB03BE6C5D1E408...

Signature Adoption: Drawn on Device
Using IP Address: 217.42.239.107

Timestamp

Sent: 11/30/2023 5:45:11 PM
Viewed: 12/1/2023 8:17:46 AM
Signed: 12/1/2023 8:18:41 AM

Authentication Details
Identity Verification Details:
Workflow ID: 9bbb5cce-6c25-42d6-8934-2799d18947ef
Workflow Name: DocuSign ID Verification
Workflow Description: The recipient will need to identify themselves with a valid government ID, eID or through Knowledge-Based Authentication.
Identification Method: Government Issued Id Document
Type of Document: Passport
Identification Level: ID Only
Transaction Unique ID: 878bb26f-7f6f-5ad2-a7ab-6668dd03a278
Country or Region of ID: GB
Result: Passed
Performed: 12/1/2023 8:17:19 AM

Electronic Record and Signature Disclosure:
Not Offered via DocuSign

Paulus Timotheus Graaf
paul.graaf@lrqa.com
Regional Director Europe
Security Level: Email, Account Authentication (None)

DocuSigned by:
Paulus Timotheus Graaf
FA2EB9CAD18B435...

Signature Adoption: Pre-selected Style
Using IP Address: 83.42.122.81

Sent: 12/1/2023 8:18:43 AM
Viewed: 12/1/2023 10:51:22 AM
Signed: 12/1/2023 10:51:40 AM

Authentication Details
Identity Verification Details:
Workflow ID: 9bbb5cce-6c25-42d6-8934-2799d18947ef
Workflow Name: DocuSign ID Verification
Workflow Description: The recipient will need to identify themselves with a valid government ID, eID or through Knowledge-Based Authentication.
Identification Method: Government Issued Id Document
Type of Document: Passport
Identification Level: ID Only
Transaction Unique ID: f28fcaf5-8091-5ced-b565-04054beab646
Country or Region of ID: NL
Result: Passed
Performed: 12/1/2023 10:50:53 AM

Electronic Record and Signature Disclosure:
Not Offered via DocuSign

Signer Events	Signature	Timestamp
Petrus Gerardina Cornelissen peter.cornelissen@lrqa.com Security Level: Email, Account Authentication (None)	DocuSigned by: Petrus Gerardina Cornelissen 06365005E01242E... Signature Adoption: Pre-selected Style Using IP Address: 92.67.138.178	Sent: 12/1/2023 10:51:42 AM Viewed: 12/1/2023 12:03:50 PM Signed: 12/1/2023 12:04:18 PM

Authentication Details
Identity Verification Details:
Workflow ID: 9bbb5cce-6c25-42d6-8934-2799d18947ef
Workflow Name: DocuSign ID Verification
Workflow Description: The recipient will need to identify themselves with a valid government ID, eID or through Knowledge-Based Authentication.
Identification Method: Electronic ID
Type of Electronic ID: iDIN
Transaction Unique ID: 7b80610d-997f-506e-aa66-51ae17426e3c
Country or Region of ID: NL
Result: Passed
Performed: 12/1/2023 12:03:29 PM

Identity Verification Details:
Workflow ID: 9bbb5cce-6c25-42d6-8934-2799d18947ef
Workflow Name: DocuSign ID Verification
Workflow Description: The recipient will need to identify themselves with a valid government ID, eID or through Knowledge-Based Authentication.
Identification Method: Electronic ID
Type of Electronic ID: iDIN
Transaction Unique ID: 7b80610d-997f-506e-aa66-51ae17426e3c
Country or Region of ID: NL
Result: Passed
Performed: 12/1/2023 12:08:26 PM

Electronic Record and Signature Disclosure:
Not Offered via DocuSign

Thomas Olofsson thomas.olofsson@bakertilly.se Security Level: Email, Account Authentication (None)	DocuSigned by: Thomas Olofsson D00375E907B8419... Signature Adoption: Pre-selected Style Using IP Address: 91.195.155.70	Sent: 12/1/2023 12:04:20 PM Viewed: 12/1/2023 1:32:06 PM Signed: 12/1/2023 1:32:21 PM

Electronic Record and Signature Disclosure:
Not Offered via DocuSign

In Person Signer Events	Signature	Timestamp
Editor Delivery Events	**Status**	**Timestamp**
Agent Delivery Events	**Status**	**Timestamp**
Intermediary Delivery Events	**Status**	**Timestamp**
Certified Delivery Events	**Status**	**Timestamp**
Carbon Copy Events	**Status**	**Timestamp**
Witness Events	**Signature**	**Timestamp**
Notary Events	**Signature**	**Timestamp**

Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	11/30/2023 5:45:11 PM
Envelope Updated	Security Checked	12/1/2023 9:47:46 AM
Envelope Updated	Security Checked	12/1/2023 9:47:46 AM

Envelope Summary Events	Status	Timestamps
Certified Delivered	Security Checked	12/1/2023 1:32:06 PM
Signing Complete	Security Checked	12/1/2023 1:32:21 PM
Completed	Security Checked	12/1/2023 1:32:21 PM

Payment Events	Status	Timestamps

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Revisionsberättelse

Till bolagsstämman i LRQA Sverige AB, Org.nr 556293-0817

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för LRQA Sverige AB för räkenskapsåret 2021-07-01 – 2022-12-31.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av LRQA Sverige ABs finansiella ställning per den 31 december 2022 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till LRQA Sverige AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Övriga upplysningar

Revisionen av årsredovisningen för räkenskapsåret 2020-07-01 – 2021-06-30 har utförts av en annan revisor vars uppdrag upphörde i förtid och som lämnat en revisionsberättelse daterad 21 december 2021 med omodifierade uttalanden i *Rapport om årsredovisningen*.

Tidigare revisor har inte upprättat anmälan enligt 9 kap. 23 § aktiebolagslagen eller underrättelse enligt 9 kap. 23 a § aktiebolagslagen.

Styrelsens ansvar för årsredovisningen

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om beslut har fattats om att avveckla verksamheten.

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Revisorns ansvar
Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens och verkställande direktörens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen och verkställande direktören använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden
Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för LRQA Sverige AB för räkenskapsåret 2021-07-01 – 2022-12-31 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Grund för uttalanden
Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till LRQA Sverige AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar
Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar
Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

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Anmärkningar
Bolaget har inte betalat avdragen skatt, sociala avgifter eller mervärdesskatt i rätt tid under räkenskapsåret.

Årsredovisningen har inte upprättats i sådan tid att det varit möjligt att, enligt 7 kap. 10 § aktiebolagslagen, hålla bolagsstämma inom sex månader efter räkenskapsårets utgång.

Bolaget har haft brister i sin interna kontroll i vissa delar av redovisningen, vilket bland annat medfört en utdragen bokslutsprocess. Styrelsen har därmed inte fullgjort sina skyldigheter enligt aktiebolagslagen, dock har det inte orsakat bolaget någon skada

Uddevalla den dag som framgår av vår elektroniska underskrift.

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Baker Tilly SEK AB
Thomas Olofsson
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Payment Events	**Status**	**Timestamps**

Dione Topco Limited
Annual report and consolidated financial statements
31 December 2022

Company registration number: 137864

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Preface

The report and financial statements contained in this document relate to the Group owned by Dione Topco Limited ('the Group'), which comprises Dione Topco Limited ('the Company') and its subsidiaries, Dione Holdco Limited, Dione Midco Limited , Dione Bidco Limited and LRQA Group Limited the parent company of the LRQA Group.

In addition to LRQA Group Limited, the LRQA Group is a trading group which consists of its joint venture referred to in note 21 to the financial statements and the other subsidiaries listed in note 36. Dione Topco Limited's own financial statements are presented after those of the Group. Its own principal activities include provision of management services to the Group and holding the Group's employee share trust.

Strategic Report

The Directors of Dione Topco Limited ("the Company" or "Dione Topco") present the Strategic Report and audited financial statements for the period ended 31 December 2022.

Principal Activities

Dione Topco is a Jersey registered holding company for the Group whose principal investment is in the LRQA Group of Companies ("the LRQA Group") whose principal activities include the provision of assessment, advisory, inspection and cybersecurity services in 120 countries across multiple sectors.

The LRQA Group changed its accounting reference date in the period.

Business Review

Incepted in Jersey in September 2021, Dione Topco and its immediate non trading subsidiaries registered in England and Wales were created to hold the LRQA Group of Companies (together "the Group") following the sale by Lloyds Register to an asset management fund managed by Goldman Sachs Asset Management. On 2 December 2021 the divestment completed and the LRQA Group came into being.

The Group made two complimentary investments during the period; Elevate, an Environmental, Social and Governance (ESG) assurance and advisory specialist based out of Hong Kong and cybersecurity specialists, ATvanGarde based in Singapore who add strength and depth to the Nettitude brand.

The results for the period ending 31 December 2022 and the state of affairs of the Group and the Company are shown in the financial statements on pages 15 to 69. The Consolidated adjusted operating profit for the financial period was £18.0m Consolidated Revenue £397.0m and gross profit £176.9m.

The Group has net current assets of £22.1m a result of cash funding of the Group to support separation activities and the underlying profitability of operations.

Key Performance Indicators (KPIs)

The Company's management will measure its and the LRQA Group's year-on-year progress against certain financial KPIs, namely increases in revenue, profitability and margin increase. Further non-financial KPIs currently tracked are customer satisfaction against Net Promoter Index (NPI) scores and employee engagement via regular surveys and analysis of exit interview data and recruitment statistics. Other non financial KPIs are in the process of being developed and additional non financial information about the Company and members of its Group can be found on the LRQA website and in the s172 statement for LRQA Limited, the other LRQA Group entity required to submit a s172 report.

Section 172 Statement: General Confirmation of Director's Duties

Directors are fully aware of and understand their Statutory Duties under the Companies Act 2006. The Board of Directors of the Company address all aspects of the LRQA Group's business, its operations and management over the short medium and longer term. The Board has a standing list of agenda items including but not limited to the health and safety of the Group's employees; financial and operational performance; business strategy, key risks (as advised by the Audit Risk and Compliance Committee), stakeholder related matters, governance and legal and regulatory compliance. This is done through the consideration and discussion of reports sent in advance of each Board meeting and through presentations to the Board. When making decisions each Director ensures that they act in a way they consider, in good faith, would be most likely to promote the Company's success for the benefit of its members and in doing so have regard to s 172(1) (a) to (f) as described further below. Agenda items in period have included those exceptional items pertinent to the transition from Lloyds Register to the LRQA Group of various shared suppliers and functions and in relation to the implementation of key acquisitions in the period.

The Board of Directors of the Company operates a clear framework for determining the matters within its remit and has approved the terms of reference for matters delegated to its two sub-committees (Audit Risk and Compliance Committee and Remuneration Committee). The Board meets every month and the two sub-committees quarterly with ad-hoc meetings as the Directors deem appropriate.

Day to day activity is delegated to executives the majority of whom are employed by LRQA Limited and the Directors engage with management in setting, approving and overseeing execution of the business strategy and related policies.

s 172(1) (a) to (f)

(a) Likely Consequences of any Decision in the Long Term

The Directors of the Company understand the business of the LRQA Group and the evolving environment it operates in, including the challenges presented by a highly fragmented competitive marketplace, changes in regulation post Brexit, challenging economic climate with high inflation a feature of key markets and the impact of the value of sterling against the dollar. The Directors recognise

how different stakeholders view our operations and that some decisions may not align with all stakeholder interests.

The Company is conscious that decisions made by all Group Companies could have an impact on other subsidiaries and stakeholders where relevant. By considering the LRQA Group's values expressed in its VITAE principles – vision, integrity, togetherness, ambition and expertise together with its strategic priorities and having a process in place for decision making, the Directors aim to ensure that the decisions of all of the LRQA Group companies, including the Company, are consistent and appropriate in all circumstances. Decisions regarding payments of any dividends of subsidiary companies of the Company are taken at Board level based upon the expertise and guidance of the LRQA Group's financial controllers and recommendations made by the Executive Committee, each taking into account a range of factors including: the long term viability of the LRQA Group; its expected cash flow and financing requirements; the need for strategic investment in the LRQA Group (and in particular in its digital infrastructure) and the expectations of the Company's shareholders as a supplier of equity capital to the Company.

The Directors took decisions during 2022 that they believed would best promote the LRQA Group's long term success for the benefit of its stakeholders as a whole. For example the Board had oversight of the transitional services plan which governed the transfer of the business functions and key suppliers from a Lloyd's Register environment to the LRQA Group in order to ensure that the new functional service delivery model was aligned with the strategic and operational objectives of the LRQA Group and was fit for the future with the primary aim of delivering a simplified, leaner service delivery operation, for the benefit of clients and colleagues employees.

The Directors took a decision to withdraw from its Russian business and ceased operations at the beginning of the period. External consultants have now been engaged to assist with the dissolution of this entity and the remaining director is engaged purely to assist with this process. This decision was made because of the increasingly hostile trading environment and alignment with the LRQA Values.

(b) The interests of the LRQA Group's Employees

Whilst the Company has no direct employees, the Directors recognise that as a services delivery company the employees (or "colleagues") in the LRQA Group are fundamental to the future growth and success of the Company.

Full consideration is given to applications for employment from persons with a disability and all employees are provided with equal access to career and development opportunities irrespective of personal characteristics.

LRQA Group has, notwithstanding the impact of the pandemic, below market attrition and has achieved gender balance in senior and mid- tier management roles. Difficulties in ensuring gender balance at more junior levels is caused in part by the underlying imbalance in females choosing Science, Technology, Engineering, and Mathematics (STEM) subjects as a career.

The Directors recognise the importance of strong colleague engagement and understand the value in clear and transparent messaging to LRQA Group employees. The LRQA Group website together with new branding was launched early in the period and regular messaging employed to ensure colleagues were kept up to date with the progress of transition. All managers met together to hear and discuss the launch of our corporate value proposition to understand the corporate strategy and direction. A monthly video conference is hosted by the CEO and members of the Executive providing key information to all colleagues at different times of the day to allow for different time zones. This communication includes a question-and-answer session as do the regular Town Hall Sessions also hosted by the CEO in offices across the world.

The Directors receive feedback gleaned from regular employee surveys and a member of the executive management team are assigned to develop action plans to remediate issues and communicate back to the Board and to colleagues.

A Remuneration Committee has been established in the period and advises the Board on matters considered by the Remuneration Committee at each meeting. Matters considered in this period were the uplifting of salaries in certain key jurisdictions, the payment of bonuses to employees and the introduction of cost-of-living supplements.

In recognition of the impact of rising inflation in some of its workforce the Company implemented a number of action plans designed to help employees meet rising costs in particular in relation to energy prices. Measures such as the essential bills contribution were country specific with allocation based upon the particular circumstances prevalent in company and also directed on employees earning below a certain threshold. In addition, grants of up to £2,000 were made available upon application to employees suffering financial hardship.

