AVEVA SOLUTIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

COMPANY INFORMATION

Directors	Peter Coveney Amanda Diston Helen Lamprell Caspar Herzberg
Company secretary	Francesca Todd
Registered number	00803680
Registered office	High Cross Madingley Road Cambridge CB3 0HB
Independent auditors	PricewaterhouseCoopers LLP St John's Innovation Park The Maurice Wilkes Building Cowley Road Cambridge CB4 0DS

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2023

Principal activities

AVEVA Solutions Limited has continued to be involved in the marketing and development of computer software for engineering and related applications. This is sold either directly to customers or via fellow group undertakings from whom the Company earns royalty income based on the Group's Transfer Pricing model.

Business review

The Key Performance Indicators (KPIs) used by the Company to measure its own performance are revenue, profit before tax and headcount.

The Company made a loss before taxation for the year of £95.7 million (2022: profit before tax of £ 20.2 million). The decrease in profit before tax is primarily caused by a (17)% decrease in total revenue during the year to £262.6 million (2022: £317.7m). This is driven by a decrease in internal revenue arising from sales of software and services, for which the Company owns the intellectual property or employs the staff, from other entities within the group. Cost of sales increased to £25.9 million (2022: £20.9 million) due to higher hosting costs incurred during the year. Research and development costs also increased to £64.3 million (2022: £48.5 million) because of higher staff costs and support fees incurred during the year.

The Company maintained its leading position and market share because of its strong brand position, significant customer base and continued business development with key accounts. Average headcount for the year ended 31 March 2023 was 951 (2022: 776). Total staff costs for the year decreased (2)% to £80.4 million (2022: £82.0 million). The Company's customers are primarily Owner Operators (OOs) and Engineering, Procurement and Construction (EPC) contractors associated with complex process plant and marine assets who operate in the Power, Oil & Gas, Marine, Paper & Pulp, and many process related industries. Most large-scale engineering projects are unique and of such a scale that they cannot be prototyped, but employ a concurrent design and build approach, often involving many partners across the globe working together on a single project. AVEVA has unparalleled experience and understanding of providing software and services to this complex market.

The Company is continuing to invest in research and development to ensure that it retains its competitive advantage across all its product range. The Directors feel that this, together with continuing strength in the Company's end user markets, gives the Company strong prospects for growth in revenue and profitability.

The Company's results are as follows:

	£000
Retained profit reserves at 1 April 2022	2,930,758
Total comprehensive income for the year, net of tax	(101,285)
Dividends	(39,256)
Share-based payment reserve adjustments	3,409
Retained profit reserves at 31 March 2023	2,793,626

Review of principal risks and uncertainties

Talent

As a technology company, we are heavily reliant on the people we employ and we compete for the best talent globally. If we are unable to attract or retain the niche skills and experience we need to drive the business forward, creating innovation and growth, this could materially impact our success. The AVEVA brand must remain attractive for us to successfully attract and retain developers, technical sales staff, consultants and leadership.

Mitigating activities include building talent pipelines in niche/hard-to-hire areas, using AVEVA's connections to Schneider Electric SE to source talent, review of compensation packages in various territories, improving talent review processes, increasing in-house talent acquisition expertise, partnering with universities, leveraging employee referral programmes and strengthening employee engagement activities.

SaaS subscription

This risk encompasses all the risk elements related to our shift towards a SaaS subscription model, including product and portfolio readiness, cloud strategy and capabilities, the current structure of the organisation and ability to scale, and competition from other large platform providers and system integrators. Failure to move towards a SaaS subscription model could negatively impact recurring revenue and cash flow generation.

The shift to cloud is a core theme of our five-year business planning process, with functional strategies and investments aligned with our strategic plans. We also have a multi-year business transformation programme to drive operational readiness for the shift to SaaS and grow AVEVA's user base through access to new markets and additional cloud products. Targeted investments have also been made in sales and marketing.

Sustainability

Increased focus on sustainability and greater stakeholder expectations for management of ESG issues creates reputational, regulatory and product-related risk for AVEVA. If not well managed, this risk could lead to loss of existing customers or failure to acquire new customers, failure to maintain our ratings in sustainable investment indices and broader reputational impact, leading to loss of investment, failure to attract or retain the talent and niche skills our business requires and failure to meet new ESG-related reporting regulations.

During FY23, we enhanced our dedicated sustainability function and ESG governance structure. To inform the company's prioritisation of ESG management, target-setting, and disclosures, we conducted a robust materiality assessment. A key pillar of our ESG framework is to reduce reliance on fossil fuel industries by seizing opportunities to help customers use digitalisation to thrive in a low-carbon future. To increase what we call our technology handprint, or impact, we are developing sustainability-related offerings and product features and further leveraging AVEVA's partner ecosystems. Sustainability-focused marketing and sales enablement strategies are also in place to support diversification.

Competitors

The Company operates in highly competitive markets. Other technology companies could acquire, merge or move into AVEVA's market space to compete with AVEVA's offering creating a material threat, or existing competitors could respond quicker to market demands and trends resulting in reduced market share and missed growth opportunities for AVEVA. Our industry is characterised by rapid technological change, evolving industry standards, evolving business models and consolidations.

The Company carefully monitors customer requirements, trends and other suppliers operating within our chosen markets. We invest in innovation and strive to offer superior products to meet these market needs. The integration of AVEVA's PI Business further mitigates this risk, providing us with a distinct competitive advantage and market position. Other areas of specific mitigation include leveraging our relationship with Schneider

Electric SE, attractive proposals for additional complementary products for existing customers and flexibility to meet changing market demands and competitive forces.

Product Security

The Company's products are complex and new products or enhancements may contain undetected errors, failures, performance problems or defects which may impact our strong reputation with our customers or create negative financial implications. This risk reflects AVEVA's portfolio of products, their functionality and increasing threats in the external cyber environment.

Our products are extensively tested prior to commercial launch. In addition, the Company has a robust security development life cycle as a key component of our overall software development process, and we have created formal and collaborative relationships with third-party security researchers, security organisations and regulatory entities to proactively ensure our software is as safe and secure as is reasonable.

Cyber Security

Cyber and physical threats continue to grow. We depend on our IT systems not only to run our business but also to deliver services and capabilities to customers, compounding our exposure to this risk.

To reduce our risk, we conduct continual security assessments of our digital assets. These are combined with regular external penetration testing to ensure a suitable security posture is maintained. AVEVA's global security team focuses on: reducing the likelihood of regulatory sanctions and fines being levied; protecting our brand and our digital and physical assets; protecting customer and employee data; and building stakeholders' confidence in our overall security posture.

Regulatory Compliance

We are required to comply with international and local laws in each of the jurisdictions in which we operate. If one or more of our employees or anyone acting on our behalf commit or are alleged to have committed a violation of law, we could face substantial investigative, defence and/or remediation costs. We could also be exposed to severe financial penalties and reputational damage.

We use compliance policies and guidance materials plus clear communications and training platforms for all employees and external partners. Management is supported by local professional advisers. Further oversight is maintained by the corporate legal and finance functions, which regularly receive support from external advisers, in particular with regard to risk assessment, which is periodically carried out on key areas of exposure to compliance risk.

Pandemic-related economic disruption

Whilst the Covid-19 pandemic has stabilised and much has returned to normal, we continue to monitor its long-term effects, particularly on changing colleagues' expectations of flexibility and remote working and the potential impact on attracting and retaining talent.

Internal Systems

The Company depends on its many IT systems for day-to-day operations and to meet its customers' expectations. If they fail to operate effectively and efficiently then this could result in reputational damage, negative employee engagement or poor customer experiences.
A key strategic programme to support mitigations is in place. It features committed investment, executive support and a global multi-phase plan. For our third-party providers, we are now undertaking a more formal approach with questionnaires and assessments of capabilities before commercial commitment is finalised.

Disruptive Technologies

Competitors could develop new and unforeseen technology, software or business models which threaten our value offering. If these became significantly commercially viable, they could have material impacts on our profits and prospects.
AVEVA largely mitigates this threat through its own leading innovation initiatives and remaining at the forefront of technological advances. This a core strategic strength of AVEVA. In addition, AVEVA continually scans the disruptive technology environment to ensure it is well informed and placed to respond to any material threats.

Non-financial information statement (NFIS)

Environmental matters

As a responsible business, we understand the part we must play in reducing our emissions and adapting to the impacts of our changing world. In response to this, the AVEVA Group has set a target of becoming a net zero business by 2050 and published our climate change strategy. Further details on our climate change strategy can be found on pages 13 – 42 of the FY23 Sustainability Report published on the AVEVA Group's website.

Employee matters

Details of the number of employees is shown in note 6 of these financial statements.

We continually strive to build and maintain an inclusive workplace, in which every colleague feels safe, supported and able to bring their best selves to work.
Inclusion is critical when it comes to design of software, as differing perspective can better identity and solve problems. Our customers come from all walks of life, and we believe our teams must mirror that same diversity to help advance our vast range of solutions for our customer. We have five diversity, equity and inclusion focus areas through which we are advancing our progress: gender, race, ethnicity, religion, faith or belief, disability, and sexual orientation. Further information can be found on pages 43 – 57 of the FY23 Sustainability Report published on the AVEVA Group's website.

Social matters

AVEVA Action for Good is an opportunity to give back to our local communities and our planet. Inspired by the UN Sustainability Development Goals AVEVA Group pledges £1m every year to support good causes around the world. We set an ambitious goal that 40% of our employees will participate in an Action for Good activity.
In the technology sector, there is a significant gender gap, with women underrepresented in STEM-related jobs. We see a similar trend in our own workforce and are actively focusing on rebalancing this asymmetry. To drive change, we have committed to 50% of women new hires, 40% women managers and 30% women in leadership by 2030. In 2023, we introduced additional cross-functional programs to support the recruitment and retention of women.

Human rights

Anti-slavery Policy – The Company maintains an Anti-Slavery and Human Trafficking Policy which states a zero-tolerance approach to modern slavery. This commitment is further affirmed in AVEVA's Business Conduct Guidelines and further information can be found within the Anti-Slavery and Human Trafficking Statement 2023 published on the AVEVA Group's website.

GDPR – The General Data Protection Regulation (GDPR) came into force on 25 May 2018 and imposed more stringent rules for the use and storage of personal data by companies operating in the EU (being those established in the EU, and also those established outside of the EU, where such companies process EU data subjects' personal data, in connection with their business) and on its departure from the EU, the UK General Data Protection Regulation brought much of the GDPR rules and principles into UK law in conjunction with the Data Protection Act 2018.

At AVEVA, we recognised that these GDPR rules and principles place important responsibilities on us to ensure that we use personal data in a compliant manner in conducting our business.

Further information can be found within the GDPR Statement for AVEVA Customers published on the AVEVA Group's website.

Anti-corruption and anti-bribery matters

We have robust anti-bribery and corruption policy, which is reviewed annually and details the measures AVEVA takes to ensure compliance with applicable anti-corruption laws. In addition, our due diligence on new business partners assesses bribery and corruption risk. All new employees are required to complete training on the policy within one month of joining our company.

We also require our partners to comply with all applicable laws relating to bribery and corruption including and no limited to the US Foreign Corrupt Practices Act and the UK Bribery Act 2010.

Our AVEVA Speak Up portal is available for any AVEVA employee and third parties to report suspected wrongdoing relating to AVEVA. This is available on the website of the AVEVA Group.

