Dione Topco Ltd
Annual Report and Consolidated Financial Statements
31 December 2024

Company registration number: 137864

Dione Topco Ltd
Annual Report and Consolidated Financial Statements
For the year ended 31 December 2024

Contents

Preface

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

LRQA Group Limited and its subsidiaries ('the LRQA Group') is a trading group of companies consisting of the other subsidiaries listed in note 35 and the joint venture referred to in note 19.

Dione Topco Limited's own financial statements are presented after those of the Group. Its own principal activities are that of a holding company providing funding to the Group and holding the Group's employee share trust.

Dione Topco Ltd
Strategic Report
For the year ended 31 December 2024

The Directors of Dione Topco Limited ("the Company" or "Dione Topco") present the Strategic Report and audited financial statements for the year ended 31 December 2024.

Principal Activities

Dione Topco is a Jersey registered holding company for the Group whose primary investment is in the LRQA Group of Companies ("the LRQA Group") whose principal activities include the provision of assessment, advisory, inspection and cybersecurity services in over 150 countries across multiple sectors.

Business Review

The results for the period ending 31 December 2024 and the state of affairs of the Group and the Company are shown in the financial statements on pages 15 to 72. The consolidated revenue was £423.0m (2023: £399.7m), gross profit £210.0m (2023: £200.1m) and underlying EBITDA for the year was £61.1m (2023: £43.7m).

The Group net current assets have decreased to £29.6m (2023: £38.4m) as a result of the funding used for our strategic acquisitions resulting in an higher interest accrual in the current year.

Key Performance Indicators (KPIs)

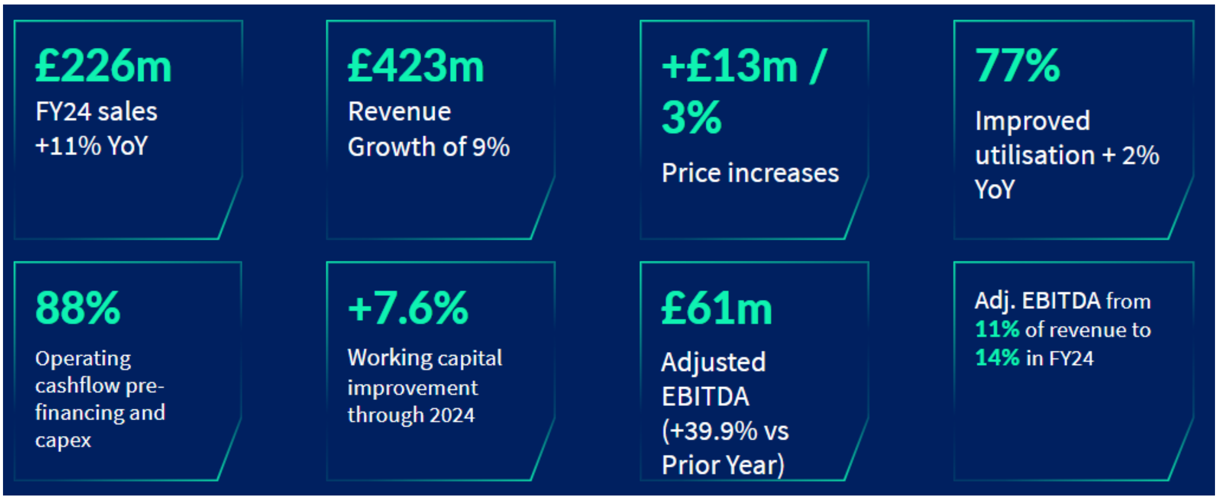
The Company's management will measure its and the LRQA Group's year-on-year progress against certain financial KPIs, namely increases in revenue, underlying EBITDA (operating profit before depreciation, amortisation and exceptional costs), profitability and margin increase. Additional financial KPI's include analysis of pricing, orderbook, utilisation, extent and cost of sub-contractors and working capital performance. Further non-financial KPIs currently tracked are customer satisfaction against Net Promoter Index (NPI) scores and employee engagement via regular surveys together with analysis of exit interview data and recruitment statistics. Additional non-financial information about the Company and members of its Group can be found on the LRQA website and in the s172 statement for LRQA Limited, the other LRQA Group entity required to submit a s172 report.

Financial Results

LRQA is the leading global assurance partner, bringing together centuries of unrivalled expertise in assessment, advisory, inspection and cybersecurity services. Our solutions-based partnerships are supported by data-driven insights that help our clients solve their biggest business challenges. Operating in more than 150 countries with a team of more than 5,000 people, LRQA's compliance, supply chain, cybersecurity and ESG specialists help more than 40,000 clients across almost every sector to anticipate, mitigate and manage risk wherever they operate.