The Company provides an Employee Assistance Programme providing advice on health (including mental wellbeing), legal and financial issues, a 24hour GP service, probate and bereavement helpline and a counselling service.

Each employee is entitled to a wellbeing day as an additional day's annual leave to be taken in the calendar year as a whole day dedicated to the employees mental or physical health.

(c) The need to Foster the Company's Business Relationships with Suppliers, Clients and Others

The Directors recognise the benefits of engaging with a broad range of stakeholders, as developing and delivering the Company strategy depends upon building and maintaining constructive relationships with them all.

The vast majority of the LRQA Group's income is generated from repeat business. The Directors are therefore acutely aware that delivery standards are key to its continued success. Importantly however the Directors also understand that the environment in which the LRQA Group subsidiaries operate, particularly in the Cyber and ESG space is evolving at pace and that Clients require ever more inventive and targeted solutions to help them navigate these developments.

Certain key supplier relationships were implemented shortly prior to the inception of the LRQA Group and this period has seen those relationships maturing. This process is ongoing and is beginning to yield a positive impact upon the LRQA Group's operations.

A large proportion of the LRQA Group's income is derived from the delivery of accredited services. As such it is recognised that relationships with our main accreditation body (the United Kingdom Accreditation Service) and others such as SMETA (Sedex Members Ethical Trade Audit) are key. The LRQA Group has begun the process of being accepted by the TIC Council as a member and expects to achieve member status in the next period.

(d) The impact of the Company's operations on the community and the environment

The Directors recognise that as an ESG services provider the Company's approach to ESG matters are intrinsic to its long term success. It is expected given the markets in which the LRQA Group Companies operate and the colleagues and client it wishes to attract that it has a strong offering in this area. To this end the LRQA Group will publish its mission statement "Our Planet Our Plan" later in 2023 setting out its principles, intentions and activities in this space.

LRQA Group Companies hold an ISO14001 accreditation for environmental management and part of its core business is certifying other companies to this standard.

The LRQA Group of companies have submitted their application to be recognised as a signatory of the UN Global Compact and expect to receive confirmation later in 2023. Also progressing are its application for B-Corp status and accreditation via the TIC Council.

(e) The desirability of the Company maintaining a reputation for high standards of business conduct

The Directors have commissioned a refresh of the Code of Ethics and Business Partner Code of Conduct to affirm the values and principles the LRQA Group of Companies stand for which was launched in Q1 2023. Also commissioned and launching at the same time will be an Alertline to better enable employees and third parties to raise concerns (anonymously if they choose) and training to support colleagues in understanding how they should implement the principles and guidelines contained therein in their day-to-day activities.

(f) The need to act fairly as between the members of the Company

After weighing up all relevant factors, the Directors consider which course of action best promotes the long term success of the Company, taking into consideration the impact on stakeholders. In doing so, the Directors are not required to balance the Company's interests with those of other stakeholders and this can sometimes mean that certain stakeholder interests are not always aligned.

Financial Results

Consolidated revenue for the period from 2 September 2021 to 31 December 2022 ('the period to 31 December 2022') was £370.0m.

The Group's underlying trading performance is measured through its adjusted operating profit measure which is defined as operating profit before depreciation, amortisation and exceptional costs.

Consolidated adjusted operating profit was £18.0m for the period to 31 December 2022.

As described further in note 8 to the financial statements exceptional items related to non-recurring expenditure on activities such including: acquisition-related costs (£14.3) and accruals for earnout payments on acquisitions (£4.1m); costs of establishing processes and support functions (£31.5m); and costs of redundancy (£2.6m) incurred as part of reorganisation of existing functions in line with the Group's strategy.

Depreciation and amortisation (£65.4m) relate to the depreciation cost of Property, plant and equipment, amortisation of internally generated intangible assets and amortisation of intangible asset arising on acquisition which is the most significant component.

Operating loss for the period to 31 December 2022 after depreciation, amortisation and exceptional costs, was £(99.9)m.

Pro-forma unaudited results for 12 months to 31 December 2022

Following the acquisition of the LRQA Group by Dione TopCo Limited on 2 December 2021, the Company and Group changed its fiscal period end from 30 June 2022 to 31 December 2022. The period to December 2022 reported on the Group's Consolidated Statement of profit or loss includes approximately 13 months' post-acquisition results of the LRQA Group.

The Board believes that the presentation of pro forma results for the 12-month period will facilitate future comparison. The below unaudited pro forma income statement has been prepared representing the Group's results from 1 January 2022 to 31 December 2022.

	Period to 31 December 2021 Unaudited £m	12 months to 31 December 2022 Unaudited £m	Period to 31 December 2022 Audited £m
Revenue	**24.6**	**345.4**	**370.0**
Cost of sales	(13.2)	(196.3)	(193.1)
Gross profit	**11.4**	**149.1**	**176.9**
Impairment of trade receivable and contract assets	(0.5)	(12.6)	(13.1)
Administrative expenses	(3.8)	(125.6)	(145.8)
Adjusted operating profit – (operating profit before depreciation, amortisation, exceptional costs and impairment)	**7.1**	**10.9**	**18.0**
Depreciation and amortisation	(5.8)	(59.6)	(65.4)
Exceptional costs	(18.7)	(33.8)	(52.5)
Operating loss	**(17.4)**	**(82.5)**	**(99.9)**
Finance income	—	0.1	0.1
Finance expense	(1.8)	(69.1)	(70.9)
Net finance expense	**(19.2)**	**(151.5)**	**(70.9)**
Share of results of joint ventures	—	0.2	0.2
Loss before tax	**(19.2)**	**(151.3)**	**(170.5)**
Income tax	0.4	14.9	15.3
Loss for the period/year	**(18.8)**	**(136.4)**	**(155.2)**

Taxation

The consolidated net tax credit from continuing operations was £15.3m. The underlying effective rate excluding the unwind of the deferred tax liability associated with the amortisation of intangible assets arising on acquisition was 9.01% affected by the geographical mix of profits earned.

Balance sheet and working capital

Consolidated net liabilities for the Group at 31 December 2022 were £(144.0)m representing accumulated net post-acquisition losses in the LRQA trading Group. The recognition of net liabilities is principally related to:

- Operating loss of £(99.9)m which includes: £(57.9)m of amortisation of intangible assets; £(7.5)m of depreciation of Right of use assets and Property, plant and equipment; and £(52.5)m of exceptional costs described above.
- £(46.0)m in accrued coupon interest for Preference shares issued as part funding for the LRQA Group and Elevate Group.
- Increase in borrowings denominated in US dollars (USD$39m) to part-finance the acquisition of the Elevate Group.
- Net £4.3m decrease in cash excluding cash acquired with acquisitions.

These movements were partially offset by:

- £10.1m decrease in net pension liabilities primarily due to actuarial gains following reduction in the discount rate assumption;
- £15.3m tax credit primarily resulting from the unwind of a deferred tax liability recognised in association with the amortisation of the Group's intangibles arising on acquisition.
- £63.1m additional goodwill and £32.7m intangible assets (post amortisation to 31 December 2022) on acquisition of the Elevate Group and ATvantaGe;

Cash and banking facilities

Excluding cash acquired with acquisitions, cash and cash equivalents have decreased by £4.3m since acquisition at 2 December 2021 to £37.3m.

Net cash outflow from operating activities for the period to 31 December 2022 was £(19.1)m primarily driven by exceptional costs of £(52.5))m offsetting Adjusted operating profit of £18.0m.

Risk Management

Governance

The Board has overall responsibility for establishing, monitoring and maintaining an effective system of risk management and internal controls.

Identifying and evaluating risks

The identification of risks within LRQA is a continual process. In the opinion of the Directors, the principal risks and uncertainties facing LRQA are effectively considered and by the Board, the Executive Committee and the Audit, Risk and Compliance Committee.

The principal strategic, operational and compliance risks of the Group are:

- **Business strategy:**
  - Reliance on key industries or geographies;
  - Potential for disruption to the Group's business model through changes in technology, competitor innovation and customer markets changing demand for the Group's delivers its services; and
  - Increased commoditisation of the Group's services creating price pressure and increasing frequency of customers changing to alternative suppliers.
- **Operational and Compliance risks:**
  - The Group's ability to attract and retain our people to ensure high-quality services are delivered to customers;
  - The increased digitisation of the Group's operations has increased the Group's exposure to reliance on its IT systems and solutions. These systems and the Group's data are under constant threat from cyber and data related security incidents.
  - The Group has adopted an operating model which outsources a number of key internal processes and support services. There is a risk that these outsourced service partners are unable or unwilling to continue providing services to the Group.
  - Many of the services the Group provides are subject to industry or national regulations. Failure to continue to comply with the requirements of the regulation could result in loss of a licence to operate in key industries.
  - Health, safety and security of our workforce.

The principal financial risks and uncertainties facing the Group are;

Foreign exchange risk

Foreign exchange risk, also known as price risk, is an anticipated risk that comes with operating across various geographical locations.

As part of the acquisition of the LRQA Group, the Group drew on a £200m facility which was drawn in Euros to provide a natural offset the principal non-sterling cashflow exposure of the Group. The subsequent acquisition of the Elevate Group in April 2022 was part-funded by a draw-down on a separate Committed Acquisition Facility in US dollars to offset the exposure to the primary currency of the Elevate cashflows.

Where possible, the Group utilises natural hedges to manage foreign exchange exposure. This involves offsetting the costs incurred in a specific currency against revenues earned in the same currency.

All Group entities participate in the Group's transfer pricing arrangements which ensure central costs, intellectual property and other Group-held assets are charged a franchise fee where they generate value outside of the UK. In addition, non-sterling entities pay dividends to head office companies in cash.

Liquidity risk and going concern

The Group had cash of £35.9m at 31 December 2022. In addition, as part of the Group's borrowing arrangements, the Group has access to a revolving credit facility of £30.0m which remained undrawn at the balance sheet date.

The Group continues to monitor its levels of working capital closely and the Directors have implemented detailed action plans to ensure that the increase in working capital levels in the LRQA Group experienced following date of acquisition to the balance sheet date return to pre-acquisition levels during the next financial year.

The Directors believe that the Group's cash holdings, supported, if necessary, by access to its revolving credit facility, are sufficient to address its liquidity requirements both in the short and long term. As a result, the Directors have a reasonable expectation that the Company and the Group have enough resources to continue operating in the foreseeable future. The financial statements have been prepared on a going concern basis.

Interest rate risk

The Group's primary exposure to interest rate risk arises on its debt facilities. As noted above, as part of the acquisition of the LRQA Group and Elevate Group in April 2022, the Group drew on debt facilities which carry floating interest rate charges.

To mitigate the exposure to changes in interest rates over the life of the borrowings, the Group has taken out interest rate swap financial instruments over portions of the liability to fix the interest payable and mitigate exposure to future interest rate fluctuations.

Any future draw on the Group's revolving credit facility would incur further interest charges which are also on a floating rate basis.

The Group has limited additional exposure to interest rate risk.

Credit risk

The Group has a policy of assessing the creditworthiness of new significant clients and assigning a credit limit to their accounts as necessary.

Environmental, Social, Governance (ESG)

As the Company does not meet the criteria for a large company registered in the UK, the directors have chosen not to disclose carbon emissions data otherwise to be disclosed under the UK streamlined energy and carbon reporting (SECR) framework. However, as referenced frequently throughout this report, the directors place a high importance on the Group's sustainability credentials and thought leadership as demonstrated through the commitments made as part of the Group's *Our Planet, Our Plan* initiative which will launch publicly later in 2023.

By order of the Board



Paul Butcher
Director

30 June 2023

Directors and advisors

Directors

Mr JC de A Barreto
Mr MH Blackburn
Mr MS Bruun
Mr P Butcher
Ms T Howarth
Mr M Lal
Mr J I Spaulding

Company Secretary

Mourant Governance Services, Jersey

Independent Auditor

MHA
6th Floor, 2 London Wall Place
London
United Kingdom

Registered office

22 Grenville Street
St Helier
Jersey, JE4 8PX

Registered number

137864

Directors' Report

The Directors present their report and audited financial statements for the period from incorporation on 2 September 2021 to 31 December 2022.

Principal activities

The Group undertakes, through its network of UK and foreign branches and subsidiaries, inspections and surveys, systems assessments and provides risk management solutions.

Results

The consolidated Adjusted operating profit for the period before depreciation, amortisation and exceptional costs was £18.0m. After depreciation, amortisation and exceptional costs the Operating loss was £(99.9)m.

Further commentary on the results for the period can be found in the Strategic Report.

Future developments

The future developments of the Group are discussed in the Strategic Report.

The Directors remain optimistic about the future of the organisation's activities.

Dividends

The Directors do not recommend a dividend.

Charitable grants and donations

During the period, the Group made no charitable or political donations.

Principal risks and uncertainties

The principal risks and uncertainties and financial risk management objectives and policies are discussed within the Strategic Report.

Branches

The Company has branches, as defined in section 1046(3) of the Companies Act 2006, which are outside the UK.

Capital structure

Details of the issued share capital, are set out in note 30.

Directors

The Board of Directors comprised the following members during the period, and subsequently:

	Appointed	Resigned
JC de A Barreto	3-Mar-2022	
MH Blackburn	3-Mar-2022	
MS Bruun	2-Sep-2021	
P Butcher	3-Mar-2022	
T Howarth	3-Mar-2022	
M Lal	2-Sep-2021	
J I Spaulding	25-Apr-2022	
N Ross	2-Sep-2021	9-Dec-2021

Directors' indemnity

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors, which were made during the period and remain in force at the date of this report.

Employees

The Group strives to be an equal opportunities employer.

Full consideration is given to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person.

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

The Group aims to provide employees with information on relevant matters, including financial and economic factors affecting the performance of the Group both by email and by posting to the Group's intranet website and using internal social media.

Post balance sheet events

Details of the post balance sheet event are set out in note 37.

Disclosure of information to auditor

Having made enquiries, each of the Directors listed above who were in office at the time of approving the Directors' report, confirms that:

- So far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- Each Director has taken all steps a director might reasonably be expected to have taken to be aware

of relevant audit information and to establish that the Company's auditor is aware of that information.

Statement of Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial period. Under that law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations as adopted in the United Kingdom (collectively IFRSs) and are prepared under Companies (Jersey) Law 1991and those aspects of the Companies Act 2006 required by the Overseas Regulations 2009. 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 those financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed; 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 proper 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 Group and Company and to enable them to ensure that the financial statements comply with Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention 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 Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going concern

The Directors have reviewed the Group's forecast results and cash flows which, in conjunction with the cash balances which are immediately available for use held on the balance sheet at the date of approval of the financial statements, support a reasonable expectation that the Group has adequate resources to continue in operational existence across the going concern assessment period, which is at least twelve months from approval of these financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Auditor

Following a rebranding exercise on 15 May 2023 the trading name of the company's independent auditor changed from MHA MacIntyre Hudson to MHA. A resolution to reappoint MHA as independent auditor will be proposed at the next Board Meeting.