Section 172(1) statement

Our Directors are required to act in the way they consider, in good faith, would most likely promote the success of the Company for the good of its members and stakeholders as a whole, taking into account the factors listed in section 172 of the Companies Act 2006.

Delivering on our strategy requires strong mutually beneficial relationships with our customers, partners, employees and other key stakeholders.

The AVEVA Board may sometimes engage directly with certain stakeholders. However, most engagement takes place at an operational level. Where there is no direct engagement at Board level, senior managers regularly report to the Board on key areas to ensure that Board decisions are well informed. Being part of the Schneider Electric SE ("SE") Group, further information about how we engage with stakeholders and consider stakeholder interests and input in important decisions can be found on pages 40 – 49 of the SE Group's annual report, and how the likely consequences of long-term decisions are managed can be found on pages 294 - 319 of the SE Group's annual report. Further information about the processes the company uses to maintain its reputation for high standards of business conduct and ensures that all members of the company are treated fairly can be found on pages 110 – 147 of the SE Group's annual report. The report can be obtained as set out in note 27.

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

DocuSigned by:
Peter Coveney
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Peter Coveney
Director
Date: 22 December 2023

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2023

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Peter Coveney (appointed 13 June 2023)
Amanda Diston (appointed 13 June 2023)
Peter Herweck (resigned 10 March 2023)
James Kidd (resigned 31 March 2023)
Helen Lamprell (appointed 18 January 2023)
Caspar Herzberg (appointed 10 March 2023)

Likely future developments

The Company does not foresee any likely future developments in the short to medium term.

The Company has continued to implement its strategy of shifting towards a subscription-based revenue model. This shift is a core theme of the Company's five-year business planning process, with functional strategies and investments aligned with the strategic plans. There is also a multi-year business transformation programme to drive operational readiness for the shift in business strategy and grow AVEVA's user base through access to new markets and additional cloud products.

Results and dividends

The loss for the year, after taxation, amounted to £94,122,000 (2022 - profit of £19,911,000).

Dividends of £39,256,070 have been declared and paid for the period (2022: Nil).

Financial instruments

The Company's principal financial instruments comprise cash. The Company has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The Company's financial risk management objectives and policies, as well as the exposure to market risk, credit risk and liquidity risk, are set out in note 20.

Qualifying third party indemnity provision

An intermediate parent company made provision throughout the year for all director's indemnities.

Intellectual property

The Company owns intellectual property both in its software tools and in the products derived from them. This includes the product families known as AVEVA Plant and AVEVA Marine. The Directors consider such properties to be of significant value to the business and have a comprehensive programme to protect it.

Research and development

The Company continues an active programme of Research & Development which covers updating of and extension to its range of products. The Research & Development expense for the year was £ 64.3 million (2022: £ 48.5 million).

Post balance sheet events

On 1 August 2023 AVEVA Group Limited issued a total of 11,999,870 Ordinary shares at a price of £32.25 per share. Following this, subsidiaries within the group repaid a £726.7 million loan provided by Schneider Electric Holdings Inc.

The $900m loan was repaid via a mix of the aforementioned equity issuance, $202m of group cash plus $200m of new borrowings accessed through the group's liquidity facility provided by a subsidiary within the Schneider Electric Group.

As a result of this transaction, on 1 August 2023, AVEVA Solutions Limited issued a total of 11,999,870 Ordinary share at a price of £32.25 per share.

As part of the transaction AVEVA Solutions Limited also acquired 1,808 shares of common stock of AVEVA Inc at a price of $275,442.478 per share.

Going concern

The Company has received a letter of support from its intermediate parent company, AVEVA Group Limited. This indicates that the Company will receive financial and other support necessary for it to trade and meet its liabilities as and when they become due for a period of at least 12 months from the date of signing of these financial statements. The letter of support will remain in place until withdrawn by written notice from the intermediate parent company; such notice will not be given before 31 December 2024.

After making enquiries, considering the cash flow requirements for the Company, and the potential impact of market volatility, (the impact of the crisis in Ukraine, Israel and rising inflation levels) the Directors have a reasonable expectation that the Company has sufficient resources to continue operating for at least 1 year after the date these financial statements are signed. The Directors have also considered the impact of this market volatility on the wider AVEVA Group, the latest going concern assessment of AVEVA Group, and the reliance that can be placed upon the letter of support in the context of the AVEVA Group's wider performance if required. Therefore, the going concern basis has been used in preparing these financial statements.

Employee involvement

The Company places considerable value on the involvement of its employees and has continued to keep them informed of matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, employee newsletters, the AVEVA Group Limited intranet and presentations from senior management. There is an employee representative committee which meets on a regular basis to discuss a wide range of matters affecting their current and future interests. All employees are entitled to receive an annual discretionary award related to the overall profitability of the AVEVA Group Limited subject to the performance of the individual and the AVEVA Group limited. The Company and wider AVEVA Group Limited conducts employee-wide surveys from time to time to gauge the success or otherwise of its policies and uses this information to improve matters as appropriate.

Disabled employees

The Company considers applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim as well as reasonable adjustments to the workplace and other support mechanisms.

Stakeholder statements

Employees

Several of the executive directors are members of the Board of AVEVA Group Limited, the intermediate parent company. The Board of AVEVA Group Limited has taken the lead in carrying out the duties in respect of the Group's employees which includes AVEVA Solutions Limited. This includes, employee engagement, and promoting a culture of inclusion, diversity and wellbeing (including the effect of principal decisions taken by the Company during the financial year on employee interests). The Board of the Company has also considered relevant matters where appropriate.

Creditors

It is the Company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers, provided that all trading terms and conditions have been complied with by the other party. The number of creditor days was 20 at the year-end (2022: 14 days).

Other stakeholders

The Board of the Company has adopted a similar approach for other stakeholders as employees in discharging its responsibilities. The Board of the Company has also considered relevant matters where appropriate.

Branches outside the UK

The Company has a branch in Saudi Arabia (SE Software Saudi Arabia).

Streamlined Energy and Carbon Reporting (SECR)

In line with current UK reporting guidelines, the following table details the Company's UK emissions in the year ended March 2023.

UK Only (tCO2e)	FY23	FY22
Scope 1: Gas and other fuels	91	68
Scope 1: Transportation	0	0
Scope 1 Energy (kWh)	499,850	373,188
Scope 2: Electricity (Location based)	190	197
Scope 2: Electricity kWh (Market based)	0	0
Scope 2: Energy kWh	911,110	929,076
Emissions per employee	0.10	0.09

Actions to reduce our emissions

As a part of our ongoing commitment to reduce our environmental impact, we have committed to climate targets in line with the 1.50C future envisioned by the Paris Agreement. Mitigating the impact of our operations reflects our commitment to advancing sustainable practices for ourselves and across our value chain. One of our significant achievements this year is having both our 2030 and net-zero climate targets validated by the Science Based Targets initiative (SBTi). This verification confirms that our reduction targets are credible and ambitious enough to achieve decarbonization in line with the latest climate science.

We believe that effectively managing the environmental impact of our operations starts with outlining expectations. In our new Environmental Policy, we set out key environmental and energy management principles for all our employees. We also reinforce our commitment to continually improve our environmental performance, drive sustainability innovation with our customers and lead by example in the fight against climate change. We require all sites with over 500 full-time employees to receive ISO14001 certification.

In 2022, we worked with consultants who visited seven of our larger sites and provided recommendations for improving sustainability within the offices. The key opportunities for improvement that they identified included:

- Improving access to energy data to monitor and measure change
- Undergoing routine energy audits and building condition surveys
- Integrating circularity goals into operations by implementing robust recycling and composting programs where appropriate

Based on these findings, we are implementing lighting retrofits, updating our workstation energy controls, making changes to our heating/cooling systems, as well as improving our data collection practices and engaging further with our landlords on sustainability priorities. We are also enforcing our Green Site Selection Guide (GSSG), which provides sustainability criteria for selecting new office locations, such as selecting sites with LEED, WELL and BREEAM ratings, among others.

Report methodology

We calculate and report our emissions data in line with the World Resource Institute's GHG Protocol Corporate Accounting and Reporting Standard (GHG Protocol). For the emissions data reported in this report, we used an operational control approach to define our organizational boundary.

For our Scope 2 emissions for purchased electricity, we report using both a location-based approach and a market-based method. The latter approach allows us to demonstrate our commitment to investing in green energy tariffs, which you can read more about later in this section of the report. We report on all Scope 3 emission categories material to our business, which include: purchased goods and services, capital goods, fuel- and energy-related activities, waste, business travel, employee commuting and use of sold products.

The calculations for our upstream value chain emissions are based on standard methodologies compliant with the GHG Protocol, with further details available in our CDP disclosure. For our downstream emissions, we developed a custom model to estimate the energy used by our customers to run AVEVA software. The model was refined based on feedback from third-party experts on decarbonization and GHG accounting. Through energy consumption bench-testing, which you can read more about in our technology handprint section. We are planning to further refine our model next year.

Statement of corporate governance arrangements

As a subsidiary of Schneider Electric ("SE"), the Company applies the corporate governance code adopted by SE and its governance arrangements are integrated into the management of SE as a whole. The corporate governance principles of SE are published on pages 324 – 375 of its annual report which can be obtained as set out in note 27.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Under company law, 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 company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' statement as to disclosure of information to auditors

The Directors who were members of the Board at the time of approving the Directors' report are listed above. Each of the persons who are Directors at the time this Directors' report is approved has confirmed that:

- so far as they are aware, there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and
- they has taken all the steps that ought to have been taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

The independent auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

DocuSigned by:
Peter Coveney
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Peter Coveney
Director
Date: 22 December 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVEVA SOLUTIONS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, AVEVA Solutions Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 March 2023; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 5 to the financial statements, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- We have reviewed the letter of support received from the parent company which states its commitment to provide financial support to the company to enable it to continue operating as a going concern for a period of at least twelve months from the signing of these financial statements.
- We have performed appropriate inquiries with the management of the parent company to understand the circumstances in which the letter of support has been provided, their strategic objectives and their intentions for the company and past history of supporting the company.
- We have performed procedures to ascertain whether the support set out in the letter will be available, including assessing the parent company's ability to provide financial support and reviewing the going concern assessment of the group for which the parent company controls.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVEVA SOLUTIONS LIMITED (CONTINUED)

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVEVA SOLUTIONS LIMITED (CONTINUED)

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

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to economic sanctions compliance and data protection, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and relevant tax and employment legislations. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to manipulate reported results, significant or exceptional transactions outside the normal course of business and management bias in making significant accounting judgements and estimates. Audit procedures performed by the engagement team included:

- Discussions with management and the Directors regarding actual and potential litigations and claims, including known or suspected instances of non-compliance with laws and regulation and fraud;
- Reading relevant meeting minutes, including those of the Board of Directors;
- Evaluating the Company's controls designed to prevent and detect irregularities;
- Identifying and testing journal entries, in particular certain journal entries posted with unusual account combinations;
- Designing audit procedures to incorporate unpredictability around nature, timing and extent of our testing; and
- Testing the appropriateness of assumptions and judgements made by management in key estimates to identify any deliberate misstatements in the financial statements.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVEVA SOLUTIONS LIMITED (CONTINUED)

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Alex Hookway (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge
22 December 2023

