

Registered number: 02036196

discoverIE Management Services Limited

Report and Financial Statements

31 March 2023



discoverIE Management Services Limited

Contents

	Page(s)
Company information	1
Strategic report	2-4
Directors' report	5-6
Statement of Directors' responsibilities in respect of the financial statements	7
Independent auditors' report to the members of discoverIE Management Services Limited	8-10
Profit and loss account	11
Balance sheet	12
Statement of changes in equity	13
Notes to the financial statements	14-33

discoverIE Management Services Limited

Company information

Directors

N J Jefferies
S M Gibbins

Secretary

G Davidson-Shrine

Registered office

2 Chancellor Court
Occam Road
Surrey Research Park
Guildford
Surrey
England
GU2 7AH

Bankers

Danske Bank A/S
HSBC Bank UK plc

Independent Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Registered number

02036196

Country of incorporation

United Kingdom

discoverIE Management Services Limited

Strategic report

The directors present their Strategic report for discoverIE Management Services Limited ('the Company') for the year ended 31 March 2023.

Principal Activities and review of the business

discoverIE Management Services Limited ('the company') provides IT, finance, management, administration and marketing services to fellow group undertakings within discoverIE Group plc ('The Group'), and its income is in the form of recharges to fellow Group undertakings.

The results and key performance indicators are summarised below:

	2023	2022
Turnover (£'000)	12,010	20,776
Operating loss (£'000)	(1,031)	(1,237)
Net assets (£'000)	30,270	28,343
Average monthly number of employees	34	38

Turnover shows a decrease of 42% from the prior year due to a decreased level of recharges being made following the sale of the group's distribution division. Operating costs have also reduced in line with turnover resulting in operating loss reducing by 19% compared to the prior year.

Principal risks and uncertainties

The Company's principal risk is its ability to generate its own cash flows and its reliance on the performance of the group companies. To minimise the risk, discoverIE Group plc has guaranteed to provide financial support in order for the Company to meet its financial obligations as they fall due.

Financial risk management

discoverIE Group plc has a committed multi-currency revolving credit facility, which expires in August 2027. The financial risk management policies and procedures are centred around foreign currency risk, credit risk, liquidity risk and cash flow risk. In the view of the directors, these policies are held to minimise the Company's overall risk exposure.

Foreign exchange risk

Foreign exchange exposures are hedged by use of forward exchange rate contracts.

Credit risk

The Company's credit risk is primarily attributable to its intercompany receivables. discoverIE Group plc has confirmed that support will be provided to corresponding entities to ensure repayment of these debts.

Liquidity risk

The Company has access to short term finance through Group resources if needed.

Cash flow risk

The Company carries out regular monitoring of cash against forecast and expected liquidity.

Strategic report (continued)

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position have been described in the Strategic report on page 2.

The directors have assessed the impact of instability in the economic environment, climate-related risks, loss of key customers and suppliers, major business disruption, liquidity restriction and adverse foreign currency movements on the Company and the Group to which the Company provides services. No adjustments to the key estimates and judgements that impact the Balance Sheet as at 31 March 2023 have been identified as a result of these.

The ultimate parent undertaking, discoverIE Group plc, has agreed to provide financial support to the Company to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the Balance sheet. The discoverIE Group plc has significant financial resources, sells a wide portfolio of different products across a diverse set of industries and geographies, has a global supply chain network and has well-established relationships with its customers. The directors of discoverIE Group plc have carried out a going concern assessment taking into account the impact of sensitivities including severe but plausible downside scenarios which show that it is well placed to support the Company for the foreseeable future.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

Section 172 of the Companies Act 2006

The Board of the Company takes seriously its duties to act in accordance with legal requirements and appropriate business and ethical standards. This includes fulfilling the duties described in Section 172 of the Companies Act 2006 (the "Act").

The information below describes how the directors have had regard to the matters referred to in Section 172 of the Act in performing their duties and constitutes the Board's Section 172 Statement for the year ended 31 March 2023. This section is incorporated by reference into the Strategic report.

The context in which the Company operates is relevant to how the Board meets its duties under Section 172. In particular, the Company operates within the discoverIE Group plc group of companies (the "**Group**") and, as such, its processes and procedures reflect the arrangements within, and the interests of, the wider Group, in addition to those of the Company specifically. This reflects the fact that the success of the Group and the Company are aligned.

Duty to promote the success of the company

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

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

In order to fulfil the above duties, the Board sets strategy and monitors performance against that strategy on an ongoing basis, both for the Company itself and also within the context of the performance of the wider Group. All decision-making is made by reference to the agreed long-term strategic aims of the Company, including in the context of the discoverIE Group of companies as a whole. The Board does so both through receiving regular updates from others in the business as relevant, through monitoring day-to-day performance and through formal meetings and at other intervals as appropriate.

Strategic report (continued)

Duty to promote the success of the company (continued)

Processes are in place to ensure that the Board receives all relevant information to enable it to make well-judged decisions for the long-term success of the Company and its various stakeholders. Where information is not readily available, the Board ensures that it has the means to receive or generate such information wherever relevant and necessary. This may include utilising the resources and information available to the wider Group.