By order of the Board



Paul Butcher
Director

30 June 2023

Independent auditor's report to the members of Dione Topco Limited

Opinion

We have audited the financial statements of Dione Topco Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 December 2022, which comprise the consolidated statement of profit or loss, consolidated statement of comprehensive expense, consolidated statement of financial position, consolidated statement of changes in equity, the consolidated statement of cash flows, notes to the consolidated financial statements, including a summary of significant accounting policies, parent company income statement, parent company statement of financial position, parent company statement of changes in equity and notes to the parent company financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards as adopted by the International Accounting Standards Board ('IASB'). The financial reporting framework that has been applied in the preparation of the parent company financial statements is United Kingdom Accounting Standards, including Financial Reporting Standard 101 *"Reduced Disclosure Framework"* (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 31 December 2022 and of the group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards adopted by the International Accounting Standards Board ('IASB');
- the parent company financial statements 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 (Jersey) Law 1991.

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 the 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.

Other information

The directors are responsible for the other information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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.

Opinions on other matters prescribed by the Companies (Jersey) Law 1991

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 period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Independent auditor's report to the members of Dione Topco Limited

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 (Jersey) Law 1991 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, 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 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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

- Obtaining an understanding of the legal and regulatory frameworks that the group operates in, focusing on those laws and regulations that had a direct effect on the financial statements. Companies (Jersey) Law 1991 and applicable tax legislation.

- We understood how the group is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and papers provided to the Audit Committee.

- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur, by meeting with group management to understand where they considered there was a susceptibility to fraud and to identify any instances of known or suspected instances of fraud;

- Our audit planning identified fraud risks in relation to management override of controls, inappropriate or incorrect recognition of revenue. We obtained and understanding of the processes and controls that the group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how management monitors that processes and controls;

- With regards to the fraud risk in management override, our testing included journal transaction testing, with a focus on large or unusual transactions, evaluating the business rationale of these transactions. We also performed an assessment on the appropriateness of key judgements and estimates, which are subject to management's judgement and estimation, and could be subject to potential bias; and

Independent auditor's report to the members of Dione Topco Limited

- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. Testing the financial statement disclosures to supporting documentation, performing substantive testing on account balances which were considered to be of greater susceptibility to fraud;

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. The risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

RShaunak

Rakesh Shaunak, FCA, Senior Statutory Auditor

for and on behalf of MHA
Statutory Auditor
London, United Kingdom

Date: 30 June 2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313).

Consolidated statement of profit or loss for the period ended 31 December 2022

	Note	Period to 31 December 2022 £000
Revenue	6	**369,996**
Cost of sales		(193,144)
Gross profit		**176,852**
Depreciation and amortisation*		(65,397)
Exceptional costs*	8	(52,502)
Impairment of trade receivable and contract assets		(13,049)
Administrative expenses		(145,799)
Total administrative expenses		(276,747)
**Adjusted operating profit – (operating profit before depreciation, amortisation and exceptional costs)*		*18,004*
Operating loss	7	**(99,895)**
Finance income	12	55
Finance expense	12	(70,910)
Net finance expense		**(70,855)**
Share of results of joint ventures		213
Loss before tax		**(170,537)**
Income tax	13	15,367
Loss for the period		**(155,170)**

All amounts relate to continuing activities.

The loss for the period is attributable to the owners of Dione Topco Limited.

Consolidated statement of comprehensive expense for the period ended 31 December 2022

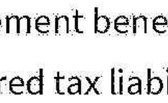
	Note	Period to 31 December 2022 £000
Loss for the period		(155,170)
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of net defined benefit liabilities	29	10,976
Tax on pension remeasurements	13	(2,603)
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange differences on translation of foreign operations		1,654
Other comprehensive income net of tax		10,027
Total comprehensive expense		(145,143)

The notes on pages 19 to 62 form part of these financial statements.

Consolidated Statement of Financial Position at 31 December 2022

	Note	31 December 2022
Non-current assets		**£000**
Goodwill	15	323,587
Other intangible assets	17	297,310
Property plant and equipment	18	6,140
Right-of-use assets	19	14,369
Derivative financial instruments	22	2,687
Deferred tax assets	14	19,715
Interest in joint ventures	21	358
		664,166
Current assets		
Contract assets	24	22,644
Trade and Other Receivables	23	81,280
Prepayments		7,499
Cash and bank Balances		35,852
		147,275
Current liabilities		
Trade and other payables	25	(87,828)
Current tax liabilities		(6,449)
Contract liabilities	26	(12,332)
Lease liabilities	20	(6,207)
Provisions	28	(12,317)
		(125,133)
Total assets less current liabilities		686,308
Non-current liabilities		
Loans and borrowings	27	(234,038)
Retirement benefit obligations	29	(26,494)
Deferred tax liabilities	14	(74,181)
Lease liabilities	20	(7,686)
Cumulative preference shares	27	(487,861)
		(830,260)
Net liabilities		(143,952)
Equity		
Share capital	30	12
Share premium account	30	1,193
Own shares		(2,829)
Translation reserve		1,654
Accumulated losses	30	(143,982)
Total deficit		(143,952)

The financial statements were approved by the Board of Directors and authorised for issue on 30 June 2023 and signed on its behalf by:



Paul Butcher
Director
Dione TopCo Limited
Company registration number: 137864

The notes on pages 19 to 62 form part of these financial statements.

Consolidated statement of profit or loss for the period ended 31 December 2022

	Share capital	Share premium	Own shares	Translation reserve	Accumu-lated losses	**Total**
	£000	£000	£000	£000	£000	**£000**
At 2 September 2021	—	—	—	—	—	**—**
Loss for the financial period	—	—	—	—	(155,170)	**(155,170)**
Other comprehensive income before tax	—	—	—	1,654	10,976	**12,630**
Tax on other comprehensive income / (loss)	—	—	—	—	(2,603)	**(2,603)**
Total comprehensive income / (loss) for the period	—	—	—	1,654	(146,797)	**(145,143)**
Issue of Share Capital	12	1,193	—	—	—	**1,205**
Shares issued but unallocated	—	—	(2,829)	—	—	**(2,829)**
Share-based payments	—	—	—	—	2,815	**2,815**
At 31 December 2022	12	1,193	(2,829)	1,654	(143,982)	**(143,952)**

The notes on pages 19 to 62 form part of these financial statements.

Consolidated cash flow statement for the period ended 31 December 2022

	Note	31 December 2022 £000
Cashflow from operating activities		
Loss after taxation		**(155,170)**
Taxation		(15,367)
Share of results of joint ventures		(213)
Net finance expense	12	70,855
Loss on disposal of property, plant and equipment		12
Other non-cash charges		641
Depreciation of property, plant and equipment and right-of-use assets	19, 20	7,515
Amortisation of intangible assets	18	57,882
Increase in trade and other receivables	23	(21,910)
Decrease in contract assets	24	9,253
Increase in trade and other payables	25	31,958
Decrease in contract liabilities	26	(1,755)
Increase in provisions	28	4,502
Defined benefit pension contributions	29	86
Cash used by operations		**(11,711)**
Income taxes paid		(7,341)
Net cash outflow from operating activities		**(19,052)**
Cashflow from investing activities		
Interest received		53
Proceeds from disposal of property, plant and equipment	18	486
Purchase of property, plant and equipment	18	(816)
Purchase of intangible assets	17	(814)
Acquisition of subsidiaries	16	(592,641)
Cash acquired on acquisition of subsidiaries	16	39,978
Net cash flows outflow from investing activities		**(553,754)**
Cashflow from financing activities		
Interest paid	12	(13,820)
Issue of preference shares	27	402,787
Proceeds from loans and borrowings	27	224,162
Proceeds on issue of shares	30	1,205
Repayment of leases	20	(5,817)
Net cash inflows from financing activities		**608,517**
Net increase in cash and cash equivalents		**35,711**
Cash and cash equivalents at beginning of period		**—**
Net increase in cash and cash equivalents		**35,711**
Effect of foreign exchange rate changes		**141**
Cash and cash equivalents at end of period		**35,852**

1. General information

Dione TopCo Limited (the Company) is a private company limited by shares registered in Jersey. Its registered office is disclosed on page 9. The principal activities of the group and the nature of its operations are disclosed within the Directors' Report. These first set of financial statements are from the Company's incorporation on 2 September 2021 to 31 December 2022 referred to throughout this document as "the period to 31 December 2022".

These financial statements are presented in Pounds Sterling (GBPs), which is the currency of the primary economic environment in which the Group operates and are rounded to the nearest thousand pounds. Foreign operations are included in accordance with the policies set out in note 5.

2. Basis of accounting

These Group consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations as adopted in the United Kingdom (collectively IFRSs) and are prepared under Companies (Jersey) Law 1991 and those aspects of the Companies Act 2006 required by the Overseas Regulations 2009.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in use in IAS 36.

3. Adoption of new and revised Standards

In the current period, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as adopted in the United Kingdom that are mandatorily effective for an accounting period that begins on or after 1 January 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IFRS 3 *Reference to the Conceptual Framework*

The Group has adopted the amendments to IFRS 3 *Business Combinations*. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 *Levies*, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Amendments to IAS 16 *Property, Plant and Equipment*—Proceeds before Intended Use

The Group has adopted the amendments to IAS 16. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 *Inventories*.

The amendments also clarify the meaning of *'testing whether an asset is functioning properly'*. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

Amendments to IAS 37 *Onerous Contracts* – Cost of Fulfilling a Contract

The Group has adopted the amendments to IAS 37. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle

The Group has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle. The Annual Improvements include amendments to four standards.

a) IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

b) IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

4. Critical accounting judgements and key sources of estimation uncertainty

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical judgements in applying the Group's accounting policies

The directors do not consider there to be any critical judgements, apart from those involving estimations (which are dealt with separately below), in the process of applying the Group's accounting policies that have a significant effect on the amounts recognised in the financial statements.

Group key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Calculation of loss allowance

When measuring expected credit losses ECL for trade and other receivables, the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

(ii) Impairment of goodwill – Estimate of future cash flows and determination of the discount rate.

The assessment of the recoverable amount of goodwill allocated to the Group's Cash Generating Units (CGUs), is sensitive to the achievement of the Groups forecast performance which anticipates growth in all CGUs. Budgets comprise forecasts of revenue, staff costs and overheads based on current and anticipated market conditions that have been considered and approved by the Board. While the Group's historic revenue performance and profitability as part of the Lloyd's Register Group confirm the assumption that goodwill and other assets in the Group's CGUs are not impaired, this conclusion is an important estimate given the materiality of the goodwill and intangible assets recognised on the Consolidated balance sheet.

(iii) Items held at fair value

The Group measures a number of items at fair value, the calculation of which involves the use of estimates and assumptions. These items include:

- Financial instruments

- Net defined benefit liabilities

- Equity-settled share-based payment liabilities

For more detailed information in relation to the fair value measurement of the items above, please refer to the applicable notes.

(iv) Revenue recognition

The Group has long-term customer contracts under which service delivery can extend over a number of years. In accounting for such long-term contracts, an estimate is required of the costs to complete the contract to determine the percentage of completion, which is used to determine the amount of revenue to be recognised. These estimates are used to forecast the ultimate profitability of each contract. If, at any time, these estimates indicate that a contract will be unprofitable, the entire estimated loss for the contract is recognised immediately. If the estimates change, the measurement of the percentage of completion will change, with a consequential remeasurement of cumulative revenue recognised to date on the contract. Consequently, the determination of cost estimates on long-term customer contracts that span more than one accounting period are considered a critical judgement. However, there are no such long-term projects that are individually material to the Group's reported result.

5. Accounting policies

a. Going Concern

The Directors have reviewed the Group's forecast results and cash flows which, in conjunction with the cash balances which are immediately available for use held on the balance sheet at the date of approval of the financial statements. The Group is well diversified, with at least 10 countries generating 80% of its revenue. The Group's largest market is the UK comprising c. 22% of revenue with the Group's largest customer representing less than 1% of total revenue. On this basis, the directors consider the Group's business to be sufficiently geographically diversified not to be overly reliant on one market or individual customer.

When considering the Group's going concern assumption, the directors have considered key sensitivities to the achievement of the forecast cash flows as being recoverability of working capital, and the inability to achieve the forecast results.

The following downside scenarios were considered:

- £5m – reduction in cash flows due to inability to collect trade receivables; and
- £9m – reduction in forecast growth in the Group EBITDA

Mitigations available against these potential sensitivities include:

- Drawdown on the Group's Revolving Credit Facility to maximum £30m limit
- Reduction in discretionary spend, including bonus, travel and recruitment.

Reverse stress testing

- A break point was set as the level at which the Revolving Credit Facility limit of £30m would be exceeded and access to further liquidity would require further financing arrangements. Testing indicated a reduction in revenue of slightly over 10% would reach the facility limit. However, this result did not factor in any reduction in the Group's forecast cost base which could be reduced to mitigate a fall in revenue.

The above analyses support a reasonable expectation that the Group has adequate resources to continue in operational existence across the going concern assessment period, which is twelve months from approval of these financial statements. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

b. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) for the period ended 31 December 2022. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

c. Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively; and
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see below).

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

Where a business combination includes deferred consideration arrangements the Group applies guidance within IFRS3 to determine what element of the payment qualifies as consideration, and what element should be accounted for as a separate transaction. For examples, payments to the employees of the acquiree (who may or may not also be selling shareholders) who are required to complete a period of service to qualify for the consideration are accounted for as post-acquisition services and recognised as cost during the period of service.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

d. Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then

to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

e. Investments in Joint Ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in a joint venture is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or a joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

f. Revenue Recognition

The Group recognises revenue from the following major sources:

- The provision of Business Assurance services ('Business Assurance').
- The provision of Inspection Services to businesses that require certification ('Inspection Services').
- The provision of Cybersecurity and related services to businesses ('Cybersecurity').
- Sale of Cybersecurity software to businesses.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer .

i. Revenue recognition for the provision of Business Assurance , Inspection Services and Cybersecurity services

The group carries out Business Assurance work for contract for customers. Revenue relating to the provision of business assurance services is recognised over time, by reference to the stage of completion of the contract activity as at the balance sheet date. This is normally measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs once the final outcome can be assessed with reasonable certainty. All income is recorded net of VAT and similar sales taxes. Where payments are received from customers in advance of services provided, the amounts are recorded as a contract liability. Where revenue is recognised in advance of invoicing, the amounts are recorded as a contract asset. The Group's policy on impairment of contract assets is included in the policy on Financial instruments below.

ii. Sale of Cybersecurity Software with a Perpetual License.

Where cybersecurity software is sold with a perpetual license for use by the customer, revenue is recognised when control of the license has transferred, being the earlier of when the customer receives or becomes able to download the purchased software. Payment of the transaction price is due immediately at the point the customer purchases the goods.

g. Leases

Where lease liabilities are incurred by the Group it assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

For lease liabilities that the Group has acquired through business combinations, the group measures the lease liability at the present value of the remaining lease payments as if the acquired lease were a new lease that commenced at acquisition date.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a change to the lease term, payments or modifications.