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £000	2022 £000
Revenue	3	262,634	317,701
Cost of sales		(25,887)	(20,922)
Gross profit		236,747	296,779
Research and development costs		(64,331)	(48,500)
Selling and administrative expenses	4	(229,292)	(231,192)
Loss on disposals of investments	5,15	(26,588)	(325)
(Loss)/gain on foreign exchange, net	5	(3,476)	3,166
(Loss)/profit from operations	5	(86,940)	19,928
Dividend income		2,588	3,400
Finance income	7	569	136
Finance expense	8	(12,336)	(3,483)
Net finance income on pension scheme	22	433	259
(Loss)/profit on ordinary activities before tax		(95,686)	20,240
Tax on (loss)/profit	9	1,564	(329)
(Loss)/profit for the year attributable to equity holders of the parent		(94,122)	19,911
Other comprehensive (expense)/income:			
Items that will not be reclassified to profit or loss in subsequent periods:			
Remeasurement (losses)/gains on defined benefit plans	22	(10,042)	3,244
Currency translation differences		369	(393)
Deferred tax effect	9	2,510	(1,596)
Total of items that will not be reclassified to profit or loss in subsequent periods		(7,163)	1,255
Total comprehensive (expense)/income for the year		(101,285)	21,166

The notes on pages 18 to 57 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	2023 £000	As restated 2022 £000
Non-current assets			
Goodwill	11	12,074	12,074
Intangible assets	12	4,761	7,563
Property, plant and equipment	13	5,328	5,784
Right-of-use assets	14(b)	5,435	6,622
Investments	15	2,911,970	2,932,788
Trade and other receivables	16	11,152	15,769
Deferred taxation	21	9,213	840
Retirement benefit surplus	22	6,971	16,580
Total non-current assets		**2,966,904**	**2,998,020**
Current assets			
Trade and other receivables	16	312,903	248,216
Cash and cash equivalents	17	1,993	35,546
Total current assets		**314,896**	**283,762**
Total assets		**3,281,800**	**3,281,782**
Equity			
Called up share capital	24	2,540	2,540
Share premium account	24	3,688	3,688
Merger reserve	24	19,903	19,903
Retained earnings		2,793,626	2,930,758
Total equity		**2,819,757**	**2,956,889**
Non-current liabilities			
Trade and other payables	19	-	10,545
Lease liabilities	14(c)	4,477	5,685
Total non-current liabilities		**4,477**	**16,230**
Current liabilities			
Trade and other payables	18	456,223	307,320
Lease liabilities	14(c)	1,343	1,343
Total current liabilities		**457,566**	**308,663**
Total liabilities		**462,043**	**324,893**
Total equity and liabilities		**3,281,800**	**3,281,782**

The financial statements were approved and authorised for issue by the board and were signed on 22 December 2023. The notes on pages 18 to 57 form part of these financial statements.

DocuSigned by:
Peter Coveney
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Peter Coveney
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Called up share capital	Share premium account	Merger reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000
At 1 April 2021	2,540	3,688	19,903	2,893,203	2,919,334
Total comprehensive income for the year					
Profit for the year	-	-	-	19,911	19,911
Other comprehensive income	-	-	-	1,255	1,255
Total comprehensive income for the year	-	-	-	21,166	21,166
Contributions by and distributions to owners					
Cost of employee benefit trust shares issued to employees	-	-	-	16,135	16,135
Deferred tax arising on share options Note 21	-	-	-	254	254
Total transactions with owners	-	-	-	16,389	16,389
At 1 April 2022	2,540	3,688	19,903	2,930,758	2,956,889
Total comprehensive expense for the year					
Loss for the year	-	-	-	(94,122)	(94,122)
Other comprehensive expense	-	-	-	(7,163)	(7,163)
Total comprehensive expense for the year	-	-	-	(101,285)	(101,285)
Contributions by and distributions to owners					
Dividends	-	-	-	(39,256)	(39,256)
Cost of employee benefit trust shares issued to employees	-	-	-	3,906	3,906
Deferred tax arising on share options Note 21	-	-	-	(497)	(497)
Total transactions with owners	-	-	-	(35,847)	(35,847)
At 31 March 2023	2,540	3,688	19,903	2,793,626	2,819,757

The notes on pages 18 to 57 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

1. General information

AVEVA Solutions Limited (the Company) is a private limited Company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on company information page. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 1 to 5.

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements, because it is included in the group financial statements of Schneider Electric SE in accordance with s401 of the Companies Act 2006. The consolidated financial statements of Schneider Electric SE are available to the public and can be obtained as set out in note 27.

2. Key accounting policies

2.1 Basis of preparation

These financial statements are prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) on a going concern basis, under the historical cost convention, and in conformity with the requirements of the Companies Act 2006.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:
• IFRS 7, 'Financial Instruments: Disclosures'.
• Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
• Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
– paragraph 79(a)(iv) of IAS 1;
– paragraph 73(e) of IAS 16 Property, plant and equipment;
– paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
• The following paragraphs of IAS 1, 'Presentation of financial statements':
– 10(d), (statement of cash flows)
– 16 (statement of compliance with all IFRS),
– 38A (requirement for minimum of two primary statements, including cash flow statements),
– 38B-D (additional comparative information),
– 111 (cash flow statement information), and
– 134-136 (capital management disclosures)
• IAS 7, 'Statement of cash flows'
• Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
• The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group
• The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 "Revenue from Contracts with Customers".
• The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total.

2. Key accounting policies (continued)

Going concern

The Company has received a letter of support from its intermediate parent company, AVEVA Group Limited. This indicates that the Company will receive financial and other support necessary for it to trade and meet its liabilities as and when they become due for a period of at least 12 months from the date of signing of these financial statements. The letter of support will remain in place until withdrawn by written notice from the intermediate parent company; such notice will not be given before 31 December 2024.

After making enquiries, considering the cash flow requirements for the Company, and the potential impact of market volatility, (the impact of the crisis in Ukraine, Israel and rising inflation levels) the Directors have a reasonable expectation that the Company has sufficient resources to continue operating for 1 year after the date these financial statements are signed. The Directors have also considered the impact of this market volatility on the wider AVEVA Group, the latest going concern assessment of AVEVA Group Limited, and the reliance that can be placed upon the letter of support in the context of the AVEVA Group Limited's wider performance if required. Therefore, the going concern basis has been used in preparing these financial statements.

2.2 New standards, amendments and IFRIC interpretations

The Company applied for the first time in the reporting period commencing 1 April 2022:

- amendments to IAS 16 Property Plant and Equipment: Proceeds before intended use;
- amendments to IAS 37 Onerous Contracts: Cost of fulfilling a contract;
- annual improvements to IFRS Standards 2018-2020; and
- amendments to IFRS 3 Reference to the Conceptual Framework

These amendments did not impact the Company's financial statements.

2.3 Revenue

The Company generates its revenue principally through the supply of:

- subscription;
- maintenance;
- perpetual licences;
- services; and
- royalty income

Revenue is recognised, net of the amount of sales taxes, upon transfer of control of the promised software and/or services to customers. The Company enters into contracts which can include combinations of software licences, support and maintenance fees and other professional services, each of which is typically capable of being distinct and usually accounted for as separate performance obligations. Revenue from sales of software licences when these are combined with the delivery of significant implementation or customisation services is recognised in line with the delivery of the services to the customer.

Where there are multiple performance obligations, revenue is measured at the value of the expected consideration received in exchange for the services, allocated by the relative stand-alone selling prices of each of the performance obligations, or estimate thereof. The transaction price is determined based on the minimum guaranteed fees due in addition to any variable consideration where it is not deemed highly probable that a significant revenue reversal will occur. Discounts are allocated across relevant performance obligations based on product list prices which is a proxy for Standalone Selling Price.

2.3 Revenue (continued)

When a contract with a customer is modified, the Company accounts for this based on the nature of the modification being made.

1) If the purpose of the modification is to provide the customer with distinct goods and/or services which are sold at a price reflecting their standalone selling price, the modification is accounted for as a separate contract.

2) Where the purpose of a modification is to renew a customers' contract before the full period has lapsed, and the remaining goods and/or services are at a standalone selling price and are distinct to the goods and/or services provided prior to the date of the contract modification, the Company accounts for the modification as if it were a termination of the existing contract and the creation of a new contract.

3) If the purpose of the modification is to re-define the scope of a highly customer specific project (relating to the implementation of the Company's software) to involve additional services and fees, this would constitute a contract modification and would be recognised as a continuation of the existing agreement. An adjustment will be made to revenue on a cumulative catch-up basis.

Subscription

The Company offers a number of non-cancellable, fixed-term subscription licensing models typically of between one month and seven years and include on-premises rentals and Software as a Service (SaaS).

On-premises rentals

Rentals consist of two separate components: a software licence; and support and maintenance, which are two distinct performance obligations. The software licence is a right to use licence which is recognised at a point in time when the contract is agreed, and the software is made available to the customer. The support and maintenance element is recognised on a straight-line basis over the rental period.

SaaS

Where software is licensed for use exclusively within the AVEVA Cloud, the software has been specifically developed to work within the AVEVA Cloud infrastructure, which forms a key element of the overall customer software solution. This means that the software and AVEVA Cloud hosting services are highly interrelated and as a result are not distinct performance obligations. This is true for native cloud solutions (entirely re-written for cloud), hosted solutions (redesigned and optimised for cloud), and hybrid solutions (on-premise software but with significant, transformative cloud elements). The software and hosting services are therefore accounted for as one single performance obligation. The support and maintenance services within SaaS agreements are mandatory and provided as part of the overall Software-as-a-Service solution and have the same pattern of transfer to AVEVA's customers. On this basis, the support and maintenance services form part of the combined output to AVEVA's customers and as a result are also included within the combined single performance obligation.

In summary, SaaS subscriptions are agreements with customers to provide combined software, maintenance and support, and hosting services. These non-separable elements together represent a single service provided to the customer and are thus a single performance obligation. Revenue is principally recognised as the services are provided to the customer on a straight-line basis over the subscription period, but for some customers, revenue is recognised on a consumption basis.

2.3 Revenue (continued)

Flex subscription

Where the Company enters into a Flex subscription agreement with a customer, the performance obligation is to supply on-premises rentals and/or SaaS products through the sale of Flex credits. Where Flex credits are allocated to on-premises rentals and/or SaaS, revenue is recognised as on-premises rentals or as SaaS as appropriate. Where Flex credits are not allocated exclusively for use against on-premises rentals or SaaS then the revenue can only be measured once the credits have been consumed.

Maintenance

Revenue classified as maintenance includes annual fees as well as separate support and maintenance contracts. For both, revenue is recognised over time on a straight-line basis over the period of the contract, which is typically 12 months. Customers that have purchased an initial licence pay obligatory annual fees each year. Annual fees consist of the continuing right to use, and support and maintenance, which includes core product upgrades and enhancements, and remote support services. Users must continue to pay annual fees in order to maintain the right to use the software. Customers that have purchased a perpetual licence have the option to pay for support and maintenance.

Perpetual licences

Customers are charged an initial or perpetual licence fee for on-premises rental or hosted software which is usually limited by a set number of users or seats. Initial and perpetual licences provide the customer with the right to use the software and are distinct from other services. Revenue is recognised at a point in time when the contract is agreed, and the software is made available to the customer.

Services

Services consist primarily of consultancy, implementation services and training. Revenue from consultancy and implementation services is recognised as the services are performed by reference to the costs incurred as a proportion of the total estimated costs of the service project. Individual and low value training courses are recognised in the same period as software license revenue on the basis that the training will be consumed by the customer very early in the license term. Where many training courses are included in a contract, the revenue is recognised on a straight-line basis over the software license term.