The Board considers all relevant proposals (including long-term investments and operating and capital expenditure) within the context of the overall success of the Company for the benefit of its members as a whole over the long-term. Again, this takes into account the Company's and the Group's long-term strategic aims.

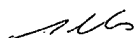
During the year, the Board set annual budgets as relevant and oversaw business performance against targets. All of its key decisions take performance against budget into account.

In terms of staff, the Board recognises that a motivated and skilled workforce is essential to its long-term success and the Group as a whole seeks to encourage an entrepreneurial and innovative culture, set within structures that provide fairness for all. The Company complies with all relevant labour laws.

Where the Company works with customers, suppliers and other third parties, it considers it of great importance to maintain appropriate relations at all times and conducts itself accordingly. The Board considers any charitable or other similar initiatives that may be relevant to the locations and markets within which it operates.

The Board seeks to encourage a corporate culture across the organisation that promotes integrity and transparency and this is reinforced through internal audits and other mechanisms supplemented by the wider Group. The Board strongly believes in ethical behaviour and corporate responsibility and is mindful of the fact that discoverIE Group plc, its ultimate parent company, is required to conduct itself in accordance with the processes and procedures outlined in the UK Corporate Governance Code 2018.

This report was approved by the board of directors and signed on its behalf by:



S M Gibbins
Director

Date: 02 October 2023

discoverIE Management Services Limited

Directors' report

The directors present their Annual Report on the affairs of the Company, together with the audited financial statements and independent auditors' report for the year ended 31 March 2023.

Results and dividends

The profit for the financial year after taxation amounted to £82,000 (2022: £12,901,000). No interim dividend was paid during the year (2022: £nil). The directors do not recommend a final dividend (2022: £nil).

Included in the prior year results is the profit on sale of certain assets of the Acal BFi business.

Disclosure of items within the Strategic report

The directors have included statements relating to the principal activities of the Company, review of the business, the principal risks and uncertainties facing the Company, financial risk management and going concern in the Strategic report.

Future developments

The directors do not anticipate any change in the principal activity of the Company in the foreseeable future.

Directors

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

N J Jefferies
S M Gibbins

Post balance sheet events

There were no matters arising, between the balance sheet date and the date on which these financial statements were approved by the Board of Directors, requiring adjustment in accordance with IAS 10, Events after the Reporting Period.

Directors' indemnities

The Articles of the Company contain an indemnity in favour of the directors, which is a Qualifying Third Party Indemnity within the meaning of s.234 of the Companies Act 2006 and is in force at the time of the approval of this report and financial statements.

In addition, each director of the Company has entered into a Deed of Indemnity with the Company, which operates only in excess of any right to indemnity that a director may enjoy under any such other indemnity or contract of insurance.

The Company has also arranged appropriate insurance cover in respect of legal action against its directors and officers.

Suppliers, customers and others

The directors' regards to the needs of the Company's business relationships with suppliers, customers and others and its impact on the Company's operations and principal decision making during the year has been included within the Section 172 statement in the Strategic report on page 3.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing its report of which the auditors are unaware. Having made enquiries of fellow directors and the Company's auditors, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.


discoverIE Management Services Limited

Directors' report (continued)

Reappointment of Independent Auditors

Pursuant to Section 487 of the Companies Act 2006, the independent auditors will be deemed reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

On behalf of the Board



S M Gibbins
Director
Date: 02 October 2023

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the 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).

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' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have 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.



S M Gibbins
Director
Date: 02 October 2023

Independent auditors' report to the members of discoverIE Management Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, discoverIE Management Services 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 profit 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 Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 March 2023; the Profit and loss account 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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 the Companies Act 2006 and taxation, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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 posting inappropriate journal entries to manipulate reported results. Audit procedures performed by the engagement team included:

- Making enquiries of management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Testing unusual or unexpected journal entries, particularly those impacting revenue; and
- Performing unpredictable procedures.

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.

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.

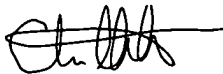
Other required reporting

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.



Christopher Hibbs (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
2 October 2023

discoverIE Management Services Limited

Profit and loss account for the year ended 31 March 2023.

	Note(s)	2023 £'000	Restated ¹ 2022 £'000
Turnover	4	12,010	20,776
Administrative expenses		(13,041)	(22,013)
Operating loss	5	(1,031)	(1,237)
Profit on sale of business	10	-	10,966
Other income		112	-
Interest receivable and similar income	8	1,309	693
Interest payable and similar expenses	9	(200)	(155)
Profit before taxation		190	10,267
Tax on profit	11	(108)	2,634
Profit for the financial year		82	12,901

The results of the current and prior year arise solely from continuing operations.

There are no items of comprehensive income other than the profit attributable to the shareholders of the Company of £82,000 in the year ended 31 March 2023 (2022: £12,901,000).