The Group did not make any such adjustments during the periods presented.

Where right-of-use assets arise from contracts entered into by group entities, the right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs.

Where right-of-use assets are acquired through business combinations, the Group measures the right-of-use asset at the same amount as the lease liability, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

The Group has used the practical expedient permitted in IFRS 16 which permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

h. Foreign Currencies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in Pounds Sterling (GBP), which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates

for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

i. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

j. Operating profit/(loss) and exceptional costs

Operating profit/(loss) is stated after charging restructuring costs and after the share of results of associates and joint ventures, which are considered to form part of the Group's core operations, but before finance income and finance costs.

Exceptional costs are shown separately on the consolidated statement of profit or loss to separately analyse costs incurred during the period which are not expected to repeat in future periods to enable the user of the financial statements to see the underlying profitability of the Group's operations excluding these items.

k. Retirement and Benefit Costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit plans are accounted for as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurements comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognised immediately in the statement of financial position with a charge or credit to other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income are not reclassified. Past service cost is recognised in profit or loss when the plan amendment or curtailment occurs, or when the Group recognises related restructuring costs or termination benefits, if earlier. Gains or losses on settlement of a defined benefit plan are recognised when the settlement occurs. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- service costs, which includes current service cost, past service cost and gains and losses on curtailments and settlements;
- net interest expense or income; and
- remeasurements.

The Group recognises service costs within profit or loss as administrative expenses.

Net interest expense or income is recognised within finance costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

l. Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

m. Taxation

Tax Expense

The income tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current Tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

n. Property, Plant and Equipment

Plant, machinery, fixtures and fittings are stated at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Freehold buildings	5 to 40 years
Leasehold improvements:	length of the lease
Office fittings and equipment	8 years
Computer equipment	5 years
Motor vehicles	5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

o. Intangible Assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives and is recorded as an expense within Administration costs but is excluded from the calculation of Adjusted operating profit. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Patents and trademarks

Patents and trademarks are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives.

p. Impairment of property, plant and equipment and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated

to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

q. Financial Instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item.

Transfers of items between levels are recognised in the period they occur.

The principal accounting policies adopted are set out below.

Financial assets

Classification of financial assets

These comprise cash and trade and other receivables that meet the following conditions and are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses ("ECL") on trade and other receivables including contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. The Group recognises the preference shares issued by the Company as financial liabilities on this basis.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial Liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through profit and loss (FVTPL).

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method except for short-term balances when the effect of discounting is immaterial.

Loans and borrowings

Interest-bearing loans from related company are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method is recognised over the term of the borrowing in accordance with the Company's accounting policy for borrowing costs (see note 5).

Financial Liabilities held foreign currency

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognised in

other comprehensive income and accumulated in a separate component of equity. The Group does not have any financial instruments which are part of a designated hedging relationship.

Derivative financial instruments – Interest rate swaps

The Group has entered into interest rate swaps to fix a portion of the interest rate on the Group's debt liabilities. These are accounted for as fair value through profit or loss. Hedge accounting is not adopted.

r. Provisions and Contingent Liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 and the amount recognised initially less cumulative amount of income recognised in accordance with the principles of IFRS 15.

s. Share-based payments

Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 31.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

Employee share ownership trust

The Company operates an employee share ownership trust ('the trust') designed to encourage and facilitate the holding of Securities principally by employees for their benefit and enable the Group to attract, retain and motivate employees and executive directors. The principal activity of the trust during the period was to hold Company shares including i) issued shares allocated to employees held by the trust on their behalf; and ii) issued shares which are unallocated at the reporting date. Unallocated issued Company shares held by the trust are reported as a separate reserve within equity.

6. Revenue

Information reported to the Group's Chief Executive (the Chief Operating Decision Maker (CODM)) for the purposes of resource allocation and assessment of segment performance is focused on the category of customer for each type of activity. The principal categories of customer Business Assurance Services, Inspection Services and Cybersecurity split by region.

Business Assurance	The provision of business assurance services
Inspection Services	The provision of Inspection Services
Cybersecurity	The sale of digital products, software licenses and implementation services

External Revenue by product line	Period to 31 December 2022 £000
Cybersecurity	36,473
Business Assurance	228,991
Inspection Services	104,532
	369,996

Contract assets and liabilities are disclosed within note 24 and 26 respectively.

7. Loss for the period

Loss for the period has been arrived at after charging/(crediting):

	Period to 31 December 2022 £000
Net foreign exchange gains	(797)
Research and development costs	185
Depreciation of property plant and equipment (note 18)	1,223
Depreciation of right-of-use assets (note 19	6,292
Amortisation of intangible assets included in other operating expenses (note 17)	57,882
Share-based payment expense (note 31)	2,815
Employee benefit expense (note 11)	190,600
Loss allowance on trade receivables (note 23)	10,593
Loss allowance on amounts due from contract assets (note 24)	2,456
Exceptional items (note 8)	52,502

8. Exceptional costs

As described in the Strategic report and note 16 the Group acquired LRQA Group Limited and its trading group on 2 December 2021 from Lloyd's Register Group Limited. During the period the Group incurred expenses associated with the set-up of the Group's operations as a stand-alone enterprise along with other costs which are exceptional in nature in that they do not represent part of the ongoing costs of operations. While some of these programmes continue to deliver the change management initiatives after December 2022, the majority of these costs are not expected to repeat in future periods and have been separately stated on the face of the Consolidated statement of profit or loss as a non-statutory measure to present an adjusted Group operating profit before inclusion of these costs.

During the period these costs related to:

	Period to 31 December 2022 £000
Separation costs	31,486
Redundancy costs	2,635
Earnouts	4,100
Acquisition costs	14,281
	52,502

Separation costs: The acquired business was a carve-out of business operations from the Lloyd's Register Group. At the date acquisition, the Group had only limited established back office and administrative support functions necessary to function as a stand-alone enterprise. During the period the Group invested in significant change management and advisory expenditure with the purpose of establishing these functions.

Redundancy costs: Aside from costs associated with Separation the Group also incurred redundancy costs during the period associated with changes in the structure and locations of its personnel.

Earnouts: The acquisition of Elevate described in note 16 contained arrangements where retained staff were entitled to further remuneration should the acquired business meet agreed performance targets. These payments are conditional on continued service and are recognised as an operating expense in accordance with IFRS 3.

Acquisition costs: These costs relate to legal and professional fees directly attributable to the acquisitions described in note 16.

9. Auditors Remuneration

During the period the Group (including its overseas subsidiaries) obtained the following services from the Company's auditor and its associates:

	Period to 31 December 2022 £000
Fees payable to the Company's auditor and its associates for the audit of the parent Company and consolidated financial statements	628
Fees payable to the Company's auditor and its associates for other services to the group:	598
Audit of the Company's subsidiaries	
	1,226

11. Staff costs

The average monthly number of employees (including executive directors) during the period was: 3,165.

Average number of employees for the period:	Period to 31 December 2022
	Number
Business Assurance	1,884
Inspections Services	712
Cybersecurity	241
Administrative and support	288
	3,125

Their aggregate remuneration was comprised of:

	Period to 31 December 2022
	£000
Wages and salaries	153,743
Social security costs	21,472
Other pension costs	15,385
	190,600

Other pension cost includes only those defined benefit plan costs included within operating costs and the defined contribution plan charge. Items reported elsewhere in the profit and loss (see notes 7 and 8) have been excluded.

In addition, £2.6m of redundancy costs (note 8) and £2.8m of share-based payment expense (note 31) have been incurred. These are not included in the remuneration disclosed above.

Aggregate Directors' Remuneration

Three of the Company's directors received remuneration for their services from the Group during the period. The total amounts for directors' remuneration in accordance with Schedule 5 to the Accounting Regulations and that for the highest-paid director were as follows:

	Period to 31 December 2022	
	All Directors	Highest-paid Director
	£000	£000
Salaries, fees, bonuses and benefits in kind	808	609
Money purchase pension contributions	47	47
	855	**656**

One director is a members of a money-purchase pension plan.

Notes to the financial statements (continued)

12. Net Finance Expense

	Period to 31 December 2022
	£000
Interest on bank overdrafts and loans	15,718
Foreign exchange losses on loans and borrowings	9,864
Coupon payable on preference shares	46,020
Loan amortisation expense	1,272
Interest on lease liabilities	315
Total interest expense for financial liabilities not classified as at FVTPL	73,189
Less: amounts included in the cost of qualifying assets	
Net interest expense on defined benefit obligation	406
Interest rate swaps on Borrowings (note 32)	(2,687)
Other finance costs	2
Finance income	(55)
Net finance expense	**70,855**

13. Income Tax

	Period to 31 December 2022 £000
(i) Tax expense/(credit) excluding tax share of equity accounted joint ventures	
Current tax expense	
Current tax on profits for the period	5,558
Adjustment for over provision in prior periods	(99)
Total current tax expense	5,459
Deferred tax recovery	
Origination and reversal of temporary differences (Note 14)	(20,009)
Tax rate change differences	(1,165)
Adjustment for under provision in previous periods	348
Total deferred tax credit	(20,826)
	(15,367)

(ii) Total tax expense	
Tax expense excluding share of tax of equity accounted joint ventures (as above)	(15,367)

The reasons for the difference between the actual tax charge for the period and the standard rate of corporation tax applied to losses for the period are as follows:

	Period to 31 December 2022 £000
Loss for the period	(155,170)
Income tax credit (including income tax on joint ventures)	(15,367)
Loss before income taxes	(170,537)
Tax using the Company's weighted average tax rate of 19%	(32,402)
Effects of:	
Expenses not deductible for tax purposes	11,185
Recognition of previously unrecognised deferred tax assets	(460)
Current period unprovided timing differences	9,231
Different tax rates applied in overseas jurisdictions	1,811
Different tax rate on IFRS adjustments	(3,729)
Tax rate changes differences	(1,165)
Adjustment for under / (over) provision in previous periods	248
Other taxes	(86)
Total tax credit	**(15,367)**

Changes in tax rates and factors affecting the future tax charge

On 3 March 2021, new measures to increase the main corporation tax rates to 25% from 1 April 2023 were announced in the UK budget 2021. On 24 May 2021, these new measures were substantively enacted. Deferred tax assets and liabilities in the UK have been re-measured for the increased tax rate.

Estimates and assumptions, including uncertainty over income tax

The Group is subject to income tax in several jurisdictions and significant judgement is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result the Group recognises tax liabilities based on the estimates of whether additional taxes and interest will be due.

These tax liabilities are recognised when, despite the company's belief that its tax return positions are supportable, the company believes it is more likely than not that a tax authority would not accept its filing position. In these cases, the Group records its tax balances based on either the most likely amount or the expected value, which weighs multiple potential scenarios. The company believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of law.

No material uncertain tax positions exist as at 31 December 2022. The assessment relies on estimates and assumptions and may involve a series of complex judgements about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact the tax expense in the period in which such determination is made.

14. Deferred Tax

	2022
	£000
At 2 December 2021	(64,912)
Recognised in profit and loss:	
Tax expense	20,826
Foreign exchange differences	107
Recognised in other comprehensive income:	
Actuarial gain on defined benefit pension schemes	(2,603)
Arising on business combination	(7,884)
At 31 December 2022	**(54,466)**
Disclosed as:	
Deferred tax asset	19,715
Deferred tax liability	(74,181)
	(54,466)

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the directors believe it is probable that these assets will be recovered due to the availability of future taxable profits.

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries and joint ventures. As the earnings are continually reinvested by the Group and there is no intention for these entities to pay dividends, no tax expense is expected to be payable on them in the foreseeable future.

The Group accounted for the acquisition of the LRQA Group under IFRS3 and recognised intangible assets of £318.5m. A net deferred tax liability of £81.3m was recognised in respect of these intangible assets on the acquisition balance sheet at a blended tax rate of 25.55%. The deferred tax liability will unwind in line with the amortisation of the intangibles.

In April 2022, the Group acquired 100% of the shares in the Elevate group and has accounted for the acquisition as a business combination under IFRS 3. The Group has recognised a deferred tax liability at the period end of £6.9m in respect of intangibles at a blended rate of 21.57%. The deferred tax liability will unwind in line with the amortisation of the intangibles.

No deferred tax asset has been recognised on the withholding tax suffered from our client by our subsidiaries operated primarily in India and in China as they would be available to offset against the local tax liabilities.

The movements in deferred tax assets and liabilities (prior to offsetting of balances within the same jurisdiction as permitted by IAS 12) during the period are shown below.

Details of the deferred tax liability, amounts recognised in the profit and loss and amounts recognised in other comprehensive income are as follows:

	Asset 2022	Liability 2022	Net 2022	On acquisition 2 December 2021	Credited to the profit and loss 2022	Charged to equity 2022	Goodwill 2022
	£000	£000	£000	£000	£'000	£'000	£'000
Accelerated capital allowances	399	–	399	243	156	–	–
Retirement benefits obligations	8,693	4	8,697	11,087	214	(2,603)	–
Tax losses available	7,232	–	7,232	4,045	3,187	–	–
Other temporary and deductible differences	2,555	(245)	2,310	769	1,780	–	–
IFRS Business combinations, credit loss and leases	836	(67,078)	(66,242)	(81,056)	14,814	–	–
Arising on business combination	–	(6,862)	(6,862)	–	782	–	(7,884)
Net deferred tax assets / (liabilities)	**19,715**	**(74,181)**	**(54,466)**	**(64,912)**	**20,933**	**(2,603)**	**(7,884)**

A deferred tax asset has not been recognised for the following:

	2022
	£'000
Accelerated capital allowances	(2)
Retirement benefit obligations	(12)
Tax losses available	13,074
Other temporary and deductible differences	1,174
At 31 December 2022	**14,234**

As at 31 December 2022, the unprovided deferred tax assets of £14.2m can be carried forward indefinitely against future taxable income. The deductible temporary differences can be carried forward indefinitely.

15. Goodwill

	£000
Cost	
Recognised on acquisition of subsidiaries	323,587
Exchange differences	—
At 31 December 2022	**323,587**

The carrying amount of goodwill has been allocated to the following groups of CGUs on the basis that they will benefit from synergies relating to shared procedures, processes, systems and resources and the level at which goodwill is monitored for internal management purposes. Goodwill is allocated based upon the forecast contribution to Group cashflows of each respective business.

	Discount rate	
Cost	**%**	**£000**
Business Assurance and Inspection Services	9.88%	234,871
Cybersecurity	9.63%	29,151
Elevate	9.63%	59,565
At 31 December 2022		**323,587**

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

Assumptions

The recoverable amount of the 'Business assurance and Inspection Services cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period and a pre-tax discount rate calculated by on the basis of the Group's weighted average cost of capital.