If an arrangement includes both licence and service elements, an assessment is made as to whether the licence element is distinct in the context of the contract, based on whether the services provided significantly modifies or customises the base product. Where it is concluded that a licence is distinct, the licence element is recognised as a separate performance obligation. In all other cases, revenue from both licence and service elements is recognised over time.

Royalty income

Income in respect of royalties received from other companies within the AVEVA Group is recognised when the issue of a licence to an end-user has been reported to the Company.

2.4 Property, plant and equipment

Property, plant and equipment is stated at cost less depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis to write down the assets to their estimated residual value over the useful economic life of the asset as follows:

	Years
Computer equipment	3 to 5
Fixtures, fittings and office equipment	5 to 8

Leasehold buildings and improvements are amortised on a straight-line basis over the shorter of the period of the lease and useful economic life.

2.5 Intangible assets

Intangible assets acquired separately are capitalised at cost and from a business acquisition are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to each class of intangible asset as set out below.

Expenditure on internally developed intangible assets, excluding development costs, is taken to the Consolidated Income Statement in the year in which it is incurred. Internal software development expenditure is recognised as an intangible asset only after its technical feasibility and commercial viability can be demonstrated.

Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis. Amortisation is calculated on a straight-line basis over the estimated useful economic lives of the asset, which are as follows:

	Years
Developed technology	3 to 12
Customer relationships	5 to 20
Purchased brands	10 to indefinite
Trademarks	5 to 15
Other software	3 to 7
Purchased software rights	3 to 10
Capitalised Development	3 to 5

Some Purchased brands have been assessed as having an indefinite useful life. The criteria used to determine whether or not such brands have indefinite lives and, as the case may be, their lifespan, are as follows:

- brand awareness;
- outlook for the brand in light of the Group's strategy for integrating the brand into its existing portfolio.

2.6 Goodwill

Goodwill on acquisitions is initially measured at cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

2.6 Goodwill (continued)

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the CGU retained.

Goodwill is capitalised as an intangible asset and is not amortised. Instead, it is reviewed annually for impairment with any impairment in carrying value been charged to the profit and loss. The companies Act 2006 requires acquired goodwill to be reduced by provisions for depreciation calculated to write off the amount systematically over a period chosen by the directors, not exceeding its useful economic life. It has been deemed, however, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view. The effect of this departure has not been quantified because it is impracticable and, in the opinion of directors, would be misleading.

2.7 Leases

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date that the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment review.

At the commencement date of the lease, the Company also recognises lease liabilities. They are measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs. The Company has adopted the practical expedient to view certain arrangements containing both lease and non-lease components as a single lease component.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. The carrying amounts of right-of-use assets are also remeasured to reflect this change in lease liabilities.

2.7 Leases (continued)

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered of low value (i.e., below £5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

2.8 Investments in subsidiaries

Investments in subsidiaries are shown at cost less provision for impairment.

2.9 Retirement benefits

For defined benefit schemes, the defined benefit obligation is calculated semi-annually for each plan by qualified external actuaries using the projected unit credit method which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligation). The retirement benefit liability in the Consolidated Balance Sheet represents the present value of the defined benefit obligation (using a discount rate derived from a published index of AA-rated corporate bonds) as reduced by the fair value of plan assets out of which the obligations are to be settled directly. Fair value of plan assets is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is restricted to the present value of any amount the Company expects to recover by way of refunds from the plan or reductions in the future contributions. The current service cost is recognised in the Consolidated Income Statement as an employee benefit expense. The net interest element of the defined benefit cost is calculated by applying the discount rate to the net defined benefit liability or asset.

A retirement benefit surplus has been recognised in line with IFRIC 14 which states a refund is available to an entity only if the entity has an unconditional right to a refund:

a) during the life of the plan, without assuming that the plan liabilities must be settled in order to obtain the refund; or
b) assuming the gradual settlement of the plan liabilities over time until all members have left the plan; or
c) assuming the full settlement of the plan liabilities in a single event (i.e. as a plan wind-up).

Actuarial gains and losses arising from experience adjustments or changes in actuarial assumptions are credited or charged in the Consolidated Statement of Comprehensive Income in the period in which they arise.

The Company also operates defined contribution pension schemes for a number of UK and non-UK employees. Contributions to defined contribution plans are charged to the Consolidated Income Statement as they become payable.

2.10 Share-based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted, further details of which are given in note 25 of the Notes to the Consolidated Financial Statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

2.11 Cash and cash equivalents

Cash and short-term deposits in the Consolidated Balance Sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. The carrying amount of these approximates their fair value. For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

2.12 Trade and other receivables

Trade receivables, which generally have 30 to 90-day terms, are typically held within a business model with the objective to hold in order to collect contractual cash flows. As such, trade receivables are recorded initially at fair value, and at amortised cost thereafter. This results in their recognition and subsequent measurement at original invoice amount less an allowance for any uncollectible amounts. An estimate for expected credit losses is made when collection of the full amount is no longer probable.

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others:
- the debtor entering bankruptcy or administration; and
- the outcome of legal proceedings.

2.13 Trade and other liabilities

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade payables are non-interest bearing and are normally settled on terms of between 30 and 60 days. Social security, employee taxes and sales taxes are non-interest bearing and are normally settled on terms of between 19 and 30 days. Accruals mainly consists of bonus accrual due to be paid 60 to 90 days and accrued expenses for goods or services provided to the Company prior to the end of the financial year. Other liabilities are split between short term and long-term depending on their settlement period.

2.14 Impairment of assets

Goodwill arising on acquisition is allocated to CGUs expected to benefit from the combination's synergies and represents the lowest level at which goodwill is monitored for internal management purposes and generates cash flows which are independent of other CGUs. The recoverable amount of the CGU to which goodwill has been allocated is tested for impairment annually or when events or changes in circumstance indicate that it might be impaired. The carrying values of property, plant and equipment, right-of-use assets and intangible assets other than goodwill are reviewed for impairment when events or changes in circumstance indicate the carrying value may be impaired. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or CGUs are written down to their recoverable amount. The recoverable amount is the greater of net selling price and VIU. In assessing VIU, 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognised in the income statement in the administrative expenses line item.

2.15 Contract assets and liabilities

A contract asset is recognised when revenue recognised in respect of a customer contract exceeds amounts received or receivable from the customer. This situation arises when the software licence performance obligation, from a multi-year rental contract, has been delivered to a customer and the revenue recognised at a point in time and invoicing is conditional on further performance and also from the recognition of revenue from service projects on a percentage of completion basis that is greater than amounts invoiced to the customer and invoicing is conditional on further performance. The carrying amount is reduced by allowances for expected credit losses under IFRS 9. When the invoices are raised, and the amount becomes unconditional the contract asset values are reclassified to trade receivables. Contract assets are split between current and non-current depending on whether amounts are receivable in less than or more than one year respectively.

Contract liabilities comprise the Company's obligation to transfer goods or services to a customer for which the Company has received payment from the customer in advance of revenue recognition. This situation arises when the customer is invoiced in advance of the transfer and recognition of maintenance and subscriptions. Also, when the revenue recognised from services projects on a percentage of completion basis is lower than the amounts invoiced to the customer. Contract liabilities are split between current and non-current depending on the term of the obligation being less than or more than one year respectively.

2.16 Taxation

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Legislation has been enacted to allow UK companies to elect for the Research & Development Expenditure Credit (RDEC) on qualifying expenditure incurred since 1 April 2013, instead of the super-deduction rules. At the balance sheet date, management has concluded that the election will be made and therefore the RDEC is recorded as income included in profit before tax, netted against Research & Development expenses as the RDEC is of the nature of a government grant.

Deferred income tax liabilities are recognised for all taxable temporary differences:

• except where the deferred income tax liability arises from goodwill amortisation or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

• in respect of taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised:

• except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

• in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

The income tax effects of items recorded in either other comprehensive income or equity are recognised in the Statement of comprehensive income or the Statement of changes in shareholders' equity respectively. Otherwise, income tax is recognised in the Profit and loss. Revenue, expenses and assets are recognised net of the amount of sales taxes except:

• where the sales tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
• receivables and payables are stated with the amount of sales taxes included.

The net amount of sales taxes recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance sheet.

2.17 Transfer of trade and assets between entities under common control

The Company applies the 'pooling of interest' method of accounting on transfer of trade and assets between entities under common control by the Company. Under this method, the assets and liabilities of combining entities are reflected at their carrying amounts and no additional goodwill is recognised apart from the existing goodwill of the acquired entity. No restatement of financial information in the consolidated financial statements is being made for the periods prior to the combination under common control.

2.18 Prior period restatement

During the year the Directors identified that contract assets have previously not been split between current and non-current, previously showing the balance as current. This has resulted in a prior year restatement of £12.3 million being reclassified between current and non-current assets, with a restated current asset balance of £284.6 million and a restated non-current asset balance of £2,997.2 million. There has been no impact to the statement of comprehensive income.

2.19 Significant accounting estimates and judgements

Revenue recognition

The assessments and estimates used by the Company for revenue recognition could have a significant impact on the amount and timing of revenue recognised.

Revenue from sales of software licences when these are combined with the delivery of significant implementation or customisation services is recognised in line with the delivery of the services to the customer. This policy involves the assessment of which customer projects include significant customisation or implementation and also an assessment of the stage of completion of such projects.

The fair value estimate of the element of a customer on-premises rental fee attributable to customer support and maintenance is reviewed periodically. Management used judgement in calculating this estimate by using a combination of historical data, cost to the business of providing services, and annual fees as a proportion of initials. On average, the element attributable to the Standard level of customer support and maintenance as a proportion of the initial software delivery is 17%, 20% for Premium and 23% for Elite support and maintenance.

Provision for impairment of financial assets

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Loss allowances are calculated using historical account payment profiles and the corresponding historical credit losses experienced and adjusted for forward-looking factors specific to the debtor and the economic environment.

Provisions for the impairment of receivables have also been made on a customer-specific basis. The determination of the appropriate level of provision involves an estimate of the potential risk of default or non-payment by the Company's customers.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2.19 Significant accounting estimates and judgements (continued)

In making this assessment, management considers a number of factors, including:

- the financial strength of the customers;
- the level of default that the Company has suffered in the past;
- the age of the receivable outstanding; and
- the Company s trading experience with that customer.

Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. Therefore, the significant estimates made relating to the provision for impairment of trade receivables are also applicable to impairment of contract assets.

The provision for impairment of receivables at 31 March 2023 was £413,136 (2022: £672,775).