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

¹ Refer to note 2.

discoverIE Management Services Limited

Balance sheet at 31 March 2023

	Note(s)	2023 £'000	Restated ² 2022 £'000
Fixed assets			
Intangible assets	12	9	13
Property, plant and equipment	13	758	768
Right of use assets	14	1,367	1,349
		2,134	2,130
Current assets			
Debtors: due within one year	15	49,637	44,871
Debtors: due after more than one year	11, 15	2,536	5,351
Cash at bank and in hand		9,512	8,519
		61,685	58,741
Creditors: amounts falling due within one year	16	(32,237)	(31,201)
Net current assets		29,448	27,540
Total assets less current liabilities		31,582	29,670
Creditors: amounts falling due after more than one year	17	(1,162)	(1,177)
Provisions for liabilities			
Other provisions	18	(150)	(150)
Net assets		30,270	28,343
Capital and reserves			
Called up share capital	19,20	35,000	35,000
Share scheme reserve	20	218	218
Capital contribution reserve	20	11,531	9,686
Profit and loss account	20	(16,479)	(16,561)
Total Shareholders' funds		30,270	28,343

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

The financial statements on pages 11 to 33 were approved by the Board of Directors on 2 October 2023 and signed on its behalf by:



S M Gibbins
Director

² Refer to note 2.

discoverIE Management Services Limited

Statement of changes in equity

at 31 March 2023

	Called-up share capital £'000	Share scheme reserve £'000	Capital contribution reserve £'000	Profit and loss account £'000	Total share- holders' funds £'000
At 1 April 2021	35,000	218	8,652	(30,213)	13,657
Restatement ³	-	-	(751)	751	-
At 1 April 2021 restated	35,000	218	7,901	(29,462)	13,657
Increase to capital contribution reserve previously reported	-	-	2,127	-	2,127
Profit for the year previously reported	-	-	-	12,559	12,559
Restatement ⁴	-	-	(342)	342	-
Increase to capital contribution reserve restated	-	-	1,785	-	1,785
Profit for the year restated	-	-	-	12,901	12,901
At 31 March 2022 restated	35,000	218	9,686	(16,561)	28,343
Increase to capital contribution reserve	-	-	1,845	-	1,845
Profit for the year	-	-	-	82	82
At 31 March 2023	35,000	218	11,531	(16,479)	30,270

The share scheme reserve arose due to share options being granted to certain employees of the company by the company's parent, discoverIE Group plc.

The capital contribution reserve is the investment by discoverIE Group plc in order to meet the cost of issuing share options.

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

³ Refer to note 2.

⁴ Refer to note 2.

discoverIE Management Services Limited

Notes to the financial statements

for the year ended 31 March 2023

1. Statutory information

The Company is a private company limited by shares which is incorporated in England and Wales and domiciled in the United Kingdom under the Companies Act 2006. The address of the registered office is given in the Company information on page 1. The principal activities of the Company and the nature of its operations are set out in the Strategic report on page 2.

2. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention, unless otherwise stated, and are presented in pounds sterling and all values are rounded to the nearest hundred thousand except as otherwise indicated.

The financial statements have been prepared and approved by the directors in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101), applicable accounting standards and the Companies Act 2006.

The accounting policies which follow have been applied consistently when preparing the financial statements for the year ended 31 March 2023.

Disclosure exemptions adopted

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 *Share-based Payment*;
- The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 *Business Combinations*.
- The requirements of paragraph 33(c) of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.
- The requirements of IFRS 7 *Financial Instruments: Disclosures*.
- The requirements of paragraphs 91 to 99 of IFRS 13 *Fair Value Measurement*.
- 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 requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of: i. paragraph 79(a)(iv) of IAS 1; ii. paragraph 73(e) of IAS 16 *Property, Plant and Equipment*; and iii. paragraph 118(e) of IAS 38 *Intangible Assets*.
- The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 *Presentation of Financial Statements*.
- The requirements of IAS 7 *Statement of Cash Flows*.
- The requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.
- The requirements of paragraphs 17 and 18A of IAS 24 *Related Party Disclosures*.
- The requirements in IAS 24 *Related Party Disclosures* to disclose 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 such a member.
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 *Impairment of Assets*.

The Company's ultimate parent undertaking, discoverIE Group plc, includes the Company in its consolidated financial statements, and therefore where required, equivalent disclosures are included in the financial statements of discoverIE Group plc. The consolidated financial statements of discoverIE Group plc are prepared in accordance with UK-adopted International Accounting Standards and are available to the public and may be obtained from 2 Chancellor Court, Occam Road, Surrey Research Park, Guildford, Surrey, England, GU2 7AH.

discoverIE Management Services Limited

Notes to the financial statements (continued)

for the year ended 31 March 2023

2. Accounting policies (continued)

New standards, amendments and IFRIC interpretations

The amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2023 have had no material impact on the Company. Other amendments to accounting standards had no material impact on the Company.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2023 reporting period and have not been early adopted by the Company. None of these are expected to have a material impact on the Company's financial results in the current or future reporting periods.

Prior year restatement

Cash offsetting

During the year, the Financial Reporting Council ("FRC") reviewed the discoverIE Group plc's Annual Report and Accounts for the year ended 31 March 2022. Following completion of the review, the Directors have concluded that the overdraft balances should be separately presented gross on the Balance Sheet, rather than netted off against cash and cash equivalents with the same bank. These overdrafts are held with the Company's relationship banks. In addition to that, the balances for the bank accounts for the Company that sweeps into discoverIE Group plc (ultimate parent company) bank accounts at the balance sheet date should be presented under amounts owed to parent undertaking.