The key assumptions used by management in setting the financial budgets for the initial five-year period were as follows:

Forecast Sales Growth

Forecast sales growth rates are based on historical experience of those entities existed prior being purchased by the Group, and past data for revenue streams that have been acquired by newly incorporated group companies, adjusted for investment carried out during the current period modernizing, digitizing and expanding the range of services that Group offers to customers including cross-marketing Business Assurance and Inspection Services to existing customers of Cybersecurity and Elevate products and vice versa.

Operating Profits

Forecast operating profits are based on historical profitability generated by the businesses prior being purchased by the Group adjusted for forecast changes to operating salary costs, related changes to price lists as well as anticipated efficiencies and synergies possible due to operating as an independent operating Group following the carve-out from the previous Group.

Cash Conversion

Cash conversion is the ratio of operating cash flow to operating profit. Management forecasts cash conversion rates based on historical experience.

Cash flows beyond the intial five-year period have been extrapolated using a steady 2 per cent per annum growth rate. The steady growth rate of 2 per cent is estimated by the directors of the Company based on past performance of the cash-generating unit and their expectations of market development. The directors estimate that a decrease in growth rate by 2.0% per cent to 0% per cent would not result in an impairment charge.

16. Acquisition of subsidiaries

LRQA Group Ltd

On December 2, 2021, the Group completed the acquisition of 100% of the shares and voting rights in LRQA Group Limited along with its shareholding in its subsidiaries and joint venture which included the Business Assurance, Inspection Services and Cyber security businesses from Lloyd's Register Group Limited. The Group acquired these businesses with the intention of expanding the LRQA business to become a leading digitally-enabled assurance provider, partnering with customers across key sectors, geographies and segments as they navigate a changing risk landscape. The value of revenue recognised in these financial statements in relation to this acquisition is £336.24m.

	Fair values
Non-current assets	**£000**
Intangible assets	318,536
Property plant and equipment	6,564
Right-of-use assets	12,219
Interest in joint ventures: Share of net assets	255
	337,574
Current assets	
Contract assets	32,561
Trade and other receivables	67,939
Provision for expected losses on trade and other receivables	(2,477)
Deferred tax	16,401
Cash and bank balances	24,457
	138,881
Current liabilities	
Trade and other payables	(12,393)
Current tax liabilities	(6,136)
Contract liabilities	(8,801)
Deferred tax liabilities	(81,313)
Accruals	(25,178)
	(133,821)
Non-current liabilities	
Provisions	(7,925)
Retirement benefit obligations	(36,605)
Lease liabilities	(10,990)
	(55,520)
Fair value of identifiable assets acquired	**287,114**
Purchase consideration:	
Initial consideration paid in cash	514,676
Deferred consideration	32,914
Total purchase consideration	**547,590**
Goodwill on acquisition	**260,476**

Details of the purchase consideration, the fair values of the net assets acquired and goodwill arising on the acquisition of LRQA Group

£9.6m of legal and professional fees were incurred as part of the acquisition. These have been expensed to the income statement and included in Exceptional costs (note 8). £11.2m of deferred consideration was settled in cash during the period, a further £1.5m was offset against trade receivables with the remainder due for settlement before December 2023. The liability has been recognised at face value without the application of a discount.

ELEVATE Group Ltd

On 22 April 2022, Group completed the acquisition of ELEVATE Group Ltd and its subsidiaries. ELEVATE is Hong Kong based Environmental Social Governance assurance specialist. In the view of the Directors, this acquisition extends the Group's range of products and services it can offer to its existing customer base which are complementary to its existing Business Assurance operations. The value of revenue recognised in these financial statements in relation to this acquisition is £32.9m.

Details of the purchase consideration, the fair values of the net assets acquired and goodwill arising on the acquisition of ELEVATE Group Ltd are set out below:

	Fair values
Non-current assets	**£000**
Intangible assets	34,168
Property plant and equipment	216
Right-of-use assets	785
	35,169
Current assets	
Trade and other receivables	11,693
Cash and bank balances	15,293
	26,986
Current liabilities	
Trade and other payables	(4,079)
Contract liabilities	(5,286)
Lease liabilities	(423)
Accruals	(1,760)
	(11,548)
Non-current liabilities	
Borrowings	(200)
Deferred tax liabilities	(7,824)
Lease liabilities	(383)
	(8,407)
Fair value of identifiable assets acquired	**(42,200)**
Purchase consideration:	
Cash consideration paid	62,711
Consideration paid in exchange of shares	39,054
Total purchase consideration	**101,765**
Goodwill on acquisition	**59,565**

£4.7m of legal and professional fees were incurred as part of the acquisition. These have been expensed to the income statement and included in Exceptional costs (note 8).

The consideration paid in exchange of shares in the Company comprised the following share issues;

	Quantity	Par value per share	Share Premium per share	Total
	Number	£	£	£000
Ordinary B Shares	89,831	0.01	0.99	90
Redeemable Preference Shares	3,964,142	1.00	-	38,964
				39,054

The Redeemable Preference shares were issued at par value. The fair value of the Ordinary B Shares issued was consistent with the price paid for the same class of shares by the investors as part of the acquisition of the LRQA Group.

ATvanGarde

On August 1, 2022, the Group completed the acquisition of ATvanGarde Pte Ltd (ATG), a cybersecurity consultancy based in Singapore. The acquisition was made to enhance the Group's ability to assist clients in identifying, managing and mitigating cybersecurity risks which is complementary to the Group existing cybersecurity operations.

The acquisition was made for a cash consideration paid in Singapore dollars for the equivalent of £1.4m with a further £2.6m of deferred consideration contingent on the post-acquisition performance of ATG which was paid in April 2023. The liability for the deferred, contingent consideration has been included in full within provisions. The net assets acquired were valued at £0.5m. The directors have not provided a full breakdown of the net assets acquired on the grounds that this acquisition is not material to the financial statements.

17. Other Intangible Assets

	Customer relationships	Brand and other intangibles	Software	Total
	£000	£000	£000	£000
Cost or valuation:				
Acquisitions	263,214	61,160	28,330	**352,704**
Additions	—	—	814	**814**
Exchange differences	1,160	151	477	**1,788**
At 31 December 2022	264,374	61,311	29,621	**355,306**
Amortisation:				
Charged in period	20,971	28,618	8,293	**57,882**
Exchange differences	68	33	13	**114**
At 31 December 2022	21,039	28,651	8,306	**57,996**
Net book value:				
At 31 December 2022	**243,335**	**32,660**	**21,315**	**297,310**

Customers relationships are assets recognised on acquisition and relate to the value of existing customer relationships at the acquisition date that are expected to continue to generate income for the Group over their expected life. Based upon the rolling annual nature of the arrangements and historical renewal patterns of renewals, the average expected life of customer relationships is 13 years.

Brand and other intangibles includes assets associated with the LRQA and Elevate brands among others recognised on acquisitions during the period, brands are amortised over an estimated useful life of 10 years. Also included in this category is an intangible asset associated with the order backlog being orders received as at acquisition relating to products and services not yet delivered and for which no payment has been received by the customer. Intangible assets relating to the order backlog were all amortised during the period.

Software relates to both purchased licences, internally generated software assets and assets arising on acquisition. The Technology represents the BOS system that was developed by Lloyds Register (the former owner) but is fully utilised by LRQA to deliver the BA certifications, as well as the Group's ERP system. The useful life of these assets is 4 years.

18. Property, Plant and Equipment

	Land and buildings	Leasehold improve-ments	Office fittings and equipment	Computer equipment	Motor vehicles	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation:						
Acquisitions	3,300	50	1,372	1,943	130	**6,795**
Additions	—	357	85	374	—	**816**
Disposals	—	—	(424)	(20)	(54)	**(498)**
Exchange differences	—	61	81	114	153	**409**
At 31 December 2022	3,300	468	1,114	2,411	229	**7,522**
Depreciation:						
Charged in period	47	36	284	770	86	**1,223**
Exchange differences	1	67	69	(44)	66	**159**
At 31 December 2022	48	103	353	726	152	**1,382**
Net book value:						
At 31 December 2022	**3,252**	**365**	**761**	**1,685**	**77**	**6,140**

The directors have assessed property, plant and equipment and are satisfied that no provision for impairment is required at 31 December 2022.

19. Right of use assets

Right-of-use assets	Cars	Buildings	Total
	£000	£000	£000
Cost:			
Fair value on acquisition	6,796	6,211	**13,007**
Additions	2,850	4,384	**7,234**
Disposals	(26)	(191)	**(217)**
Exchange Adjustment	335	218	**553**
At 31 December 2022	9,955	10,622	**20,577**
Amortisation:			
Charged during the period	3,166	3,126	**6,292**
On disposals	(26)	(191)	**(217)**
Exchange adjustment	88	45	**133**
At 31 December 2022	3,228	2,980	**6,208**
Net book value:			
At 31 December 2022	**6,727**	**7,642**	**14,369**

At 31 December 2022 the Group leased 20 buildings which fell within the scope of IFRS16. The average lease term is 2.5 years.

The following expenses relating to leases were recognised in profit or loss:

	Period to 31 December 2022
	£000
Depreciation of Right-of-use assets	6,292
Interest on lease liabilities	315
Expense on short-term and low-value assets	3,015

The group leases 800 motor vehicles. The average lease term is 2.8 years.

Total future minimum lease payments are disclosed in note 33.

20. Lease Liabilities

Lease Liabilities	Cars	Buildings	Total
	£000	£000	£000
Fair value on acquisition	6,796	5,008	11,804
Additions	2,850	4,344	7,194
Interest	131	155	286
Payments in Period	(3,250)	(2,543)	(5,793)
Exchange Adjustment	247	155	402
At 31 December 2022	**6,774**	**7,119**	**13,893**

Maturity Analysis

	0-1 Year	1-5 Years
	£000s	£000s
Cars	(3,735)	(3,885)
Buildings	(2,472)	(3,801)
Total	**(6,207)**	**(7,686)**

Analysed as:

	£000s
Current	(6,207)
Non-Current	(7,686)
Total	**(13,893)**

The Group does not face a significant liquidity risk with regard to its lease liabilities.

The weighted average discount rate used to calculate the present value of lease liabilities was 2.4%.

21. Joint ventures

Joint ventures

The following entity is treated as a joint venture of the Group:

Company	Share of company owned	Country of incorporation and registration	Principal activity
LRQA Apave Limited	51%	United Kingdom	Engineering inspection

The shareholders' agreements in place for the above entities means that LRQA Group Limited does not have overall control of the Company despite the nominal level of ownership. The joint venture is accounted for using the equity method in these consolidated financial statements as set out in the Group's accounting policies above.

The following shows the share of net assets recognised by the Group for this entity:

	2022
	£000
LRQA Apave Limited	358

22. Investments in financial assets

Financial assets designated at FVTPL

The Group has entered into interest rate swaps to fix a portion of the interest rate on the Group's debt liabilities.

	Interest rate swaps
	£000
Carrying value:	
Fair value at 31 December 2022	**2,687**

23. Trade and Other Receivables

	2022
	£000
Trade receivables	83,581
Loss allowance	(10,593)
Other receivables	4,564
Taxation recoverable	3,728
	81,280

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses ('ECL'). The expected credit losses on trade receivables are estimated by reference to past default experience of similar receivables, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate. The Group has recognised a loss allowance of 100 per cent against all receivables over 120 days past due because historical experience has indicated that these receivables are generally not recoverable.

The following table details the risk profile of trade receivables based on the Group's provision calculation. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer segments.

		Trade receivables past due					
31 December 2022	**Not past due**	**<30**	**31-60**	**61-90**	**91-120**	**>120**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Expected credit loss rate	2.66%	2.66%	2.66%	2.66%	2.66%	100%	12.67%
Gross carrying amount	41,142	16,948	8,091	4,305	4,496	8,599	83,581
Loss allowance	(1,093)	(451)	(215)	(115)	(120)	(8,599)	(10,593)
Net carrying amount	**40,049**	**16,497**	**7,876**	**4,190**	**4,376**	**-**	**72,988**

The group's typical credit terms for customers range between 30 and 90 days. No interest is charged on overdue receivables.

24. Contract Assets

	2022
	£000
Business Assurance Contracts	8,501
Inspection Services Contracts	14,112
Cybersecurity	31
Fair value at 31 December 2022	**22,644**

Disclosed as:	
Current	**22,644**
Non-current	**-**

Amounts relating to contract assets are balances due from customers on services contracts that arise when the Group performs work in line with contractual commitments. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

Payment for installation and implementation of software services is not due from the customer until the installation services are complete and therefore a contract asset is recognised over the period in which the installation services are performed to represent the entity's right to consideration for the services transferred to date.

The Group measures the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience, the nature of the customer and where relevant, the sector in which they operate. For most contract assets, a 100% provision is recognised where they have not been invoiced after 90 days from the date of revenue recognition.

The following table details the risk profile of amounts due from customers based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

There have been no changes to the basis for recognition of contract assets during the period.

	2022
Expected credit loss rate	3.21%
	£000
Estimated total gross carrying amount at default	25,100
Lifetime ECL	(2,456)
Net carrying amount	22,644

25. Trade and other payables

	2022
	£000
Trade payables	(8,630)
Other payables including deferred consideration	(31,547)
Other taxation and social security	(9,130)
Accruals	(38,521)
	(87,828)

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

26. Contract Liabilities

	2022 £000
Business Assurance Contracts	(6,457)
Inspection Services Contracts	(1,851)
Installation and implementation of Software Services	(4,024)
	(12,332)
Disclosed as:	
Current	**(12,332)**
Non-current	–

Revenue relating to services is recognised over time although on some contracts the customer pays in advance of delivery for these services. Where applicable, a contract liability is recognised for revenue at the time of the payment and is released over the service period.

27. Loans and borrowings

	2022 £000
Unsecured borrowing at FVTPL	
Redeemable cumulative preference shares	(487,861)

	2022 £000
Secured borrowing at amortised cost	
Bank loans drawn in Euros	(208,578)
Bank loans drawn in United States Dollars	(32,747)
Secured borrowing	(241,325)
Amortized arrangement fee for loans drawn in Euros	6,438
Amortized arrangement fee for loans drawn in United States Dollars	849
	7,287
Disclosed as non-current liability	(234,038)

The principal features of the Group's borrowings are as follows:

Redeemable cumulative preference shares

Redeemable cumulative preference shares of £441.8m were issued during the period at an issue price of £1 per share. The shares carry 10% non-discretionary dividends. The preference shares do not carry any equity component and are classified as financial liabilities in their entirety. The accumulated interest for the period since issue as at 31 December 2022 was £46.0m.

Bank loans

The Group has entered into a Senior Facility Agreement with a consortium of lenders under which it has secured a £200 million debt facility; a committed acquisition facility; and a revolving credit facility. Together the facilities are secured by a floating charge over the assets of certain of the Group's trading subsidiaries.