Retirement benefits

The determination of the Company's surplus, obligations and expense for defined benefit pensions is dependent on the selection, by the Board of Directors, of assumptions used by the pension scheme actuary in calculating these amounts. The assumptions applied, together with sensitivity analysis, are described in note 22 and include, amongst others, the discount rate, the inflation rate, rates of increase in salaries and mortality rates. While the Directors consider that the assumptions are appropriate, significant differences in the actual experience or significant changes in assumptions may materially affect the reported amount of the Company's future pension obligations, actuarial gains and losses included in the Statement of comprehensive income in future years and the future staff costs. In mitigation of significant changes in assumptions affecting the Company s future pension obligations, the pension scheme operates a liability-driven investment strategy, which means as inflation and interest rates change, the value of the asset portfolio will rise and fall, offsetting the impact on the net position. The net carrying amount of retirement benefit at 31 March 2023 was a surplus £6,971,000 (2022: £16,580,000).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

3. Revenue

An analysis of the Company's revenue is as follows:

	2023 Services transferred at a point in time £000	Services transferred over time £000	Total £000	2022 Services transferred at a point in time £000	Services transferred over time £000	Total £000
Subscriptions	32,992	5,448	38,440	25,978	5,355	31,333
Maintenance	-	16,879	16,879	-	13,488	13,488
Perpetual licenses	5,968	-	5,968	644	3,000	3,644
Services	-	8,520	8,520	-	9,490	9,490
Total software revenue	**38,960**	**30,847**	**69,807**	**26,622**	**31,333**	**57,955**
Royalties from fellow group companies			192,827			259,746
Total revenue	38,960	30,847	262,634	26,622	31,333	317,701

Total software revenue

	2023 £000	2022 £000
United Kingdom	24,924	20,011
Rest of Europe, Middle East and Africa	36,841	30,216
Asia Pacific	7,193	3,211
Americas	849	4,517
	69,807	57,955

The Company has recognised the following assets and liabilities relating to contracts with customers:

	2023 £000	2022 £000
Trade debtors	40,131	29,850
Contract assets (current)	27,569	28,761
Contract assets (non-current)	11,152	12,258
Contract liabilities	13,386	9,686
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	7,066	4,617

4. Selling and administrative expenses

	2023 £000	2022 £000
Selling and distribution expenses	117,305	119,360
Administrative expenses	111,987	111,832
	229,292	231,192

5. (Loss)/profit from operations

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

	2023 £000	2022 £000
Depreciation of owned property, plant and equipment	1,400	1,239
Amortisation of right-of-use assets	1,187	706
Amortisation of intangible assets:		
– Developed technology	601	600
– Purchased software rights	2,201	2,593
Auditor's remuneration:		
– audit of the Company financial statements	25	72
– non - audit services	3	-
Staff costs	80,434	81,990
Research & development charged as an expense	64,331	48,500
Loss on disposals of investments	26,588	325
Loss/(gain) on foreign exchange, net	3,476	(3,166)

Loss on disposal of investment during the year includes a write-off of receivables from the Employee Benefit Trust amounting to £3.6m (2022 - nil

6. Staff costs

Staff costs relating to employees (including Directors) are shown below:

	2023 £000	2022 £000
Wages and salaries	59,084	52,404
Social security costs	6,981	5,782
Other costs	10,451	7,669
Share-based payments	3,918	16,135
	80,434	81,990

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

	2023 Number	2022 Number
Project delivery and customer support	53	75
Research, development and product support	336	293
Sales and marketing	193	110
Administration	369	298
	951	776

Directors' remuneration

	2023 £000	2022 £000
Aggregate emoluments	3,454	3,639
Company contributions to defined contribution pension schemes	71	101
	3,525	3,740

The above details of directors' remuneration includes the remuneration of directors, who are paid by the immediate parent company and recharged to the Company as part of a management charge.

6. Staff costs (continued)

	2023 Number	2022 Number
The number of Directors at March who:		
Are members of a defined contribution pension scheme	2	1
Exercised options over shares in the parent company	2	1
Had awards receivable in the form of shares in the parent company under a long-term incentive scheme	-	1

	2023 £000	2022 £000
Remuneration of the highest paid Director:		
Aggregate remuneration and benefits (excluding gains on exercise of share options and value of shares received) under long-term incentive schemes	1,604	1,329
Company contributions to defined contribution pension schemes	47	51
	1,651	1,380

7. Finance income

	2023 £000	2022 £000
Bank interest receivable and other interest earned – third party	569	133
Bank interest receivable and other interest earned – intercompany	-	3
	569	136

8. Finance expense

	2023 £000	2022 £000
Bank interest payable and similar charges – third party	2,907	1,699
Bank interest payable and similar charges – intercompany	9,294	1,659
Interest on lease liabilities	135	125
	12,336	3,483

9. Tax on (loss)/profit

The major components of income tax (credit)/expense for the years ended 31 March 2023 and 2022 are as follows:

	2023 £000	2022 £000
Current tax		
UK corporation tax	(187)	1,350
Adjustments in respect of prior periods	-	(4,857)
Foreign tax	4,981	5,206
Total current tax	4,794	1,699
Deferred tax		
Origination and reversal of temporary differences	(6,250)	(1,465)
Adjustment in respect of prior periods	(108)	95
Total deferred tax	(6,358)	(1,370)
Total tax (credit)/charge reported in Profit and loss	(1,564)	329

Factors affecting tax charge for the year

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

	2023 £000	2022 £000
(Loss)/profit on ordinary activities before tax	(95,686)	20,240
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	(18,180)	3,846
Effects of:		
Expenses not deductible for tax purposes	6,376	1,448
Non-taxable group income	(492)	(646)
Group relief surrendered	8,419	4,932
Differing tax rates	(1,380)	(202)
Foreign tax credits	3,801	5,643
Patent box benefit	-	(9,930)
Adjustments to tax charge in respect of prior periods	(108)	(4,762)
Total tax charge for the year	(1,564)	329

Factors that may affect future tax charges

It was announced in the UK Government's Budget on 3 March 2021 that the main UK corporation tax rate will increase to 25 per cent from 1 April 2023. This change was enacted during the previous accounting period. As a result, existing temporary differences on which deferred tax has been provided have been revalued, where appropriate, to reflect the fact that they will now unwind at 25 per cent rather than 19 per cent. The impact of this in the prior year was to increase the deferred tax asset by £256,000 (£1,041,000 credit to the income statement and a debit to Other comprehensive income of £785,000).

9. Tax on (loss)/profit (continued)

	2023 £000	2022 £000
Deferred tax on actuarial remeasurements on retirement benefit obligation	(2,510)	1,596
Tax (credit)/charge reported in the statement of comprehensive income	(2,510)	1,596

10. Dividends paid and proposed on equity shares

	2023 £000	2022 £000
Declared and paid during the year		
Final dividend paid for the year ended 31 March 2023 of £15.46 (2022: £nil) per ordinary share	39,256	-

11. Goodwill

	Goodwill £000
Cost and net book value	
At 1 April 2022	12,074
At 31 March 2023	12,074

On 31 August 2016, the Company acquired the trade and assets of 8over8 Limited which resulted in a goodwill recognised in the books of the Company as at reporting date.

12. Intangible assets

	Developed technology £000	Purchased software rights £000	Purchased brands £000	Total £000
Cost or valuation				
At 1 April 2022	15,423	19,559	802	35,784
At 31 March 2023	15,423	19,559	802	35,784
Amortisation				
At 1 April 2022	13,735	13,684	802	28,221
Charge for the year	601	2,201	-	2,802
At 31 March 2023	14,336	15,885	802	31,023
Net book value				
At 31 March 2023	1,087	3,674	-	4,761
At 31 March 2022	1,688	5,875	-	7,563

13. Property, plant and equipment

	Long leasehold building improvements £000	Computer equipment £000	Fixtures, fittings and office equipment £000	Total £000
Cost or valuation				
At 1 April 2022	2,105	7,316	4,091	13,512
Additions	-	866	78	944
At 31 March 2023	2,105	8,182	4,169	14,456
Depreciation				
At 1 April 2022	966	4,266	2,496	7,728
Charge for the year	52	1,093	255	1,400
At 31 March 2023	1,018	5,359	2,751	9,128
Net book value				
At 31 March 2023	1,087	2,823	1,418	5,328
At 31 March 2022	1,139	3,050	1,595	5,784

14. Leases

a) Background

As at 31 March 2023, the Company has an existing contract as a lessee for a building used in its operations. The Company does not have agreements in which it acts as a lessor. For details of accounting policies refer to note 2.

b) Right-of-use assets

Set out below are the carrying amounts of the company's right-of-use assets and the movements during the period:

	Long leasehold building £000	IT equipment £000	Total £000
At 1 April 2022	6,622	-	6,622
Amortisation	(1,187)	-	(1,187)
At 31 March 2023	5,435	-	5,435

14. Leases (continued)

	Long leasehold buildings £000	IT equipment £000	Total £000
At 1 April 2021	6,654	4	6,658
Additions	2,069	-	2,069
Amortisation	(706)	-	(706)
Disposals	(1,395)	(4)	(1,399)
At 31 March 2022	6,622	-	6,622

c) Lease liabilities

Set out below for the Company's lease liabilities are the carrying amounts and movements during the period:

	Long leasehold buildings £000	IT equipment £000	Total £000
At 1 April 2022	7,028	-	7,028
Accretion of interest	135	-	135
Payments	(1,343)	-	(1,343)
At 31 March 2023	5,820	-	5,820

	Long leasehold buildings £000	IT equipment £000	Total £000
At 1 April 2021	7,113	4	7,117
Additions	2,069	-	2,069
Accretion of interest	125	-	125
Payments	(931)	-	(931)
Disposals	(1,348)	(4)	(1,352)
At 31 March 2022	7,028	-	7,028

	2023 £000	2022 £000
Current	1,343	1,343
Non-current	4,477	5,685
	5,820	7,028

The potential impact of lease covenants is considered to be immaterial.

15. Investments

	Investment in shares of parent undertaking	Investment in subsidiary undertakings	Total
	£000	£000	£000
At 1 April 2022	14,152	2,918,636	2,932,788
Additions	1,886	482	2,368
Disposal	(16,038)	(7,148)	(23,186)
At 31 March 2023	-	2,911,970	2,911,970

During the year, the company acquired shares in its parent undertaking amounting to £1.9 million under the Global Employee Share Purchase Plan. Following the acquisition of AVEVA Group Limited (formerly AVEVA Group plc) in January 2023, the group's share-based payment plans were terminated and the shares of parent undertaking held by the company were fully disposed.

Of the £23.2 million disposals during the year, £13.6 million relates to the disposal of the company's investment in the Employee Benefit Trust undertaking and £7.1 million relates to the write off of the investment in AVEVA Belgium during the year.

Additions during the year relate to investment made in SE Software Saudi Arabia amounting to £112,722 and currency fluctuation resulting in an increase of £369,000 in the value of the investment in AVEVA East Asia Limited.