As a result, the company Balance Sheet as at 31 March 2022 has been restated as follows:

	As reported 2022 £'000	Impact of restatement 2022 £'000	Restated 2022 £'000
Balance Sheet			
Cash at bank and in hand	10,341	(1,822)	8,519
Creditors: amounts falling due within one year			
Bank overdraft	(10,876)	7,657	(3,219)
Amounts owed to parent undertaking	-	(5,835)	(5,835)
	(535)	-	(535)

The restatement did not result in any change to reported profit and net assets in the FY 2021/22 financial year.

The impact on the opening company Balance Sheet as at 1 April 2021 is as follows:

	As reported 2021 £'000	Impact of restatement 2021 £'000	Restated 2021 £'000
Balance Sheet			
Cash at bank and in hand	8,277	(388)	7,889
Creditors: amounts falling due within one year			
Bank overdraft	(12,861)	12,447	(414)
Amounts owed to parent undertaking	-	(12,059)	(12,059)
	(4,584)	-	(4,584)

Share based payment charge

The Company has restated the prior year comparatives in the Profit and Loss and Balance Sheet to exclude the share based payment charge related to employees employed by its fellow group undertakings. The restatement resulted in a change to the reported profit of £342k in the FY 2021/22 financial year, from £12,559k to £12,901k. There were no changes to the net assets position as of 31 March 2022 and no changes to the Company's tax on profit as the charge is a non-deductible expense for tax purposes.

discoverIE Management Services Limited

Notes to the financial statements (continued)

for the year ended 31 March 2023

2. Accounting policies (continued)

Prior year restatement (continued)

Share based payment charge (continued)

As a result, the Company's Profit and Loss and Balance Sheet as at 31 March 2022 have been restated as follows:

	As reported 2022 £'000	Impact of restatement 2022 £'000	Restated 2022 £'000
Profit and Loss account			
Administrative expenses	22,355	(342)	22,013

	As reported 2022 £'000	Impact of restatement on the opening balance sheet £'000	Impact of restatement 2022 £'000	Restated 2022 £'000
Balance Sheet				
Capital contribution reserve	10,779	(751)	(342)	9,686
Profit and loss account	(17,654)	751	342	(16,561)
	(6,875)	-	-	(6,875)

Change in presentation of Deferred Tax asset

According to requirements under the Companies Act, the deferred tax asset, amounting to £5,351k, is deemed significant in relation to the Company's total current asset of £58,741k and, therefore, should have been presented under "Debtors: due after more than one year", within total current assets.

As a result, "Debtors: due after more than one year" has been restated by £5,351k from £nil to £5,351k, to include the deferred tax asset previously presented separately.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position have been described in the Strategic report on page 2.

The directors have assessed the impact of instability in the economic environment, climate-related risks, loss of key customers and suppliers, major business disruption, liquidity restriction and adverse foreign currency movements on the Company and the Group to which the Company provides services. No adjustments to the key estimates and judgements that impact the Balance Sheet as at 31 March 2023 have been identified as a result of these.

The ultimate parent undertaking, discoverIE Group plc, has agreed to provide financial support to the Company to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the Balance sheet. The discoverIE Group plc has significant financial resources, sells a wide portfolio of different products across a diverse set of industries and geographies, has a global supply chain network and has well-established relationships with its customers. The directors of discoverIE Group plc have carried out a going concern assessment taking into account the impact of sensitivities including severe but plausible downside scenarios which show that it is well placed to support the Company for the foreseeable future.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

Notes to the financial statements (continued)

for the year ended 31 March 2023

2. Accounting policies (continued)

Revenue recognition

Revenue represents the fair value of the consideration received or receivable for goods, commission and other services provided, after deducting discounts, VAT and similar taxes levied overseas. Revenue is recognised in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Transaction price is allocated to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract. If a stand-alone selling price is not observable, the Company estimates it. The transaction price may include a discount or a variable amount of consideration that relates entirely to a part of the contract. The Company will review the requirements and specify when the variable amount should be allocated to one or more, but not all, performance obligations in the contract.

This is captured in the following key five steps:

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

Control of a good or service is obtained when the customer has the ability to direct the use of and obtain substantially all the benefits from the good or service.

The Company generates revenue by providing services to fellow group companies. To determine the point in time at which revenue should be recognised, the Company considers whether or not:

- a) The Company has a present right to payment for the asset;
- b) The customer has acquired legal title to the asset;
- c) The Company has transferred physical possession of the asset;
- d) The customer has significant risks and rewards related to the ownership of the asset; and
- e) The customer has accepted the asset.

Discounts are allocated proportionately to all performance obligations in the contract, unless the Company can demonstrate that the discount relates to one or more specific performance obligations.

Foreign currencies

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the Balance sheet date and the resultant gains or losses on translation are included in the Profit and loss account.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Defined contribution pensions

The Company makes payments to defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The amount charged to the Profit and loss account represents employer contributions payable in respect of the accounting year.