Notes to the financial statements (continued)

The £200 million debt facility was fully drawn on 2 December 2021 as part of the financing for the purchase of the LRQA Group. The loan was drawn in Euros and carries interest rate at 6 per cent above 3-month EURIBOR.

The Group drew USD$39 million on the acquisition facility on 22 April 2022 to fund the acquisition of the Elevate Group. The acquisition facility carries interest rate at 6 per cent above 3-month USD LIBOR.

The Group had not drawn on its revolving credit facility as at 31 December 2022.

The Group is required to ensure that an adjusted EBITDA measure remains within a determined ratio compared to borrowings and net cash and cash equivalents. This covenant is tested quarterly. At no point during the period have the covenants been breached.

28. Provisions for liabilities

Group	Legal claims	Employee related	Property	Other	Total
	£000	£000	£000	£000	£000
Fair value at acquisition	1,049	4,417	1,618	841	7,925
Exchange revaluation	-	67	27	2	96
(Credited)/charged to profit or loss	(149)	4,988	268	(811)	4,296
At 31 December 2022	**900**	**9,472**	**1,913**	**32**	**12,317**

Legal claims: In the normal course of business, Group entities may receive claims for compensation from clients. Where appropriate, provision is made for the uninsured costs arising from such claims. Adequate provision has been made for the claims notified. The timing on these liabilities is dependent upon the conclusion of the continuing legal proceedings which typically span several years.

Employee related: Provision is made for certain employee benefits, including management incentive and retention schemes associated with the Group's acquisitions of Elevate and ATG and £1.9m relating to the settlement of Netherlands pension obligations and other employment related costs. Settlement of these provisions is expected within two years. The measurement of the provision is based upon the terms and performance conditions of legal agreements entered into by Group companies and the likely settlement based upon historical and forecast performance of the respective operations.

Property: Under the terms of its property leasehold agreements, the Group has renovation obligations for certain leasehold properties which are recognised over the life of the lease.

Other: Provisions recognised on acquisition of the LRQA Group relating to tax liabilities which are expected to arise on the local legal transfer of businesses and properties which were held in trust by subsidiary companies of the Lloyd's Register Group at the point of acquisition. These liabilities have since been settled or recorded in current liabilities following the completion of these transfers.

29. Retirement and termination benefits

Defined contribution plans

The Group operates defined contribution plans in a number of countries. The Group's contributions to these plans in the current period was £13,835,000.

Defined benefit pension plans

The Group operates defined benefit plans, including defined benefit final salary pension plans and plans paying lump sum benefits to qualifying employees on leaving service, in several of the countries in which the Group operates. Assets of certain plans are held separately from those of the Group ('funded' plans) whilst others are unfunded (where the Group then meets the benefit payment obligation when it fall due).

The disclosures have been calculated by qualified independent actuaries, based on the assumptions of the Directors.

Other long-term employee benefits

The Group also contributes to other long-term schemes which provide other benefits the most common of which is lump sums payable to qualifying employees on leaving service.

Assumptions

The disclosures have been calculated by qualified independent actuaries, based on the assumptions of the Directors and the most recent full actuarial valuations for funded schemes (completed at various dates) and updated to 31 December 2022.

The value of the defined benefit liabilities has been measured using the projected unit method.

The principal financial assumptions used at 31 December 2022 for significant schemes are summarised below.

	France		Germany		Japan		All Countries[1]	
	31 December 2022	On acquisition	31 December 2022	On acquisition	31 December 2022	On acquisition	31 December 2022	On acquisition
Assumptions to determine defined benefit obligation								
Discount rate	4.00%	0.40%	4.25%	0.95%	1.45%	0.55%	3.81%	1.09%
Salary increase rate	2.20%	1.75%	2.20%	1.75%	2.20%	1.75%	2.50%	1.93%
Price inflation rate	2.20%	1.75%	2.20%	1.75%	2.00%	1.00%	2.15%	1.59%
Assumptions to determine defined benefit cost								
Discount rate	0.40%	N/A	0.95%	N/A	0.55%	N/A	1.09%	N/A
Salary increase rate	1.75%	N/A	1.75%	N/A	1.75%	N/A	1.93%	N/A
Price inflation rate	1.75%	N/A	1.75%	N/A	1.00%	N/A	1.59%	N/A
Post-retirement mortality assumption used to determine both obligation and cost:								
- Retiring today	23.9 years (M) / 27.4 years (F)		20.6 years (M) / 24.0 years (F)		20.3 years (M) / 25.1 years (F)		Various	
- Retiring in 25 years	27.3 years (M) / 30.9 years (F)		24.0 years (M) / 26.7 years (F)		20.3 years (M) / 25.1 years (F)		Various	

[1] Weighted average for all defined benefit schemes.

For mortality tables, the Group has used various different tables appropriate to the territory under review.

Defined benefit obligation – sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption	Impact on the defined benefit obligation at 31 December 2022 £000
Discount rate	Increase by 0.25%	Decrease by £(1,586)
Discount rate	Decrease by 0.25%	Increase by £1,586
Price inflation	Increase by 0.25%	Increase by £1,139
Price inflation	Decrease by 0.25%	Decrease by £(1,139)
Life expectancy	Increase 1 year age rating	Increase by £217

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated

Amounts recognised in the consolidated balance sheet:

31 December 2022	France	Germany	Japan	Other countries	Total
	£000	£000	£000	£000	£000
Cash and cash equivalents	-	-	-	45	45
Equity instruments	-	-	-	852	852
Debt instruments	-	-	-	362	362
Other*	6	-	-	828	834
Fair value of plan assets	6	-	-	2,087	2,093
Present value of funded scheme liabilities	-	-	-	(4,272)	(4,272)
	6	-	-	(2,185)	(2,179)
Present value of unfunded liabilities	(8,044)	(6,887)	(5,986)	(3,398)	(24,315)
Net pension asset / (liability)	**(8,038)**	**(6,887)**	**(5,986)**	**(5,583)**	**(26,494)**

* Other pension assets includes £823,000 in respect of a benefit scheme in Korea where contributions are invested with a third-party asset which delivers a guaranteed principle and interest.

The net pension liability is reported on the balance sheet as:

	31 December 2022
	£000
Present value of defined benefit obligations	(28,587)
Fair value of plan assets	2,093
Funded status	**(26,494)**

Notes to the financial statements (continued)

Amounts recognised in the Consolidated statement of profit or loss and Consolidated statement of comprehensive expense:

	Period to 31 December 2022 £000
Service cost	
Current service cost	1,688
Past service credit	(138)
Total service cost	1,550
Net interest cost	
Interest expense on DBO	470
Interest income on plan assets	(64)
Total net interest cost	406
Administrative expenses (not reserved within DBO)	108
Defined benefit cost included in income statement	**2,064**
Remeasurements (recognised in other comprehensive income)	
Effect of changes in demographic assumptions	(26)
Effect of changes in financial assumptions	(9,850)
Effect of experience adjustments	(1,111)
Return on plan assets (excluding interest income)	11
Total remeasurements included in OCI	(10,976)
Total defined benefit cost recognised in income statement and other comprehensive income	**(8,912)**

The past service credit relates to a restructuring event in France and to changes to the pension benefits in Indonesia.

The Group recognises service costs within profit or loss as administrative expenses (see note 7).

Changes in the present value of the defined benefit obligations are as follows:

	Period to 31 December 2022 £000
Defined benefit obligation at acquisition	**38,717**
Service cost	
Current service cost	1,688
Past service cost	(138)
Interest expense	470
Cash flows	
Benefit payments from plan assets	(158)
Benefit payments from employer	(1,413)
Participant contributions	15
Insurance premiums for risk benefits	(42)
Remeasurements	
Effect of changes in demographic assumptions	(26)
Effect of changes in financial assumptions	(9,850)
Effect of experience adjustments	(1,111)
Effect of changes in foreign exchange rates	435
Defined benefit obligation at 31 December 2022	**28,587**

Changes in the market value of plan assets are as follows:

	Period to 31 December 2022 £000
Fair value of plan assets at acquisition	**2,111**
Interest income	64
Cash flows	
Total employer contributions:	
(i) Employer contributions	159
(ii) Employer direct benefit payments	1,413
Participant contributions	15
Benefit payments from plan assets	(158)
Benefit payments from employer	(1,413)
Administrative expenses paid from plan assets	(102)
Taxes paid from plan assets	(6)
Insurance premiums for risk benefits	(42)
Remeasurements	
Return on plan assets (excluding interest income)	(11)
Effect of changes in foreign exchange rates	63
Fair value of plan assets at 31 December 2022	**2,093**

Defined benefit obligation and employer contributions

Expected employer contributions to defined benefit plans in the year ending 31 December 2023 are £1,125,000.

30. Called-up share capital, share premium and reserves

The Company has five classes of equity shares.

	Voting rights associated with shares	Authorised	Par value per share	Issued, called up and fully paid	2022 £000
Ordinary A shares	Voting rights	100,000,000	£0.01	912,224	**9**
Ordinary B shares	No voting rights	100,000,000	£0.01	104,218	**1**
Ordinary B1 shares	No voting rights	100,000,000	£0.01	3,992	**-**
Ordinary B2 shares	No voting rights	100,000,000	£0.01	4,787	**1**
Ordinary C shares	No voting rights	100,000,000	£0.01	138,150	**1**
					12

None of the classes of equity shares carrying a right to fixed income.

The company has also issued B1 redeemable preference shares and B2 redeemable preference shares which are treated as liabilities and described in note 27.

Accumulated losses account

The accumulated losses account represents cumulative profits or losses, net of dividends and other adjustments.

31. Share-based payments

The following share-based payment arrangements were in existence during the current period:

Share and grant date	Number granted	Number issued	Expiry date	Fair value per share GBP£
C Ordinary shares granted in December 2021	92,400	92,400	On sale of Company	£67.62
C Ordinary shares granted in March 2022	8,250	8,250	On sale of Company	£67.62
C Ordinary shares granted in April 2022	24,197	24,197	On sale of Company	£61.96
B1 Ordinary shares granted in April 2022	6,621	998	April 2023	£55.90
B1 Ordinary shares granted in April 2022	6,621	998	April 2024	£55.90
B2 Ordinary shares granted in April 2022	31,777	4,787	February 2025	£55.90
B1 Ordinary shares granted in April 2022	6,621	998	April 2025	£55.90
B1 Ordinary shares granted in April 2022	6,621	998	April 2026	£55.90

	C Ordinary shares Number	B1 Ordinary shares Number	B2 Ordinary shares Number
Issued during the period	129,647	3,992	4,787
Forfeited during the period	(4,800)	-	-
Outstanding at 31 December 2022	**124,847**	**3,992**	**4,787**

The Company has issued share instruments to employees of its subsidiaries which qualify as equity-settled share-based payments under IFRS2 as settlement is subject to a combination of market and non-market performance conditions.

The Group has recognised an associated expense in relation to share-based payments in Administration expenses of £2,815,000.

As part of the acquisition of LRQA Group Limited in December 2022, the Company issued shares to part fund the consideration payable. The principal shareholders are investment partnerships (Investors) of which Goldman Sachs & Co. LLC, an affiliate of The Goldman Sachs Group, Inc., is the investment manager. Certain group employees and directors (the 'Participants') acquired 'Strip Equity' and 'Sweet Equity' in the Company. The Strip Equity acquired by Participants consisted of Preference shares and B Ordinary Shares. The Participants paid the same price per share to acquire the Strip Equity as was paid by the Investors in Dione Topco Limited and was not funded by way of a loan from any Group company or the Investors. The Strip Equity does not fall within the scope of IFRS2.

The Sweet Equity was acquired by Participants in the form of C Ordinary Shares. The Participants paid an acquisition price of £1.20 per C Ordinary Share. Additional C Ordinary Shares remain held by the Company's Employee Benefit Trust and are reserved to be issued to managers of the Company. C Ordinary Shares fall within the scope of IFRS2.

On acquisition of the Elevate Group in April 2022 the Company issued further shares to its Investors to generate capital to part-fund the consideration. Group employees and Elevate acquired C Ordinary Shares as "Sweet Equity" and "Strip equity" of B1 Ordinary Shares and B2 Ordinary Shares in a strip on the same terms as the Investors. The terms of the C, B1 and B2 Ordinary Shares all fall within the scope of IFRS2.

Elevate Managers also acquired preference shares and ordinary shares in the Company as set out below:

- Elevate Managers rolled over an agreed portion of the Elevate Transaction proceeds into B Ordinary Shares and Preference Shares (the "Rollover Institutional Strip") on the same terms and in the same proportions as the Investors and LRQA Participants.
- Pro-rata to their Rollover Institutional Strip, Elevate Managers acquired B Ordinary Shares for £0.01 per share (the "Management Retention Incentive Plan Institutional Strip" or "MRIP Institutional Strip").

- Pro-rata to their Rollover Institutional Strip, Elevate Managers acquired B Ordinary Shares for £0.01 per share (the "The Integration incentive Plan Institutional Strip" or "IIP Institutional Strip"); and
- C Ordinary Shares for £1.37 per share.

Fair value of the shares issued has been calculated using a Monte Carlo valuation model considering:

- an estimate of the shareholder value of the Company at the grant date;
- changes in Company performance and market sentiment in the period between grant dates;
- the expected term of the awards
- the potential for surplus proceeds on the sale of the Company, once Preference Shareholders have received their preferential return, to be distributed to ordinary shareholders based on the number of ordinary shares they hold.
- An appropriate risk-free rate (based on zero-coupon UK Government bonds with a similar redemption period to the expected term).
- Expected volatility based upon comparator volatility
- Expected dividend yield
- Post-vesting restrictions.

Inputs used in the Monte Carlo valuation model include;

	Granted between 2 December 2021 and 4 April 2022	Granted on 21 April 2022
Date of grant	02 December 2021	21 April 2021
Shareholder value of Company at date of grant	£369,500,000	£448,500,000
Expected volatility*	35.0%	35.0%
Expected life	5.0 years	4.2 years
Risk-free rate	0.60%	1.90%
Expected dividend yield	0.00%	0.00%

* Expected volatility: Calculated based upon historical volatility over five years of similar listed entities from the Testing Inspection and Certification (TIC) industry, for which share price information is available. The mean and median volatilities have been adjusted to reflect the Company's higher level of gearing using the Company's Debt/Equity ratio. As the Company is not publicly traded, historical share price data is not available.

Notes to the financial statements (continued)

32. Financial instruments - Risk Management

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

Management's objectives are to protect the Company and its subsidiaries on a consolidated basis against material economic exposures and variability of results from various financial risks that include credit risk, interest rate risk, foreign currency risk and liquidity risk.

The Group's policies and processes for managing these risks are described below;

Credit risk

The Group has a policy of assessing the creditworthiness of new significant clients and assigning a credit limit to their accounts as necessary. The Group regularly reviews the risk associated with its receivables by monitoring changes in its provisions for expected credit loss.