	Investment in shares of parent undertaking	Investment in subsidiary undertakings	Total
	£000	£000	£000
At 1 April 2021	13,623	2,921,632	2,935,255
Additions	529	819	1,348
Disposal	-	(715)	(715)
Return of capital	-	(3,100)	(3,100)
At 31 March 2022	14,152	2,918,636	2,932,788

Investment in subsidiary undertakings

At 31 March 2023 the Company had the following subsidiary undertakings. The principal activities of all subsidiaries were software marketing and development. The class of shares held are all ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

15. Investments (continued)

Country	Name	Address	Holding	
Argentina	*OSIsoft Argentina SRL	Alem Leandro N. AV. 592 – Piso 6, 1001 - Ciudad Autonoma Buenos Aires, Argentina	100	%
Australia	*OSIsoft Australia Pty Ltd	Level 9, 25 King Street, Bowen Hills Queensland, 4006 Australia	100	%
Bahrain	*OSIsoft Technologies Middle East W.L.L.	Office 2302/2304, Building 2504, Road 2832, Block 428 Al Seef, Bahrain	100	%
Brazil	*OSIsoft do Brasil Sistemas Ltda.	Alameda Santos, 1940, 15 andar, conjuntos 151 e 152 Cerqueira Cesar, CEP 01418-102 Sao Paulo, Brazil	100	%
Brazil	AVEVA Software Brasil Ltda.	Avenida das Nacoes Unidas, 22.223, Setor Portao B, CEP 04795-907, Cidade de São Paulo, Estado de São Paulo, Brazil	100	%
Canada	*OSIcoft Cananda ULC	600–1741 Lower Water Street, Halifax, NS, B3J 0J2, Canada	100	%
Chile	*OSIsoft Chile SPA	Rycardo Lyon 222, Oficina 1801, Providencia	100	%
China	AVEVA Solutions (Shanghai) Co., Ltd	Unit 3703-07, China Life Finance Centre, No. 88 Yincheng Road, Pudong District, Shanghai 200120, China	100	%
China	*OSIsoft (Shanghai) Technology Co., Ltd.	Room A425, 4F, No. 1359 Zhonghua Road, Huangpu District, Shanghai 200000, China	100	%
China	*OSIsoft (Shanghai) Technology Co., Ltd. Beijing branch	#063, RM201, Unit One, #08 Xiaoyunli, Chaoyang District Beijing 100020, China	100	%
Czech Republic	*OSIsoft Czech Republic, s.r.o.	Politických obětí 117, Frýdek-Místek – Místek, 738 01 Czech Republic	100	%
Denmark	AVEVA Denmark A/S	Indkildevej 6D, 9210 Aalborg SØ, Denmark	100	%
France	AVEVA SAS	13ème étage, Tour W, 102 Terrasse Boieldieu, Puteaux, 92800, France	100	%
Germany	AVEVA GmbH	Mainzer Landstraße 178-190,60327 Frankfurt am Main, Germany	100	%
Germany	*OSIsoft Europe GmbH	Mainzer Landstrasse 178-190, 60327, Frankfurt am Main Germany	100	%
Hong Kong	AVEVA East Asia Limited	Unit 5805, 58/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong	100	%
India	AVEVA Information Technology India Private Limited	Unit No 202, A Wing, 2nd floor, Buldg No.2, Supreme business park, Supreme City, Powai Mumbai, Mumbai City, MH 400076, India	100	%
India	AVEVA Solutions India LLP	Level 2, Part C of Tower 2.1, IT/ITES SEZ, Waverock, TSI Bus Park, Nanakramguda, Serilingampally Hyderabad, Telangana 500008 India, India	99.99	%
India	*OSIsoft India Private Limited	Unit No 202, Wing A, 2nd Floor, Supreme Business Park, Supreme City, Powai Mumbai, Mumbai City, Maharashtra MH- 400 076 India	99	%
India	* AVEVA Software India Private Limited	Unit No 202, Wing A, 2nd Floor, Supreme Business Park, Supreme City, Powai Mumbai, Mumbai City, Maharashtra MH- 400 076 India	100	%
Italy	*OSIsoft Italy S.R.L.	Milano (MI) Viale, 20134, Forlanini Enrico 23, Milan, Italy	100	%
Japan	AVEVA K.K.	Oase Shibaura MJ Building, 2-15-6 Shibaura, Minato-ku, Tokyo 108-0023, Japan	100	%
Korea	AVEVA Korea Limited	(Mirae Asset Center 1, Building, Suha-dong, 25 F of West Center, 26 Eulji-ro 5-gil, Jung-gu, Seoul, Korea (the Republic of)	100	%
Korea	*OSIsoft Korea Co., Ltd.	25F, West, Mirae Asset Center One, 26 Eulji-ro, 5-gil, Jung-gu, Seoul 04539, Republic of Korea	100	%

15. Investments (continued)

Malaysia	AVEVA Asia Pacific Sdn. Bhd.	43-2, Plaza Damansara, Jalan Medan Setia 1, Bukit Damansara, Kuala Lumpur W.P., 50490, Kuala Lumpur, Malaysia	100	%
Mexico	*OSIsoft Mexico S. de R.L. de C.V	Miguel De Cervantes Saavedra 233-901, Granada., Miguel Hidalgo, Ciudad de Mexico, 11520, Mexico		
Norway	AVEVA AS	Golf Tower,Kanalsletta 2, N-4033 Stavanger, Norway	100	%
Norway	*OSIsoft Norway AS	c/o Intertrust (Norway) AS, Wergelandsveien 7, Oslo, 0167, Norway	100	%
Poland	*OSISOFT (UK) LIMITED (SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ) ODDZIAŁ W POLSCE	ul. Bolesława Prusa, nr 2, Warszawa, kod 00-493 Warszawa, Polska	100	%
Romania	*OSIsoft (UK) Limited - Reprezentanta	Bd. Dimitrie Pompeiu, 5-7, Sector 2, Bucharest, RO-020335, Romania	100	%
Russia	AVEVA Limited Liability Company	Floor No.3, Premises IV, Room 9, Pavlovskaya Street, House 7, Moscow, 115093, Russian Federation	99	%
Russia	*OSIsoft Limited Liability Company	Letnikovskaya st.2, bld. 1, 4th floor, offices 401-405, 115114, Moscow, Russia	99	%
Singapore	*OSIsoft Asia Pte. Ltd.	50 Kallang Avenue #07-01, Schneider Electric Building Singapore 339505	100	%
South Africa	*OSIsoft South Africa (Pty) Ltd	Clearwater Office Park Building 3,Ground Floor Millenium Road, And Christiaan De Wet Road, Johannesburg, Gauteng, 1735, South Africa	100	%
Spain	OSIsoft España, S.L.U.	Paseo de la Castellana, 141, planta 5a, 28046 - Madrid	100	%
Sweden	AVEVA AB	P O Box 50555, Drottninggatan 18, Malmo, SE-202 15, Sweden	100	%
Sweden	*OSIsoft Sweden AB	Regus Malmö, Central, Adelgatan 21211 22, MALMÖ	100	%
Turkey	*OSIsoft Technologies Bilişim Hizmetleri Limited Şirketi	Kavaklidere Mahallesi, Ataturk Blv. No: 185, Cankaya, Ankara, Turkey	99	%
Turkey	AVEVA Yazlim Ve Hizmetleri Anonim Sirketi	Kurtkoy Aeropark, Yenisehir Mahallesi, Osmanli Bulvari, No:11 Kat 5 A/28, Istanbul, Pendik, 34912, Turkey	100	%
USA	AVEVA Inc.	251 Little Falls Drive, Wilmington, DE, 19808, United States	100	%
USA	*AVEVA US 1 Corp	251 Little Falls Drive, Wilmington, DE, 19808, United States	100	%
USA	*AVEVA US 2 Corp	251 Little Falls Drive, Wilmington, DE, 19808, United States	100	%
USA	*AVEVA US Blocker Corp	251 Little Falls Drive, Wilmington, DE, 19808, United States	100	%
USA	*OSIsoft, LLC	251 Little Falls Drive, Wilmington, DE, 19808, United States	100	%
USA	*InterHoCo LLC	251 Little Falls Drive, Wilmington, DE, 19808, United States	100	%
USA	*Wonderware of Venezuela Inc	251 Little Falls Drive, Wilmington, DE, 19808, United States	100	%
USA	Wonderware de Mexico, Inc	251 Little Falls Drive, Wilmington, DE, 19808, United States	100	%
Saudi Arabia	AVEVA Software Arabia for Information Technology OPC	4624, Al Kindi, 8046, King Fahd University of Petroleum and Minerals, Dhahran, 34464, Saudi Arabia	100%	%

15. Investments (continued)

United Arab Emirates	*OSIsoft (UK) Limited - Dubai branch	Unit D201 Floor 2, Office Park, Dubai Internet City, Dubai United Arab Emirates	100	%
United Kingdom	AVEVA Managed Services Limited	High Cross, Madingley Road, Cambridge, CB3 0HB, United Kingdom	100	%
United Kingdom	*AVEVA Finance Limited	High Cross, Madingley Road, Cambridge, CB3 0HB, United Kingdom	100	%
United Kingdom	AVEVA Limited	High Cross, Madingley Road, Cambridge, CB3 0HB, United Kingdom	100	%
United Kingdom	LFM Software Limited	High Cross, Madingley Road, Cambridge, CB3 0HB, United Kingdom	100	%
United Kingdom	AVEVA Engineering IT Limited	High Cross, Madingley Road, Cambridge, CB3 0HB, United Kingdom	100	%
United Kingdom	AVEVA To The Power of PI Limited	High Cross, Madingley Road, Cambridge, CB3 0HB, United Kingdom	100	%
United Kingdom	CADCentre Property Limited	High Cross, Madingley Road, Cambridge, CB3 0HB, United Kingdom	100	%
United Kingdom	CADCentre Pension Trustee Limited	High Cross, Madingley Road, Cambridge, CB3 0HB, United Kingdom	100	%
United Kingdom	CADCentre Engineering IT Limited	High Cross, Madingley Road, Cambridge, CB3 0HB, United Kingdom	100	%
United Kingdom	AVEVA PI Limited	High Cross, Madingley Road, Cambridge, CB3 0HB, United Kingdom	100	%
United Kingdom	*Tribon Solutions UK Limited	High Cross, Madingley Road, Cambridge, CB3 0HB, United Kingdom	100	%
United Kingdom	*OSIsoft (UK) Limited	15th Floor, Capital House 25, Chapel Street, London, NW1 5DH, United Kingdom	100	%

The shares of the subsidiaries marked with (*) are held indirectly by AVEVA Solutions Limited by virtue of its ownership of its direct subsidiaries. All others are held directly by the company.

In addition to the subsidiaries listed in the above tables, AVEVA Solutions Limited also has a branch in Saudi Arabia called SE Software Saudi Arabia.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

16. Trade and other receivables

	2023 £000	Restated 2022 £000
Non-current		
Contract assets	11,152	12,258
Prepayments and other receivables	-	3,511
	11,152	15,769

	2023 £000	Restated 2022 £000
Current		
Trade debtors	40,131	29,850
Amounts owed by group undertakings	212,714	147,637
Prepayments and other receivables	23,847	28,792
Contract assets	27,569	28,761
UK corporation tax receivable	8,642	13,176
	312,903	248,216

16. Trade and other receivables (continued)

Trade debtors and amounts owed by group undertakings are non-interest bearing and generally on terms of between 30 and 90 days. The Directors consider that the carrying amount of trade debtors and other receivables approximates their fair value.

Trade debtors are stated after provisions for impairment of £431,000 (2022: £673,000).

17. Cash and cash equivalents

	2023 £000	2022 £000
Cash in bank	1,993	35,546
	1,993	35,546

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FOR THE YEAR ENDED 31 MARCH 2023

18. Trade and other payables - Current

	2023 £000	2022 £000
Trade creditors	14,519	16,233
Amounts owed to group undertakings	405,230	247,882
Social security, employee taxes and sales taxes	1,791	1,932
Contract liabilities	13,386	9,686
Accruals and other payables	21,297	31,587
	456,223	307,320

The amounts owed to group undertakings includes £331,481k (2022: £195,976k) owed to AVEVA Financing Limited. The interest charged is the SONIA rate plus a credit adjustment spread.

Trade payables and the remaining amounts owed to group undertakings are non-interest bearing and are normally settled on terms of between 30 and 60 days. Social security, employee taxes and sales taxes are non-interest bearing and are normally settled on terms of between 19 and 30 days. The Directors consider that the carrying amount of trade and other payables approximates their fair value.

19. Trade and other payables: Non-current

	2023 £000	2022 £000
Accruals and other liabilities	-	10,545
Lease liabilities	4,477	5,685
	4,477	16,230

20. Financial risk management

The Company's principal financial instruments comprise cash and a intercompany loan. The company has various other financial assets and liabilities such as trade receivables, trade payables and borrowing facilities, which arise directly from its operations.