Notes to the financial statements (continued)

for the year ended 31 March 2023

2. Accounting policies (continued)

Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- *where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;*
- *in respect of taxable temporary differences associated with investments in subsidiaries and associates, 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; and*
- *deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.*

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the reporting date.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the Profit and Loss account.

Dividends payable

Dividends are recognised when they meet the criteria for recognition as a liability. In relation to final dividends, this is when the dividend is approved by the shareholders in the general meeting, and in relation to interim dividends, when paid.

Property, plant and equipment

Items of owned property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost consists of all those elements which are directly attributable to bringing the asset into working condition for its intended use. Where there has been an indication of impairment in value such that the recoverable amount of an asset falls below its net book value, provision is made for such impairment. Wherever possible, individual assets are tested for impairment. However, impairment can often be tested only for groups of assets because the Cash Flows upon which the calculation is based do not arise from the use of a single asset. In these cases, impairment is measured for the smallest group of assets (the cash generating unit) that produces a largely independent income stream.

The cost of property, plant and equipment is charged to the Profit and Loss account on a straight-line basis over the assets estimated useful economic life, taking into account their estimated residual value. The principal annual rates of depreciation are:

Leasehold improvements	Shorter of the term of the lease and the useful life of the asset on a straight-line basis
Plant, machinery and computer equipment	10% to 33% per annum on a straight-line basis

Notes to the financial statements (continued)

for the year ended 31 March 2023

2. Accounting policies (continued)

Intangible assets

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

Amortisation is provided on the following basis:

Implementation costs of IT systems and computer software	3 to 10 years on a straight-line basis
--	--

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from the Company's development activities is capitalised only if all of the following conditions are met: (a) an asset is created that can be identified; (b) it is probable that the asset created will generate future economic benefits; and (c) the development cost of the asset can be measured reliably. Internally generated intangible assets are amortised on a straight-line basis over their useful lives between 5 and 10 years and charged to the Profit and Loss account.

The Company only capitalises costs relating to the configuration and customisation of SaaS arrangements as intangible assets where control of the software exists. Costs that are paid to SaaS suppliers in advance of the service provided are recognised in prepayment and amortised over the service period.

All other development expenditure is written off in the accounting period in which it is incurred.

Financial Instruments

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

Unconditional receivables and payables are recognised as assets or liabilities when the entity becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash. However, recognition of financial assets to be acquired and financial liabilities to be incurred as a result of a firm commitment to purchase or sell goods or services, such as trade receivables and trade payables, is usually delayed until at least one of the parties has performed under the agreement and the ordered goods or services have been shipped, delivered or rendered.

A forward contract that is within the scope of IFRS 9, such as a forward foreign exchange contract, is recognised as an asset or a liability on the commitment date when the fair value of the right and obligation are usually equal and the net fair value of the forward contract on initial recognition is zero. If the net fair value of the right and obligation is not zero, the contract is recognised as an asset or liability.

Except for trade receivables without a significant financing component, a financial asset or a financial liability that is not measured through profit or loss (FVTPL) is initially measured at fair value plus or minus transaction costs that are directly attributable to its acquisition. A trade receivable without a significant financing component is initially measured at the transaction price.

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in the Profit and Loss account.

Notes to the financial statements (continued)

for the year ended 31 March 2023

2. Accounting policies (continued)

Financial Instruments (continued)

Offsetting financial instruments

Financial assets and liabilities are only offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and the liability simultaneously.

Allowance for Expected Credit Losses

The Company measures loss allowances for financial assets, including trade receivables, at an amount equal to lifetime expected credit losses (ECLs). This requires consideration of both historical and forward-looking information when considering potential impairment of trade receivables. A provision matrix is used to calculate the expected credit loss, which is based upon historical observed default rates adjusted for forward looking information to create an adjusted default rate, which is applied over the outstanding invoices at the balance sheet date.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Credit-impaired financial assets

At each reporting date the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred, such as a significant change in the credit risk profile of a customer, a debt has become significantly overdue or a contract default.

Write-down of financial assets

The gross carrying amount of a financial asset is written down to its recoverable amount when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Derivative financial instruments

The Company uses derivative financial instruments to hedge its exposure to foreign exchange risks arising from operational activities. It principally employs forward foreign exchange contracts to hedge the risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecast transactions.

Provisions

A provision is recognised in the Balance Sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect is material, provisions are discounted to present value. The unwinding of the discount is recognised as a finance cost.

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been publicly announced. Future operating costs are not provided for.

A provision for an onerous contract is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company's ordinary shares are classified as equity instruments.

Notes to the financial statements (continued)

for the year ended 31 March 2023

2. Accounting policies (continued)

Share based payments

Employees of the Company receive remuneration in the form of share-based payments, whereby employees render services as a consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date the grant is made, calculated using an option pricing model, and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. In valuing equity-settled transactions, no account is taken of non-market vesting conditions.