Foreign exchange risk

Foreign exchange risk is an anticipated risk that comes with operating across various geographical locations.

The Group's has drawn on debt facilities to part-finance its acquisitions. As part of the acquisition of the LRQA Group in December 2021, the Group drew on a £200m facility which was drawn in Euros, to provide a natural offset the principal non-sterling cashflow exposure of the Group. The subsequent acquisition of the Elevate Group in April 2022 was part-funded by a draw-down on a separate Committed Acquisition Facility in US dollars to offset the exposure to the primary currency of the Elevate cashflows.

Where possible, the Group utilises natural hedges to manage foreign exchange exposure. This involves offsetting the costs incurred in a specific currency against revenues earned in the same currency.

All Group entities participate in the Group's transfer pricing arrangements which ensure central costs, intellectual property and other Group-held assets are charged a franchise fee where they generate value outside of the UK. In addition, non-sterling entities pay dividends to head office companies in cash.

Interest rate risk

The Group's primary exposure to interest rate risk arises on its debt facilities described above under Foreign exchange risk. As part of the acquisition of the LRQA Group in December 2021 and the Elevate Group in April 2022, the Group drew on debt facilities which carry floating interest rate charges.

To mitigate the exposure to changes in interest rates over the life of the borrowings, the Group has taken out interest rate swap financial instruments over portions of the liability to fix the interest payable and mitigate exposure to future interest rate fluctuations.

Any future draw on the Group's revolving credit facility would incur further interest charges which are also on a floating rate basis.

The Group has limited additional exposure to interest rate risk.

Liquidity risk.

The Group had cash of £35.9m at 31 December 2022. In addition, as part of the Group's borrowing arrangements, the Group has access to a revolving credit facility of £30.0m which remained undrawn at the balance sheet date.

The Group continues to monitor its levels of working capital closely and the Directors have implemented detailed action plans to ensure that the increase in working capital levels in the LRQA Group experienced following date of acquisition to the balance sheet date return to pre-acquisition levels during the next financial year.

Cash at bank and in hand includes cash held in local bank accounts in countries where exchange controls or other legal restrictions mean the balances are not available for general use by the Company or other Group subsidiaries. In total, £3.3m of cash was held by overseas entities which cannot be freely remitted to other Group entities. In addition to these balances, the immediate movement of cash assets held by other Group entities is subject to compliance with local regulation and legal restrictions; however the Group does not consider this cash unavailable for use by the Group. Countries where such restrictions exist and significant cash balances are held are China £3.1m due to exchange controls and Korea £0.7m where remittance is permitted following external audit.

The Directors believe that the Group's cash holdings, supported, if necessary, by access to its revolving credit facility, are sufficient to address its liquidity requirements both in the short and long term. As a result, the Directors have a reasonable expectation that the Company and the Group have enough resources to continue operating in the foreseeable future. The financial statements have been prepared on a going concern basis.

(i) Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Cash and cash equivalents
- Trade and other receivables
- Interest rate swaps.
- Trade and other payables
- Floating-rate bank loans

Notes to the financial statements (continued)

ii) Financial instruments by category

Financial assets

	Fair value through profit and loss	Amortised cost	Fair value Level
	31 December 2022	31 December 2022	31 December 2022
	£000	£000	Level
Cash and cash equivalents	-	37,279	-
Trade and other receivables	-	88,779	-
Interest rate swaps	2,687	-	3
Total financial assets	**2,687**	**126,058**	

Financial liabilities

	Fair value through profit and loss	Amortised cost	Fair value Level
	31 December 2022	31 December 2022	31 December 2022
	£000	£000	Level
Trade and other payables	-	(81,344)	-
Floating-rate bank loans	-	(234,038)	-
Contingent consideration in business combination	(6,214)	-	3
Total financial liabilities	**(6,214)**	**(315,382)**	

(iii) Financial instruments not measured at fair value

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings. Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables approximates their fair value.

(iv) Financial instruments measured at fair value

Financial instrument	Valuation techniques used	Significant unobservable inputs (Level 3 only)	Inter-relationship between key unobservable inputs and fair value (Level 3 only)
Derivative financial assets and liabilities (Level 2)	Mark-to-market valuation for similar financial instruments as at the reporting date.	*Not applicable*	*Not applicable*
Contingent consideration in business combination	Discounted cash flow method was used to capture the present value of the Group arising from the contingent consideration.	As the payment was made in April 2023, the impact of discounting using the discount rate for the Group's Cybersecurity CGU (9.63%) results in a change of less than £0.2m and is not considered material to the Group financial statements.	The higher the discount rate, the lower the fair value. If the discount rate was 1 per cent higher/lower while all other variables were held constant, the carrying amount would decrease/increase by less than £20,000.

33. Contingent liabilities, capital and financial commitments

	2022
Contingent liabilities:	**£000**
In respect of bank guarantees	**3,866**

The Group has issued guarantees to its customers and other stakeholders in relation to its contractual operations in compliance with local legislation and industry practice. The Directors do not assess the likelihood of transferring economic benefits in respect of these guarantees to be probable. No associated liability has been recognised on the Group's Consolidated Balance Sheet.

Total future minimum lease payments:

	Property 2022	Cars 2022	Total 2022
	£000	**£000**	**£000**
Within one year	5,340	5,249	10,589
Between two to five years	8,385	6,097	14,482
After five years	46	—	46
	13,771	**11,346**	**25,117**

34. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The Group defines its key management personnel as the Board of Directors and the Executive Committee. The remuneration for key management personnel for the period to 31 December 2022 is analysed below.

	Period to 31 December 2022
	£000
Short-term employee benefits	3,381
Post-employee benefits	183
	3,564

The following transactions took place between LRQA Group Limited undertakings in which the Group holds less than 100% for the period to 31 December 2022:

	Turnover arising from trading with other LR Group companies	Operating costs charged by LR Group companies	Amounts owed (to) / from Group companies at 31 December 2020
	£000	**£000**	**£000**
Subsidiaries			
LR Technical Services Sdn Bhd*	394	(2,608)	—
Joint ventures			
LRQA Apave Limited	—	(3,062)	(615)

35. Ultimate parent entity and ultimate controlling party

Shares in Dione TopCo Limited are principally held by investment partnerships, of which Goldman Sachs & Co. LLC, an affiliate of The Goldman Sachs Group, Inc., is the investment manager. No single natural person holds a 10% or greater interest in any of the investment partnerships which hold shares in Dione TopCo Limited.

36. Group companies

The following are the subsidiaries and joint ventures of the Group at 31 December 2022. All subsidiaries are consolidated. Details are given of the principal country of operation. All companies are incorporated in their principal country of operation. The equity share capital of these entities is wholly owned by the Group except other than the following two entities where the Group owns less than 50%;

- Elevate Global (Thailand) Co Limited
- LRQA Inspection Malaysia SDN. BHD

These entities are incorporated in countries where local legislation requires local nationals to hold at least 50% of the issued share capital of each company. Arrangements exist which afford the Group control of each company's financial and operating policies so as to obtain full benefit from its activities. As such these companies are consolidated as subsidiaries without recognising any non-controlling interest.

Entity Name	Country of origin	Entity Address
Acoura Consulting Limited	UK	1 Trinity Park, Bickenhill Lane, Birmingham, England, B37 7ES
Acoura Holdings Limited	UK	
LRQA Certification and Assurance Services Limited	UK	
LRQA Limited	UK	
LRQA Verification Limited	UK	
Nettitude Limited	UK	
LRQA Group Limited	UK	
Acoura Certification Limited	UK	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ
Acoura Marine Limited	UK	
LRQA Certification and Assurance L.L.C	Abu Dhabi	Island East 0, 6, Bank Almeshreq Building, Abu Dhabi
LRQA (Southern America) SRL	Argentina	Olga Cossettini 363, Floor 3; 1107 City of Buenos Aires; Buenos aires ; Argentina
LRQA Limited – Australia branch	Australia	Level 32,; 152-158 St Georges Terrace; PERTH; WA 6000; Australia
LRQA Österreich GmbH	Austria	Opernring 1/R/741-744; 1010 Vienna; Austria
Elevate Global Limited	Bangladesh	Genetic Baro Bhuiyan, CWN (A) 3A, Road: 49 Kemal Ataturk Ave, Dhaka 1212, Bangladesh
LRQA Belgie BV	Belgium	Jan Van Gentstraat 7; 20000 Antwerpen; Belgium
LRQA do Brasil Ltda	Brazil	BrazilSão PauloSão PauloRua Helena, 235, 11th floor, suite 11104552050
Elevate Global Consultoria Ltda	Brazil	Rua Funchal 263, 5th. Floor, Suite 53, Vila Olimpia P.O.Box 04551-060
BSD consultoria Ltda.	Brazil	Rua José Maria Lisboa, No. 860, Suite 73, Jardim Paulista, P.O.Box 01423-001, Jardim Paulista, City of São Paulo. State of São Paulo.
LRQA Group Ltd Branch Bŭlgariya	Bulgaria	Triaditsa distr., 81A Bulgaria blvd., fl. 8; 1404 Sofia; Bulgaria
Elevate TML Limited	British Virgin Islands	2/F, Palm Grove House, P.O. Box 3340, Road Town, Tortola, British Virgin Islands
Elevate Management Limited	British Virgin Islands	
Bsd consulting inc.	British Virgin Islands	Ritter House, Wickhams Cay II, PO Box 3170, Road Town, Tortola, British Virgin Islands
S.e elevate (cambodia) company limited	Cambodia	House No. 30E0, Room 102, Street 318, Phum 3, Sangkat Toul Svay Prey 1, Khan Boeung Keng Kong, Phnom Penh
LRQA Canada Limited	Canada	600 - 1741 Lower Water Street; Queen's Marque; Halifax B3J 0J2; Nova Scotia; Canada
LRQA Chile SpA	Chile	Blanco 625; Oficina 112; Valparaíso; Valparaíso; Chile
LRQA Ind Tech Services Shanghai	China	Room 2018, 20th Floor, Ocean Towers, No. 550 Yan An Road East Shanghai, China
LRQA (Shanghai) Company Ltd	China	
LRQA (Shanghai) Company Ltd - Beijing branch	China	
LRQA Inspection Co Ltd	China	
Elevate (shenzhen) Limited Hangzhou Branch	China, Hangzhou	B2103, Dobe E-Manor, No. 553, Dongning Road, Jianggan District, Hangzhou, Zhejiang
Elevate (Shenzhen) Limited Shanghai Branch	China, Shanghai	Room 302, Building 20, New Factories, 555 Haifang Road, Jing'an, Shanghai
Elevate (Shenzhen) limited	China, Shenzhen	Unit A-F, 8th Floor, Guomao Commercial Building, Nanhu Road, Nanhu Street, Luohu District, Shenzhen
Bsd Consulting SAS	Colombia	Carrera 11a No 94a-56 Oficina 301, Columbia
LRQA Adria DOO - Croatia	Croatia	Croatia, 1000 Zagreb, Radnička cesta 80
LRQA Ceska Republika s.r.o	Czech Republic	Táborská 31; 140 00 Prague 4; Czech Republic

Entity Name	Country of origin	Entity Address
LRQA Danmark ApS	Denmark	Strandvejen 104A 2 – 2900 Hellerup DK
LRQA Egypt LLC	Egypt	13 Ramo Gardens, Al Nasr Road; Office No 303, 3rd floor; Nasr City 11774; Cairo; Egypt
LRQA Limited – Finland branch	Finland	Aleksanterinkatu 48 A; 00100 Helsinki; Finland
LRQA France SAS	France	1 Boulevard Marius Vivier Merle; 69003 Lyon; France
LRQA Inspection France SAS	France	1 Boulevard Marius Vivier Merle; 69003 Lyon; France
LRQA Deutschland GmbH	Germany	Butzweilerhofallee 3; 50829 Köln; Germany
Bsd Innovation Soultion GMbH	Germany	Pappelallee 78/79, 10437 Berlin, Germany
LRQA Group Limited (Greek branch)	Greece	Leof. Andrea Siggrou 348, Athina 176 74, Greece
LRQA Hellas S.A.	Greece	348 Sygrou Avenue; 17674 Athens; Kallithea; Greece
LRQA Limited – Hong Kong branch	Hong Kong	Unit 1508-1510, 15/F., Two Chinachem Central; 26 Des Voeux Road Central; Hong Kong
Elevate Management Limited	Hong Kong	Suite 1401, Dorset House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
Csr asia limited	Hong kong	
Elevate hong kong holdings limited	Hong kong	
Elevate (hk) limited	Hong kong	
LRQA Magyaroszag Kft	Hungary	Váci út 95.; Budapest; 1139; Hungary
LRQA Inspection Services India LLP	India	63/64, 6th Floor, Kalpataru Square, Kondivita Lane, AndheriEast Mumbai Mumbai City MH 400059 IN; Mumbai; Maharashtra; India
LRQA Limited – India branch	India	63-64, Kalpataru Square, 6th floor, Kondivita Lane OffAndheri-Kurla Road, Andheri (East) Mumbai 59; Mumbai 400059; Maharashtra; India
Elevate india business consultants private limited	India	No 22, Old No 12, First Floor, Aziz Nagar Third Street, Kodambakkam, Chennai – 600024, India
LRQA Business Assurance and Inspection Services Indonesia PT - Jakarta	Indonesia	Gedung Menara Dea Tower 1, Lantai 12; Jalan Mega Kuningan Barat IX, NO.1, Kav E43; Kel. Kuningan Timur Kec. Setiabudi; Jakarta Selatan 12950; DKI Jakarta; Indonesia
Elevate hong kong holdings limited representative office	Indonesia	Grand Slipi Tower 9th Floor Unit G Jl.Letjend.S.Parman Kav 22-24 Palmerah, Palmerah, Jakarta Barat, Indonesia
LRQA Certification and Assurance Services Ltd (Ireland)	Ireland	Skybridge House, Corballis Road North, Dublin Airport Central, SWORDS CO. DUBLIN, K67 E2H3, IRELAND
LRQA Israel Ltd	Israel	7 Rival Street, Tel-Aviv-Yafo, Israel 6777840
LRQA Italy Srl	Italy	Viale Monza 259/265; 20126 Milan; Italy
LRQA Limited – Japanese branch	Japan	Queen's Tower A, 2-3-1 Minatomirai, Nishi-ku; Yokohama-Shi Kanagawa-ken 220-6010; Japan
LRQA Sustainability K.K	Japan	Queen's Tower A, 2-3-1 Minatomirai, Nishi-ku; Yokohama-Shi Kanagawa-ken 220-6010; Japan
LRQA Jordan LLC	Jordan	Regus Jordan, Armada Tower, 1 st Floor, Arar Mustafa Wahbi Al Tal St, Amman, Jordan
LRQA (Korea) Limited	Korea	17th Floor, 67, Yeouinaru-ro, Yeongdeungpo-gu; 07327 Seoul; Republic of Korea
LRQA Inspection Malaysia Sdn Bhd	Malaysia	Suite 28.1, Level 28, Naza Tower, Platinum Park, No. 10, Persiaran KLCC,; Kuala Lumpur; 50088; Malaysia
LRQA Malaysia Sdn Bhd	Malaysia	
Elevate business consultants (malaysia) sdn. Bhd.	Malaysia	Level 5, Tower 8, Avenue 5,Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Malaysia
LRQA Inc – Mexico branch	Mexico	Av. David Alfaro Siqueiros 106, Piso 17- Suite 1703. Col. Valle Ote. San Pedro Garza García, Nuevo Leon. México Postal Code 66269
Elevate mexico limited, s. De r.l. De c.v.	Mexico	Calzada Zavaleta 1108, Piso 9 Desp 901, Colonia Santa Cruz Buenavista. CP 72150. Puebla, Mexico
LRQA Nederland B.V.	Netherlands	George Hintzenweg 77; 3068 AX Rotterdam; South Holland; Netherlands
LRQA Verification B.V.	Netherlands	
LRQA Salṭanat ʻUmān LLC	Oman	Building No.25, Dohat Al Adab Street; 000000 Muscat; Muscat; Oman
Elevate global pakistan (smc-private) limited	Pakistan	Lahore Regus Enterprise Centre, 3rd Floor The Enterprise Building, 15 KM Multan Road Lahore lahore Punjab
LRQA Peru SAC	Peru	Av.Emilio Cavenecia N° 151 - Of 701; Lima; Peru
LRQA Polska Sp Zoo	Poland	Al. Zwycięstwa 13A,; 80-219 Gdańsk; Gdańsk; Poland
LRQA Portugal LDA	Portugal	Praça Duque de Saldanha 1, Piso 2 - Atrium Saldanha 1050 094 Lisboa
Stk- Consultores Em Sustentabilidade, LDA	Portugal	Av. João Crisóstomo nº30 - 5º, 1050 – 127, Lisboa, Portugal
LRQA Quality Assurance and Inspection Middle East LLC	Qatar	Office 1415, 14th Floor, Al Fardan Office Tower, 61 AL Funduq Street, West Bay, Doha, Qatar
LRQA RO SRL	Romania	31 Sos Iancului, District 2; Bucharest; Bucharest; Romania