It is, and has been throughout the period under review, the company's policy that no speculative trading in financial instruments shall be undertaken.

Borrowing facilities

The Company and Group had access to a £250.0 million facility. The facility is unsecured but carries the support of the Company and other operating entities within the AVEVA group. Interest on drawings is calculated at a floating market rate of interest, being either Euribor, SONIA or USD LIBOR plus a variable margin linked to the group's net leverage ratio.

The RCF was terminated in the year and the £1.2m arrangement fee was released to the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

20. Financial risk management (continued)

The main risks arising from the company's financial instruments are market risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing such risks on a regular basis, as summarised below:

a. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Interest rate risk

The Company's interest rate risk consists of:

- Floating interest rate risk, arising on any drawings under the RCF. Changes in floating interest rates affect finance expense and cash flows. Interest rates are set with reference to market interest rates such as Euribor, SONIA or USD LIBOR.

- Interest rate risk associated with the company's intercompany borrowings

For the presentation of market risks, IFRS 7 requires sensitivity analysis that show the effects of hypothetical changes of relevant risk variables on profit or loss and shareholders' equity. The Company is exposed to fluctuations in interest rates on its cash, cash equivalents and borrowings.

A 1% increase in the sterling and US dollar interest rates would have increased net finance expense by £93k (2022: £17k). A 1% decrease would have decreased net finance expense by £93k (2022: £16k).

Foreign currency risk

Foreign currency risk arises from the company undertaking a significant number of foreign currency transactions in the course of operations. These exposures arise from sales in currencies other than the company's presentational currency of sterling.

The Company has investments in foreign operations whose net assets are exposed to currency translation risk. Gains and losses arising from these structural currency exposures are recognised in the Consolidated Statement of Comprehensive Income.

Foreign currency sensitivity analysis

For the presentation of market risks, IFRS 7 requires sensitivity analysis that shows the effect of hypothetical changes in the foreign exchange rates in profit or loss or shareholders' equity. The impact is determined by applying the sensitised foreign exchange rate to the monetary assets and liabilities at the balance sheet date.

Currency risks as defined by IFRS 7 arise on account of financial instruments being denominated in a currency that is not the functional currency and being of a monetary nature; differences resulting from the translation of financial statements into the Company's presentation currency are not taken into consideration.

A 10% change in the US dollar and euro against sterling would have impacted equity and profit after tax by the amounts shown below as at the reporting date shown. In management's opinion, this is a reasonably possible change given current market conditions. Our analysis indicates that a 10% change in other currencies would not have a significant impact. This analysis assumes that all other variables, in particular interest rates and other foreign currencies, remain constant.

20. Financial risk management (continued)

The analysis is performed on the same basis for 2022.

31 March 2023	Increase(decrease in average rate	Profit(loss) £'000	Equity £'000
US Dollar	10%	7.3	7.3
	(10%)	(8.6)	(8.6)
Euro	10%	61.4	61.4
	(10%)	(28,8)	(28.8)
31 March 2022			
US Dollar	10%	23.5	23.5
	(10%)	(13)	(13)
Euro	10%	76.8	76.8
	(10%)	(21.8)	(21.8)

b. Credit risk

The Company's principal financial assets are cash and cash equivalents, and trade and other receivables.

Counterparties for cash and cash equivalents are governed by the treasury policy, which has been approved by the Board, and, where possible, are limited to financial institutions which have a high credit rating assigned by international credit rating agencies. As set out in the AVEVA Group's treasury policy, the amount of exposure to each counterparty is subject to a specific limit, up to a maximum of 50% of the Group's total counterparty risk. Within this overall limit, some counterparties are subject to more restrictive caps on counterparty exposure.

The company trades only with recognised, creditworthy third parties and provides credit to customers in the normal course of business. The amounts presented in the Consolidated Balance Sheet are net of allowances for expected credit losses. Expected credit loss allowances are made against trade receivables and contract assets based on credit risk characteristics. The Company has credit control functions to monitor receivable balances on an ongoing basis.

Credit checks are performed before credit is granted to new customers. Due to the credit control procedures in place, we believe all the receivables are of good quality. The Company has no significant concentration of credit risk, with exposure spread over a large number of customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset. The exposure to credit risk is mitigated where necessary by either letters of credit or payments in advance.

The company does not require collateral in respect of its financial assets.

20. Financial risk management (continued)

The company's credit risk exposure on trade receivables and contract assets is set out below:

	Total £000	Current £000	Less than four months £000	Four to eight months £000	Eight to twelve months £000	More than twelve months £000
At 31 March 2023	-	-	-	-	-	-
Expected loss rate %	-	-	-	1	3	100
Gross carrying amount – trade receivables	**40,545**	29,031	10,632	195	283	404
Gross carrying amount – contract assets	**38,721**	11,152	-	-	-	27,569
Loss allowance	**412**	-	-	1	7	404
At 31 March 2022	-	-	-	-	-	-
Expected loss rate %	-	-	-	1	2	100
Gross carrying amount – trade receivables	**30,522**	28,083	1,361	251	161	666
Gross carrying amount – contract assets	**44,561**	15,769	-	-	-	28,792
Loss allowance	**672**	-	-	3	3	666

c. Liquidity risk

Liquidity risk would arise if cash was not collected in a timely manner in relation to receivables to continue supporting the ongoing working capital requirement of the Company. The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows and matching the maturity of financial assets and liabilities. The Company held no forward foreign exchange contracts at 31 March 2023.

21. Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the Company and the movements thereon during the current and previous year:

	Losses £000	Accelerated capital allowances £000	Retirement benefit obligations £000	Intangibles £000	Share options £000	Unremitted earnings £000	Other £000	**Total £000**	Profit & Loss £000	OCI £000	Equity £000
At 31 March 2021	1,692	226	(2,485)	(184)	1,514	(250)	299	**812**			
Effect of tax rate change opening balance	534	71	(785)	(58)	478	(79)	94	**255**	1,041	(785)	
At 1 April 2021	2,226	297	(3,270)	(242)	1,992	(329)	393	**1,067**			
Credited/(charged) to income statement	(373)	(16)	(65)	242	199	329	163	**329**	329		
Charge to other comprehensive income	-	-	(811)	-	-	-	-	**(811)**		(811)	
Credited to equity	-	-	-	-	254	-	-	**254**			254
At 31 March 2022	**1,853**	**131**	**(4,146)**	**-**	**2,445**	**-**	**556**	**840**	**1,370**	**(1,596)**	**254**
At 31 March 2022	1,853	131	(4,146)	-	2,445	-	556	**840**			
Credited/(charged) to income statement	8,323	646	(108)	-	(1,948)	-	(556)	**6,359**	6,359		
Credited to other comprehensive income	-	-	2,510	-	-	-	-	**2,510**		2,510	
Charged to equity	-	-	-	-	(497)	-	-	**(497)**			(497)
At 31 March 2023	10,177	777	(1,744)	-	-	-	-	9,213	6,359	2,510	(497)

21. Deferred taxation (continued)

The directors have recognised a deferred tax asset of £10.2m (2022: £1.9m) relating to unused tax losses. This deferred tax asset is recoverable either by being offset against taxable profits expected to arise in future accounting periods or by being surrendered to other group companies for payment. The deferred tax asset is expected to be recoverable after more than 12 months.

It is likely that the majority of the overseas earnings would qualify for the UK dividend exemption. However, £71,983,000 (2022: £41,682,000) of the undistributed earnings of overseas subsidiaries may still result in a liability principally as a result of withholding taxes levied by the overseas jurisdictions in which they operate.

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%. The legislation implements a domestic top up tax and a multinational top up tax, effective for accounting periods starting on or after 31 December 2023. The Company has applied the exception allowed by an amendment to IAS 12 to recognising and disclosing information about deferred tax assets and liabilities related to top up income taxes.

22. Retirement benefits

The Company operates a Defined Benefit Pension Scheme.

The UK defined benefit scheme surplus has been recognised as a non-current asset as the Company has a right to any remaining surplus after all liabilities are paid. The Trustees may not distribute any surplus without the agreement of the Company. If such agreement is withheld, the trustees are required to repay any remaining funds to the Company.

The movement on the retirement benefit surplus and obligations was as follows:

	2023 £000	2022 £000
At 1 April 2022 and 2021	16,580	13,077
Pension scheme expenses	(180)	(180)
Net interest on pension scheme liabilities	(1,903)	(1,542)
Return on pension scheme assets	2,336	1,801
Actuarial remeasurements	(10,042)	3,244
Company Contributions	180	180
At 31 March 2023 and 2022	6,971	16,580

22. Retirement benefits (continued)

a) Defined benefit scheme

The Company operates a UK defined benefit pension plan providing benefits based on final pensionable pay which is funded. This scheme was closed to new employees on 30 September 2002 (with the option of reopening if required) and was converted to a Career Average Revalued Earnings basis on 30 September 2004. The scheme closed to future benefit accrual with effect from 1 April 2015. Pensions are also payable to dependants on death. Administration on behalf of the members is governed by a trust deed, and the funds are held and managed by professional investment managers who are independent of the Company.

The most recent triennial actuarial assessment of the scheme was dated 31 March 2023 and performed by Broadstone Corporate Benefits Limited, an external, professionally qualified actuary. The outcome of the valuation was that, on a statutory funding objective basis, the scheme held £84.6 million of liabilities with an overall surplus of £6.9 million. It was determined no additional employer contributions were required. The company is sufficiently profitable and cash-generative to meet future obligations should the next valuation require contributions to restart.

The scheme operates a liability-driven investment strategy; around two-thirds of asset values comprise low-risk investments such as bonds and defensive hedge funds, with equities a small total of scheme assets. The liability-driven investment strategy seeks to match the profile of the liabilities where appropriate. This includes the use of derivative instruments to hedge inflation and interest risks. Scheme assets are stated at their market values.

The pension liability is measured with reference to discount rates derived from yields on high-quality corporate bonds, UK retail price inflation, future salary increases, and post-retirement mortality. The scheme is therefore exposed to risks associated with UK inflation, interest rates, investments, and changes in pensioner life expectancy. These risks are mitigated by investing in liability-driven investments to hedge inflation and interest rates, outsourcing of investments to the consultancy firm Aon Solutions, who continually review asset allocations and performance against the set benchmark, and the scheme actuary regularly reviewing and providing updates on mortality rate assumptions.

22. Retirement benefits (continued)

	2023 £000	2022 £000
Fair value of assets	63,189	91,445
Present value of plan liabilities	(56,218)	(74,865)
Net pension scheme assets	6,971	16,580

The amounts recognised in profit or loss are as follows:

	2023 £000	2022 £000
Net finance income on pension scheme		
Interest income on pension scheme assets	(2,336)	(1,801)
Interest on pension scheme liabilities	1,903	1,542
	(433)	(259)
Administrative expenses		
Company contributions	180	180
	180	180
Actual return on scheme assets	(24,932)	2,416
Less: interest income on pension scheme assets	(2,336)	(1,801)
	(27,268)	615
Changes in assumptions and experience adjustments on liabilities	17,226	2,629
Remeasurement (loss)/gain on defined benefit plan	(10,042)	3,244

22. Retirement benefits (continued)

	2023 £000	2022 £000
Opening defined benefit obligation at 1 April 2022 and 2021	74,865	78,282
Interest on pension scheme liabilities	1,903	1,542
Benefits paid	(3,324)	(2,330)
Actuarial gain due to experience	2,553	1,602
Actuarial loss/(gain) due to changes in the economic assumptions	(19,779)	(4,231)
Closing defined benefit obligation at 31 March 2023 and 2022	56,218	74,865

Reconciliation of fair value of plan assets were as follows:

	2023 £000	2022 £000
Opening fair value of scheme assets at April 2022 and 2021	91,445	91,359
Interest income	2,336	1,801
Contributions by employer	180	180
Benefits paid	(3,324)	(2,330)
Closing fair value of scheme assets at 31 March 2023 and 2022	(180)	(180)
Actuarial gains	-	615
Actuarial losses	(27,268)	-
	63,189	91,445

22. Retirement benefits (continued)

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2023	2022
	%	%
Discount rate	4.70	2.60
Rate of salary increases	2.30	3.05
Rate of increase of pensions in payment	3.10	3.40
Rate of increase of pensions in deferment	2.65	3.05
Inflation assumption - RPI	3.30	3.75
Cash commutation	20% of pension	20% of pension

The duration of scheme liabilities is estimated to be 13 years (2022: 15 years).