At each reporting date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and hence the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous reporting date is recognised in the consolidated Statement of Profit or Loss, with a corresponding entry in equity.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. An asset can be identified either explicitly or implicitly. If implicitly, the asset is not mentioned in the contract, but the supplier can fulfil the contract only by the use of a particular asset, in which case there may be an identified asset. There is no identified asset if the supplier has a substantive right to substitute the asset.

Separating components of a contract

Contracts usually combine different kinds of obligation of the supplier, which may be formed by lease components or lease and non-lease components, such as maintenance/services. The Company identifies the lease and non-lease components and account for those separately, applying the relevant standard to each one. Consideration is allocated to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease component.

Combination of contracts

Contracts are accounted together if they are entered into at or near the same time with the same counterparty and in contemplation of another.

Lease term

The lease term is the non-cancellable period of the lease plus periods covered by an option to extend or an option to terminate if the lessee is reasonably certain to exercise the extension option or not exercise the termination option.

i) Right of use assets

The Company recognises right of use assets at the commencement date of the lease. 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.

Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Notes to the financial statements (continued)

for the year ended 31 March 2023

2. Accounting policies (continued)

Leases (continued)

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities 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 the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date when the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is a combination of government bond yields, used as a proxy for a risk-free rate, calculated over various periods linked to existing lease terms. This rate is adjusted for borrowing costs and risks specific to each entity.

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 lease payments or a change in the assessment of an option to purchase the underlying asset.

Any adjustment of the lease liability is reflected as an adjustment to the right of use asset. If the carrying amount of the right of use asset has already been reduced to zero, the remaining remeasurement is recognised in profit or loss.

The Company has adopted the practical expedient under IFRS 16 not to recognise right of use assets and lease liabilities for short-term leases, with a lease term of 12 months or less and leases of low value. Lease payments relating to these leases are expensed to the Profit and Loss account on a straight-line basis over the lease term.

3. Significant accounting estimates and judgements

There are no judgements, assumptions and estimations uncertainties as at 31 March 2023 that could result in a material adjustment to the carrying value of assets and liabilities in the next financial year.

discoverIE Management Services Limited

Notes to the financial statements (continued)

for the year ended 31 March 2023

4. Turnover

Turnover represents amounts (excluding value added tax) invoiced for the provision of services to companies within discoverIE Group plc. An analysis of turnover by geographical market is given below:

	2023 £'000	2022 £'000
United Kingdom	10,733	9,212
Europe (excluding United Kingdom)	949	11,436
North America	328	128
	<u>12,010</u>	<u>20,776</u>

5. Operating loss

The profit for the year has been arrived at after charging/(crediting):

	2023 £'000	2022 £'000
Amortisation of intangible fixed assets (note 12)	5	115
Depreciation of owned property, plant and equipment (note 13)	121	61
Depreciation of right-of-use assets (note 14)	174	208
Foreign exchange loss/(gain)	184	(22)
Staff costs (note 7)	<u>7,827</u>	<u>9,401</u>

The audit fee of £19,000 (2022: £15,000) was borne by a fellow group undertaking in both years.

6. Directors' remuneration

	2023 £'000	2022 £'000
Aggregate remuneration in respect of qualifying services	<u>1,854</u>	<u>2,076</u>

	2023 No.	2022 No.
Retirement benefits accruing to the following number of directors under a defined contribution pension scheme	<u>2</u>	<u>2</u>

The remuneration of the highest paid director (excluding pension contributions and notional gains on share options but including pay in lieu of pension) was £1,166,545 (2022: £1,310,132). No pension contributions were made by the company to the defined contribution scheme (2022: £nil).

Share based payment awards are disclosed in the consolidated financial statements of discoverIE Group plc.

The directors also provide services to other group undertakings. It is not possible to identify the proportion of this remuneration that relates to services to the other group undertakings.

discoverIE Management Services Limited

Notes to the financial statements (continued)

for the year ended 31 March 2023

7. Staff costs

	2023 £'000	2022 £'000
Employment costs for all employees (including directors) were:		
Wages and salaries	6,892	7,606
Social security costs	518	1,498
Other pension costs	417	297
	<u>7,827</u>	<u>9,401</u>

The average monthly number of employees employed by the Company during the year (including the directors), analysed by category was as follows:

	2023 No.	2022 No.
Administration	<u>34</u>	<u>38</u>

8. Interest receivable and similar income

	2023 £'000	2022 £'000
Interest on amounts owed from other group undertakings	1,307	693
Other interest receivable	2	-
	<u>1,309</u>	<u>693</u>

9. Interest payable and similar expenses

	2023 £'000	2022 £'000
Interest on overdrafts	131	57
Finance charges relating to cash pooling	37	67
Interest payable on lease liabilities	32	31
	<u>200</u>	<u>155</u>

discoverIE Management Services Limited

Notes to the financial statements (continued)

for the year ended 31 March 2023

10. Profit on disposal

There was no disposal of businesses during the year ended 31 March 2023.

During the prior year, the Group completed the disposal of its Acal BFI business, on 3 March 2023. As part of the disposal, certain assets and liabilities were hived down from discoverIE Management Services Limited to a subsidiary of the disposal group, Acal BFI (UK) Limited, on 30 November 2022. The sale generated a profit on disposal of £10,966,000.