Entity Name	Country of origin	Entity Address
LRQA Inspection RUS LLC	Russia	199106, Russia, Saint-Petersburg, int.city ter. 7, 22-nd line V.O., h. 3, b.1 litera M, room 307
LRQA Arabia Inspection LLC – Saudi Arabia	Saudi Arabia	Riyadh Al Olaya, Olaya, 12214
LRQA Limited – Singapore branch	Singapore	18 Cross Street; #12-101; Cross Street Exchange; Singapore 048423
ATvanGarde Pte Ltd	Sinapore	38 Jln Pemimpin, #06-01 Singapore
Csr asia (singapore) pte ltd	Singapore	99 Duxton Road, 089543, Singapore
LRQA Limited – Slovakia branch	Slovakia	Boženy Němcovej 8; 81 104 Bratislava; Slovakia
LRQA South Africa (Pty) Ltd	South Africa	Unit C4 Centurion Business Park; Democracy Way; Milnerton; Cape Town; Western Cape; 7441 South Africa
Elevate Global Business Consulting South Africa (Pty) Limited	South Africa	498 Ontdekkers Road, Flordia Hills, Roodepoort, Gauteng, 1709, South Africa
LRQA Espana SLU	Spain	Calle Princesa, 29; 28008 Madrid; Madrid; Spain
LRQA Inspection Iberia SA	Spain	
LRQA Sverige AB	Sweden	Göteborgsvägen 74; 433 63 Sävedalen; Sweden
B&SD Business and Social Development GmbH	Switzerland	Pfingstweidstrasse 16, 8005 Zürich
LRQA Group Limited – Taiwan branch	Taiwan	No. 1, Yumen St., Zhongshan Dist.; 104027 Taipei City; TAIPEI; Taiwan
Elevate Global Taiwan Limited	Taiwan	(105) 10th Floor, No. 287, Section 3, Nanjing East Road, Songshan District, Taipei City, Taiwan
LRQA (Thailand) Ltd	Thailand	3388/78, 22nd Floor, Sirinrat Building, Rama IV Road; Klongton Sub-district, Klongtoey District, Bangkok; 2800 Bangkok; Thailand
ELEVATE Global (Thailand) Co., Ltd	Thailand	1108/31 Sukhumvit Road, Prakanong Sub-district, Klongtoei District, Bangkok 10110
LRQA Assurance and Inspection T&T Limited	Trinidad & Tobago	Level 2, Invaders Bay Tower, Invaders Bay, Off Audrey Jeffers Highway Port of Spain, Trinidad
LRQA Turkey Belgelendirme Hizmetleri Limited Sirketi	Turkey	19 Mayis Mah.Atatürk Cad.No.82 Sitkibey Plaza Kat.3 No.12; Kadiköy; Turkey
ELEAVTE Hong Kong Holdings Ltd. Irtibat Burosu	Turkey	Orjin Maslak Is Merkezi, Maslak Mah. Eski Büyukdere Cad. No: 27, Zemin Kat, Regus Ofis, Maslak, Sariyer – Istanbul / Turkey
LRQA Limited – Dubai branch	UAE	Kingdom of Dubai World Trade Centre Company, Bardby Mall 3 Office number 01-36
Elevate UK management limited	UK	Quadrant House, Floor 6, 4 Thomas More Square, London, United Kingdom, E1W 1YW
Elevate (US) limited	USA	113 Barksdale Professional Ctr Newark, De 19711
Nettitude Inc	USA	641 Lexington Ave, New York, NY 10022, United States
Elevate Vietnam company limited	Vietnam	Unit 1901, 19th Floor, 37 Ton Duc Thang Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam

37. Post balance sheet events

On 3 January 2023, the Group purchased 100% of the share capital in Sustainable Assurance Solutions, a high-quality provider of sustainability audits, consulting and training services based in Australia for consideration of $2.7m Australian Dollars.

Company income statement for the period ended 31 December 2022

		Period to 31 December 2022
		£000s
Admin Expenses		(208)
Operating Loss	**7**	**(208)**
Finance Income		31,081
Finance Expense		(46,020)
Net Finance Expense	12	(14,939)
Loss Before Tax		**(15,147)**
Tax		-
Loss for the year		**(15,147)**

All amounts relate to continuing activities.

The loss for the period is attributable to the owners of Dione Topco Limited.

Company statement of financial position as at 31 December 2022

		£000
Non-current assets		
Investments	6	42,692
Loans to group undertakings	8	397,977
		440,669
Current assets		
Trade and other receivables	9	31,318
Cash		1,993
		33,311
Total assets		473,980
Current liabilities		
Trade and other payables	10	(75)
Non-current liabilities		
Redeemable preference shares		(487,861)
Total liabilities		(487,936)
Net liabilities		(13,956)
Equity		
Share capital	11	12
Share premium account	11	1,193
Own Shares		(2,829)
Share-based payment reserve		2,815
Profit and loss account		(15,147)
		(13,956)

The financial statements of the company on pages 63 to 69 were authorised and approved by the Board of Directors on 30 June 2023 and were signed on its behalf by:



Paul Butcher
Director
Dione TopCo Limited
Company registration number: 137864

The notes on pages 66 to 69 form part of these financial statements.

Company statement of changes in equity for the period ended 31 December 2022

	Share capital	Share premium	Own shares	Share-based payment reserve	Accumu-lated losses	**Total**
	£000	£000	£000	£000	£000	**£000**
At incorporation	—	—	—	—	—	**—**
Loss for the financial period	—	—	—	—	(15,147)	**(15,147)**
Total comprehensive loss for the period	**—**	—	—	—	**(15,147)**	**(15,147)**
Transactions with owners						
Issue of share capital	12	1,193	—	—	—	**1,205**
Shares issued but unallocated	—	—	(2,829)	—	—	**(2,829)**
Share-based payments	—	—	—	2,815	—	**2,815**
Total transactions with owners	12	1,193	(2,829)	2,815	—	**1,191**
At 31 December 2022	**12**	**1,193**	**(2,829)**	**2,815**	**(15,147)**	**(13,956)**

The notes on pages 66 to 69 form part of these financial statements.

Notes to the Company financial statements

1. Significant Accounting Policies

These financial statements have been prepared in accordance with the requirements of FRS 101 "Reduced disclosure Framework" and the requirements of the Companies (Jersey) Law 1991 and those aspects of the Companies Act 2006 required by the Overseas Regulations 2009". The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by derivative financial assets and derivative financial liabilities measured at fair value through profit or loss.

No comparative figures have been presented as the financial statements cover the period from incorporation on 2 September 2021 to 31 December 2022.

The Company's principal activity is to act as an ultimate holding company for the LRQA Group of companies together with the provision of management services and holding the Group's employee share trust.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of a cash-flow statement, standards not yet effective, key management personnel and certain related party transactions.

Where required, equivalent disclosures are given in the consolidated financial statements.

The financial statements have been prepared on the historical cost basis except for the re-measurement of certain financial instruments that are measured at fair values at the end of each reporting period. The principal accounting policies adopted are the same as those set out in note 6 to the consolidated financial statements except as noted below.

The investment in subsidiary undertaking is stated at cost and reviewed for impairment if there are indicators that the company's carrying value may not be recoverable. An impairment loss is recognised to the extent that the carrying amount cannot be recovered either by selling the asset or by continuing to hold the asset and benefiting from the net present value of the future cash flows of the investment.

The Company financial statements are prepared on a going concern basis as set out in note 5 of the Group consolidated financial statements of Dione Topco Limited.

2. Critical accounting judgements or key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of the Company's assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

(i) Carrying value of investments in subsidiaries

The Directors are required to exercise their judgement when assessing assets for indicators of impairment and determining what the appropriate valuation should be.

The Directors use their judgement in estimating the recoverable amount of each subsidiary investment by considering the current value of each investment's net asset position and expected future performance. Forecasts of future performance require judgement to estimate future cash flows, long-term growth rates and applicable discount rates. These judgements are made based upon historical experience as well as input from external resources where applicable. The directors are satisfied that the carrying value of investments does not require a provision for impairment to be recognised.

(ii) Carrying value of loans to group undertakings

As part of its investment in the LRQA Group the Company has issued loans to its subsidiaries to finance acquisitions. The directors have assessed the recoverability of these loans and have not found them to be impaired.

(iii) Classification of preference shares as liabilities

The Company has issued preference shares as part of the investment and funding structure. These preference shares are classified as liabilities under the disclosure requirements of IFRS7 and IFRS9.

3. Loss for the period

The auditor's remuneration for audit and other services is disclosed in note 10 to the consolidated financial statements.

4. Employees and directors

The Company had no employees. Its directors are remunerated through other Group companies.

5. Income Tax

	Period to 31 December 2022 £000
Current tax on loss	
United Kingdom corporation tax	-
Adjustments in respect of prior periods	-
Total current tax	-
Current tax on loss	**-**
Deferred Tax	
Origination and reversal of timing differences	-
Adjustments in respect of prior periods	-
Total deferred tax	-

The standard rate of tax applied to the reported (loss) / profit on ordinary activities is 19%.

On 24 May 2021, new measures to increase the main corporations tax rates to 25% from 1 April 2023 were substantively enacted.

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

Factors affecting the charge for the year	Period to 31 December 2022 £000
Loss profit before taxation	(15,147)
Loss profit multiplied by standard rate United Kingdom corporation tax of 19%	(2,878)
Effects of:	
Expenses not deductible for tax	8,744
Group relief claimed	(5,866)
Total tax charge for the year	**-**

Notes to the Company financial statements

6. Investments

The Company's investments are reported at historical cost. The company held 100% investment in Dione HoldCo Ltd, a company registered in England and Wales, which owns other subsidiaries in the group. Details of the Company's subsidiaries are given in note 36 of the consolidated financial statements.

The Company has reviewed the recoverable value of its investments to identify if there is any indication of impairment of the carrying value. Where applicable, the value in use has been estimated using management's best estimates of future cash generation of its investments.

The Company has not impaired the carrying value of its investments, other than as noted above, as their cash generation in the long-term is considered sufficient to support the carrying value. The subsidiary undertakings and investments of the Group are listed in note 31 of the Group financial statements.

7. Financial instruments and risk

Credit risk The Company's principal financial instruments comprise redeemable preference shares, cash, loans to group undertakings, and trade and other receivables arising directly from operations.

Redeemable preference shares

Redeemable cumulative preference shares of £441.8m were issued during the period at an issue price of £1 per share. The shares carry 10% non-discretionary dividends. The preference shares do not carry any equity component and are classified as financial liabilities in their entirety. The accumulated interest for the period since issue as at 31 December 2022 was £46.0m.

Loans to Group undertakings

This balance comprises of intercompany loans with companies within the Group. These Group companies are assessed at each reporting date as to their ability to repay outstanding balances.

Trade and other receivables

Trade and other receivables relate to the interest that accrues on the Loans to Group undertakings described above. The financial risk associated with the receivable is assessed to be the same as with the principal loan.

8. Loans to group undertakings

The company has provided loans to its group undertakings, with an outstanding balance of £397,976,711. These loans bear interest at a rate of the SONIA reference rate plus a 6% margin.

The SONIA reference rate is a benchmark interest rate that reflects the average of the overnight unsecured lending transactions in the sterling market. The loan interest rate is set at a margin of 6% above this reference rate to compensate for the credit risk associated with lending to related parties.

The terms of these loans are consistent with the company's normal lending practices and reflect arms-length transactions that would have been agreed with third parties. The company has assessed the creditworthiness of the borrowing entities and believes that they are capable of fulfilling their repayment obligations.

Loans to group undertakings are due on demand and are classified based on the expected date of receipt.

The carrying value of these loans is considered to be a reasonable approximation of their fair value, given that the interest rates applied are consistent with market conditions and the terms of the loans are similar to those of comparable third-party loans.

The company will continue to monitor the performance of these loans and any related risks, including the ability of the borrowing entities to repay the loans in accordance with the agreed terms.

9. Trade and Other Receivables

	2022 £000
Loan interest receivable from group undertakings	31,081
Prepayments	237
	31,318

Trade amounts due from related companies are unsecured, non-interest bearing, repayable on demand unless otherwise stated.

10. Trade and Other Payables

	2022 £000
Trade payables	(75)

11. Share Capital and Share Premium

The movements on these items are disclosed in notes 27 and 30 of the Consolidated Financial Statements.

12. Related party transactions

Transactions with other Group companies have not been disclosed as permitted by FRS 101, as the Group companies are wholly-owned.

13. Contingent liabilities

There are no contingent liabilities at the reporting date which would have a material impact on the financial statements.

14. Post balance sheet events

There are no events subsequent to the reporting date which would have a material impact on the financial statements.

15. Ultimate controlling party

In the opinion of the Directors, there is no single ultimate controlling party.