For the years-ended 31 March 2023 and 2022, the mortality assumptions adopted imply the following weighted average life expectancies at 65 years old:

Mortality rates	2023 Years	2022 Years
Male pensioners	23.1	22.7
Female pensioners	24.7	23.8
Non-retired males	24.1	23.6
Non retired females	25.8	25.0

Company contributions were £180,000 (2022: £180,000. The total contributions in 2024 are expected to be approximately £180,000 (2023: 180,000).

The assumed discount rate, inflation rate and mortality all have a significant effect on the IAS 19 accounting valuation. The following table shows the sensitivity of the valuation to changes in these assumptions:

	2023 £000	2022 £000
0.25 percentage point increase to:		
– discount rate	(1,687)	(2,728)
– inflation (including pension increases linked to inflation)	983	1,595
Additional one-year increase to life expectancy	1,740	3,120

b) Defined contribution scheme

The Company operates a defined contribution retirement scheme for UK employees not eligible for the defined benefit scheme. The assets of the schemes are held separately from those of the Company. The total cost charged to income of £10,451,000 (2022: £7,669,000) represents contributions payable to the scheme by the Company at the rates specified in the rules of the plan.

23. Share-based payments

The Company had employees that participated in four of the AVEVA Group's active equity-settled share schemes during the year: the AVEVA Group Limited Long-Term Incentive Plan (LTIP) 2021; the AVEVA Group Management Bonus Deferred Share Scheme (Deferred Share Scheme); the AVEVA Group Limited Senior Employee Restricted Share Plan 2021 (Restricted Share Plan); and the AVEVA Group Limited Global Employee Share Purchase Plan (GESPP).

Following the acquisition of AVEVA Group Limited (formerly AVEVA Group plc) and the subsequent delisting of shares from the London Stock Exchange, these schemes were terminated. On completion of the acquisition, vesting was accelerated such that:

- Deferred Share Scheme and GESPP vested in full;
- Restricted Share Plan vested proportionally for the service received at the completion date compared to the initial vesting period; and
- LTIP vested proportionally for the service received at the completion date compared to the initial vesting period and was adjusted for the expected performance outcome per management's most recent forecasts.

The following table illustrates the number, and movements in, share options for the schemes during the year:

	LTIP 000's	Restricted Share Plan 000's	Deferred Share Scheme 000's	GESPP 000's	Total 000's
Outstanding at 1 April 2021	637.6	1,317.8	122.4	-	2,077.8
Granted	91.4	121.7	0.2	28.2	241.5
Forfeited	(34.6)	(22.2)	-	-	(56.8)
Exercised	(27.1)	(42.0)	(25.6)	-	(94.7)
Outstanding at 31 March 2022	**667.3**	**1,375.3**	**97.0**	**28.2**	**2,167.8**
Exercisable at 31 March 2022	37.8	52.1	1.3	-	91.2
Granted	226.5	239.6	2.8	19.0	487.9
Forfeited	(311.8)	(204.1)	-	(2.2)	(518.1)
Exercised	(582.0)	(1,410.8)	(99.8)	(45.0)	(2,137.6)
Outstanding at 31 March 2023	-	-	-	-	-
Exercisable at 31 March 2023	-	-	-	-	-

The fair value of option awards subject to non-market-based performance targets was measured at grant date using the Black-Scholes option pricing model; and the fair value of option awards subject to market-based performance targets was determined by use of Monte Carlo simulations, both taking into account the terms and conditions upon which the instruments were granted.

23. Share-based payments (continued)

The following table lists the inputs to the model used for each of the awards:

Year ended 31 March 2023	LTIP	Restricted Share Plan	Deferred Share Scheme	GESPP
Weighted average exercise price	nil	nil	nil	nil
Expected volatility	40%	40%	40%	42%
Risk-free interest rate	1.9 to 2.3%	1.9 to 2.3%	1.9 to 2.3%	2.1 to 2.5%
Expected life of option	3 - 5 years	1 - 3 years	2 - 4 years	2 - 3 years
Weighted average share price £25.11	£23.05		£23.63	£22.70
Valuation type	Black-Scholes & Monte Carlo	Black-Scholes	Black-Scholes	Black-Scholes

Year ended 31 March 2022	LTIP	Restricted Share Plan	Deferred Share Scheme	GESPP
Weighted average exercise price	3.56p	3.56p	nil	nil
Expected volatility	28 to 39%	28 to 39%	39%	28%to 36%
Risk-free interest rate	0.2 to 0.5%	0.1 to 0.5%	nil	0.1 to 1.4%
Expected life of option	3 - 5 years	1 - 3 years	2 - 4 years	2 - 3 years
Weighted average share price	£38.33	£38.18	£39.17	£32.20
Valuation type	Black-Scholes & Monte Carlo	Black-Scholes	Black-Scholes	Black-Scholes

The weighted average remaining contractual life for the options outstanding at 31 March 2022 was 5.5 years. No options are outstanding at 31 March 2023.

The weighted average share price at date of exercise for options exercised during the year was £33.17 (2022: £34.88).

The average fair value of options granted during the year was £21.39 (2022: £34.70). In calculating the fair value, the expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

In the year ended 31 March 2023 the Company recognised an expense of £3.9 million related to equity-settled share-based payment transactions (2022: £16.1 million).

a. Long-Term Incentive Plan

The performance conditions attached to the LTIP were:

- in the financial year ended 31 March 2023: 40% Total Shareholder Return (TSR), 40% EPS growth, and 20% ARR growth
- in the financial year ended 31 March 2022: 50% TSR, and 50% EPS growth
- in the financial year ended 31 March 2021: 50% EPS growth, 25% TSR, and 25% total revenue growth

Performance conditions were measured over a three-year period and were set and measured by the Remuneration Committee. TSR was measured against a comparator group combining the FTSE 350 Technology Sector and the S&P Mid Cap 400 Software companies.

23. Share Based Payments (continued)

b Deferred Share Scheme

The Deferred Share Scheme was participated in by Directors and senior management. Subject to the achievement of performance conditions relating to a single financial year, these incentive arrangements were intended to reward the recipient partly in cash and partly in ordinary shares in the Parent Company to be delivered on a deferred basis.

The award of deferred shares took the form of nil-cost options exercisable by participants in three equal tranches, one in each of the three years following the year in which the award is made. The option could be exercised in the 42-day period beginning on the announcement of the financial results of the Company in each of the three calendar years after that in which the option was granted. The last date of the exercise was the end of the 42-day period following the announcement of the financial results of the Company in the third calendar year following that in which the option was granted or (if applicable) such later date as the Remuneration Committee may specify. These awards were made solely in respect of performance in the financial year immediately prior to their grant. Delivery of the deferred shares was not subject to further performance conditions, but each participant was required to remain an employee or Director of the Company during the three-year vesting period to receive their deferred shares in full (except in the case of death or the occurrence of a takeover, reconstruction or amalgamation, or voluntary winding up of the Company).

c. Restricted Share Plan

The Restricted Share Plan allowed the awards of options to be made to senior management, and other employees at the discretion of the Remuneration Committee. The right to exercise an option was subject to completion of a required period of continued employment within the Company:

- options granted pre-31 March 2020: three years; or
- options granted post-31 March 2020: one to three years, in three equal tranches on the anniversary date of the grant.

Options that were not exercised prior to the fifth anniversary (or, in the case of an award with an overall award period of more than four years, the sixth anniversary) of the date of grant lapsed.

d. Global Employee Share Purchase Plan

The GESPP aimed to encourage employees to acquire and hold shares in AVEVA Group plc. This was comprised of three plans.

UK Share Incentive Plan

All UK employees were entitled to contribute up to £150 per month from their gross pay. The GESPP trustees bought shares (partnership shares) at market value every six months with the employees' contributions. For every two partnership shares purchased, the Group purchased three additional shares (matching shares) which were awarded to the employee.

If the employee sold their partnership shares or left employment with the Company within three years of the initial acquisition the matching shares were forfeited.

24. Share capital and reserves

a) Called-up share capital

	2023 £000	2022 £000
Authorised, allotted, called up and fully paid		
2,539,685 (2022 - 2,539,685) Ordinary shares of £1.00 each	2,540	2,540

The authorised share capital limit was revoked on 28 March 2018. The Company no longer has any authorised share capital, the restriction on authorised share capital was removed by shareholder resolution. Share capital is limited by shares.

A capital reduction was undertaken 5 March 2021 and became effective on 15 March 2021 to transfer £3,606,564,000 from share premium to retained earnings.

Additionally, the Company issued 1,000 shares to its immediate parent undertaking on 19 March 2021 as consideration for US$5m preference shares in AVEVA US 1 Corp, a fellow group undertaking. These preference shares were subsequently contributed to AVEVA Inc as a capital contribution (see note).

b) Merger Reserve

This represents the difference between the fair value and the nominal value of shares issued in connection with the acquisition of AVEVA AB in 2004.

25. Related party transactions

The Company has taken advantage of the exemption of FRS 101:8(i) which exempts qualifying entities from disclosing related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by a member of that group.

Key management compensation

The company has no other key management personnel apart from members of its Board of Directors.

Compensation costs relating to key management comprised of:

	2023 £000	2022 £000
Short-term employee benefits	3,027	3,639
Other long-term benefits	71	101
Termination benefits	428	-
Share-based payments	2,133	-
	5,659	3,740

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26. Subsequent events

On 1 August 2023 AVEVA Group Limited issued a total of 11,999,870 Ordinary shares at a price of £32.25 per share. Following this, subsidiaries within the group repaid a £726.7 million loan provided by Schneider Electric Holdings Inc.

The $900m loan was repaid via a mix of the aforementioned equity issuance, $202m of group cash plus $200m of new borrowings accessed through the group's liquidity facility provided by a subsidiary within the Schneider Electric Group.

As a result of this transaction, on 1 August 2023, AVEVA Solutions Limited issued a total of 11,999,870 Ordinary share at a price of £32.25 per share.

As part of the transaction AVEVA Solutions Limited also acquired 1,808 shares of common stock of AVEVA Inc at a price of $275,442.478 per share.

27. Ultimate controlling party

The company is a subsidiary undertaking of AVEVA Group Limited which is incorporated in Great Britain. The smallest and largest group in which the company's results are consolidated is that headed by Schneider Electric SE, which is incorporated in France. The ultimate parent company is Schneider Electric SE. The consolidated financial statements for Schneider Electric SE are available from: 35 rue Joseph Monier, 92500 Rueil-Malmaison, France.