	Total £'000
Net consideration	11,773
Net assets disposed of	(807)
Profit on disposal	10,966
Consideration received:	
Net upfront cash consideration received	10,966
Net consideration receivable	10,966
Net assets disposed of:	
Property, plant and equipment – Plant, machinery and computer equipment	5
Intangible assets – Other	884
Other receivables	197
Other payables	(279)
Net assets disposed of	807

11. Tax on profit

(a) Tax on profit

The tax charge/(credit) is made up as follows:

	2023 £'000	2022 £'000
Current tax:		
UK corporation tax on profit for the financial year	(93)	(421)
Overseas tax	7	9
Adjustments in respect of prior periods	(1,853)	3
Total current tax credit	(1,939)	(409)
Deferred:		
Origination and reversal of timing differences	(240)	(1,418)
Adjustments in respect of prior periods	2,287	(807)
Total deferred taxation charge/(credit)	2,047	(2,225)
Tax on profit (note 11(b))	108	(2,634)

Notes to the financial statements (continued)

for the year ended 31 March 2023

11. Tax on profit (continued)

(b) Factors affecting the tax charge/(credit) for the year

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

	2023 £'000	Restated ⁵ 2022 £'000
Profit before taxation	190	10,267
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2022: 19%)	36	1,951
<i>Effects of:</i>		
Non-taxable credits	(245)	(3,327)
Adjustments to current tax in respect of prior periods	(1,853)	3
Adjustments to deferred tax in respect of prior periods	2,587	-
Withholding tax	7	9
Impact of deferred tax rate differences	(424)	(1,270)
Total tax charge/(credit) for the year (note 11(a))	108	(2,634)

(c) Deferred tax

Deferred tax assets are recognised only to the extent the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

⁵ Refer to note 2.

Notes to the financial statements (continued)

for the year ended 31 March 2023

11. Tax on profit (continued)

Deferred tax is recognised at 25% (2022: 19% and 25%). The deferred tax asset comprise the following:

	Decelerated capital allowances £'000	Share Options £'000	Tax losses £'000	Other timing differences £'000	Total £'000
At 1 April 2021	186	3,520	568	15	4,289
(Debit)/credit to the profit and loss account (note 11(a))	(124)	281	2,070	(2)	2,225
At 31 March 2022	62	3,801	2,638	13	6,514
(Debit)/credit to the profit and loss account (note 11(a))	(31)	627	(2,638)	(5)	(2,047)
At 31 March 2023	31	4,428	-	8	4,467

£1,931,000 (2022: £1,163,000) of deferred tax assets are expected to be recovered in twelve months or less.
£2,536,000 (2022: £5,351,000) of deferred tax assets are expected to be recovered in more than twelve months.
The recognition of the deferred tax asset is supported by forecasts of sufficient future taxable profits in the UK.

The Company has not recognised a deferred tax asset of £3,835,000 (2022: £3,835,000) on losses due to the uncertainty of recovery in the foreseeable future.

(d) Factors affecting future tax charges

An increase in the UK corporation tax rate to 25% had been substantively enacted at 31 March 2023, with effect from 1 April 2023.

discoverIE Management Services Limited

Notes to the financial statements (continued)

for the year ended 31 March 2023

12. Intangible assets

	Computer software £'000
Cost:	
At 1 April 2022	259
Additions	1
At 31 March 2023	260
Accumulated Amortisation	
At 1 April 2022	(246)
Charge for the year	(5)
At 31 March 2023	(251)
Net book value:	
At 31 March 2022	13
At 31 March 2023	9

13. Property, plant and equipment

	Leasehold improvements £'000	Plant, machinery and computer equipment £'000	Total £'000
Cost:			
At 1 April 2022	941	286	1,227
Additions	8	103	111
At 31 March 2023	949	389	1,338
Accumulated depreciation:			
At 1 April 2022	(277)	(182)	(459)
Charge for the year	(74)	(47)	(121)
At 31 March 2023	(351)	(229)	(580)
Net book value:			
At 31 March 2022	664	104	768
At 31 March 2023	598	160	758

Assets arising from leases where the Company is a lessee have been accounted for under IFRS 16 and shown under right of use assets. See note 14.2.

Notes to the financial statements (continued)

for the year ended 31 March 2023

14. Leases

14.1 Leasing arrangements

The Company leases an office and items of plant, machinery, equipment.

The office facility has a lease term of 10 years. Lease contracts generally include extension and termination options.

14.2 Carrying value of right of use assets

Set out below are the carrying amounts of right of use assets recognised and movements during the year:

	Land and Buildings £'000	Plant and machinery £'000	Total £'000
At 1 April 2021	1,424	5	1,429
Additions / modifications	128	-	128
Depreciation charge	(206)	(2)	(208)
At 31 March 2022	1,346	3	1,349
Additions / modifications	-	192	192
Depreciation charge	(156)	(18)	(174)
At 31 March 2023	1,190	177	1,367

14.3 Carrying value of lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Land and Buildings £'000	Plant and machinery £'000	Total £'000
At 1 April 2021	(1,367)	(5)	(1,372)
Additions / modifications	(38)	-	(38)
Interest for the year	(31)	-	(31)
Lease payments	124	2	126
At 31 March 2022	(1,312)	(3)	(1,315)
Additions / modifications	-	(192)	(192)
Interest for the year	(29)	(3)	(32)
Lease payments	166	22	188
At 31 March 2023	(1,175)	(176)	(1,351)

	2023 £'000	2022 £'000
Current liabilities	(189)	(138)
Non-current liabilities	(1,162)	(1,177)
	(1,351)	(1,315)

discoverIE Management Services Limited

Notes to the financial statements (continued)

for the year ended 31 March 2023

14. Leases (continued)

14.4 Amounts recognised in the profit and loss account

	2023 £'000	2022 £'000
Depreciation of right of use assets	174	208
Interest expense (included in finance cost – note 9)	32	31
	<u>206</u>	<u>239</u>

During the year ended 31 March 2023, £3,456 related to low value leases was recognised within Admin expenses in the Profit and Loss (2022: £3,456).

14.5 Extension and termination options

Extension and termination options with a high probability of being exercised are included in the measurement of the lease liability and right of use asset. These terms are used to maximise operational flexibility in terms of managing contracts.

There are no lease contracts in place as at 31 March 2023 which include variable lease payments (2022: nil).

15. Debtors

	2023 £'000	2022 £'000
Due within one year		
Amounts owed by group undertakings	40,406	27,603
Amounts owed by parent undertaking	6,421	11,163
Other debtors	301	3,448
Corporation tax	261	1,078
Deferred tax (note 11)	1,931	1,163
Prepayments	317	416
	<u>49,637</u>	<u>44,871</u>

The Company's trade and other receivables are regularly reviewed for indicators of impairment. The credit risk exposure inherent in the Company's trade receivables is measured and recognised as an impairment provision on initial recognition, based on the Expected Credit Loss method, as required by IFRS 9. Specific provision for impairment may also be required where a specific increase in credit risk is identified, or a credit event has occurred. Provisions for general credit risk exposure is measured with reference to the age of a receivable as debts which are overdue present a specific impairment risk indicator regarding recoverability.

The Company has not recognised impairment provisions against trade receivables (2022: £nil).

Amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. Interest is due at a sterling base rate plus a margin of 2.4% or nil (2022: 2.4% or nil).

Notes to the financial statements (continued)

for the year ended 31 March 2023

15. Debtors (continued)

	2023 £'000	Restated 2022 £'000
Due after more than one year		
Deferred tax (note 11)	2,536	5,351

16. Creditors: amounts falling due within one year

	2023 £'000	Restated ⁶ 2022 £'000
Bank overdrafts	705	3,219
Amounts owed to group undertakings	11,092	11,092
Amounts owed to parent undertaking	14,278	5,835
Trade creditors	363	1,895
Other creditors including taxation and social security costs	1,910	4,944
Accruals and deferred income	3,700	4,078
Lease liabilities (note 14)	189	138
	32,237	31,201

Amounts owed to parent and fellow group undertakings are repayable on demand, unsecured and do not bear interest.

17. Creditors: amounts falling due after more than one year

	2023 £'000	2022 £'000
Lease liabilities (note 14)	1,162	1,177

⁶ Refer to note 2.

discoverIE Management Services Limited

Notes to the financial statements (continued)

for the year ended 31 March 2023

18. Other provisions

	2023 £'000	2022 £'000
Dilapidations provision	150	150

The provision for dilapidation costs is an estimate for the restatement of the premises held under lease and has been included in the right of use asset. The value of the provision is reviewed at each year end to ensure it is still reasonable. The lease expires in March 2031.

19. Called up share capital

	2023 No.	2023 £'000	2022 No.	2022 £'000
Authorised, called up and fully paid: Ordinary shares of £1 each	35,000,002	35,000	35,000,002	35,000

20. Reserves

The following describes the nature and purpose of each reserve within equity:

Called up share capital	Nominal value of shares issued.
Share scheme reserve	Arising due to share options being granted to certain employees of the company by the company's parent, discoverIE Group plc.
Capital contribution reserve	The investment by discoverIE Group plc in order to meet the cost of issuing share options.
Profit and loss account	Cumulative profits or losses, net of dividends paid and other adjustments.

21. Guarantees and financial commitments

The Company is a guarantor to the Group's Revolving Credit Facility which is provided by a syndicate of banks.

22. Ultimate parent company and controlling party

The immediate and ultimate parent undertaking and controlling party is discoverIE Group plc, a company incorporated in England and Wales.

The parent undertaking of the smallest and largest group that prepares group financial statements and of which the company is a member is discoverIE Group plc. Copies of the group financial statements of discoverIE Group plc can be obtained from 2 Chancellor Court, Occam Road, Surrey Research Park, Guildford, Surrey, England, GU2 7AH.

discoverIE Management Services Limited

Notes to the financial statements (continued)

for the year ended 31 March 2023

23. Events after the Reporting Period

There were no matters arising, between the balance sheet date and the date on which these financial statements were approved by the Board of Directors, requiring adjustment in accordance with IAS 10, Events after the Reporting Period.