2024 was another successful year for LRQA, delivering a strong financial performance across geographies and service lines while investing in the next phase of its transformation journey. 2024 saw the launch of LRQA's Full Potential Plan (FPP) putting the client at the heart of everything we do and positioning LRQA for long term, profitable, market leading growth. The FPP is underpinned by a series of transformational initiatives with the aim of expanding our digital offering to our client base, investing in our sales and marketing capabilities, strengthening our technology foundations, digitising our middle office, optimising our ways of working and simplifying our operational processes to maximise the value we bring to clients and make LRQA easier to do business with.

The success of our re-focused strategy is evident in the strong financial and operational performance in 2024 as we deliver continued progress on top line growth and a step change in our underlying EBITDA performance.



Consolidated revenue for the year ended 31 December 2024 was £423.0m (31 December 2023: £399.7m), delivering a 5.8% growth over the prior year (9.1% on a constant currency basis), underpinned by a strong year on year sales performance and a growing orderbook. We're seeing increasing market demand across all our service lines on the back of a continuously evolving risk landscape and an increasingly complex regulatory agenda. This is particularly true of our Cyber, ESG, Food and renewable energy sectors which contributed to double digit revenue growth in our core services lines. Average day rate increases follow a successful pricing strategy coupled with improved billing controls and processes across the Group.

We remain very active in the M&A market having completed two acquisitions in 2024 and three more in Q1 2025. All of these acquisitions are strategic to the Group's growth in key markets and services. Specifically in 2024 we acquired Ergon Associates, a London-based market leading labour standards and human rights consultancy and StepUp, a management consulting provider with a focus on the food & beverage market. Our acquisitions in 2025 have seen the Group further expand in North America with the acquisitions of Core Business Solutions and EcoEngineers together with RESET Carbon in Hong Kong, collectively increasing our team size by over 200 (including contractors), and also significantly enhancing our carbon, energy and climate capabilities.

Integrating these acquisitions with the Group is a key focus for 2025 and we have developed an integration strategy that nurtures the expertise and client relationships, enabling us to expand relationships with our customers globally.

The Group's underlying trading performance is measured through its underlying EBITDA (equivalent to adjusted operating profit) which was £61.1m (2023: £43.7m), a growth of 39.8% and representing 14.4% of revenue (2023: 10.9%). The nearest GAAP measure to this is Operating Profit before depreciation, amortisation, exceptional costs and impairment of fixed assets and intangibles.

Gross margin increased by 1.4 percentage points year on year. This followed the robust execution of a number of process improvements which led to continued utilisation improvements and helping to optimise our service delivery mix.

Further investments made in technology, the continued simplification of our internal processes and the consolidation of our back office functions including client operations have improved the speed and quality of the services we offer to our client base and generated further efficiency improvements across the organisation.

Depreciation and amortisation of £34.0m (2023: £33.7m) relate to the depreciation of property, plant and equipment, right of use assets, amortisation of capitalised software development and amortisation of intangible assets arising on acquisition, which is the most significant component.

As described further in note 8 to the financial statements, exceptional items related to non-recurring expenditure on activities including: acquisition-related costs of £0.3m (2023: £0.2m) and accruals for earnout payments on acquisitions £5.5m (2023: £5.1m); costs of establishing processes and support functions (including data and digital investments to support the Full Potential Plan) of £16.2m (2023: £20.9m); and costs of redundancy of £1.8m (2023: £4.5m) incurred as part of reorganisation of existing functions in line with the Group's strategy.

Operating profit for the year ended 31 December 2024 was £3.3m (2023 : Loss of £20.7m).

	31 December 2024 Audited £m	**31 December 2023 Audited £m**
Revenue	**423.0**	**399.7**
Cost of sales	(213.0)	(199.6)
Gross profit	**210.0**	**200.1**
Impairment of trade receivables and contract assets	2.0	4.9
Administrative expenses	(150.9)	(161.3)
Adjusted operating profit*	**61.1**	**43.7**
Depreciation and amortisation	(34.0)	(33.7)
Exceptional costs	(23.8)	(30.7)
Operating profit / (loss)	**3.3**	**(20.7)**
Net Finance expense	(81.6)	(72.6)
Operating loss after finance costs	**(78.3)**	**(93.3)**
Share of joint venture profits	-	0.1
Loss before taxation	**(78.3)**	**(93.2)**
Taxation	(7.1)	(4.0)
Loss for the period	**(85.4)**	**(97.2)**

** Adjusted Operating Profit is defined as operating profit before depreciation, amortisation, exceptional costs and impairment of fixed assets and intangibles (Adjusted Operating Profit is also referred to as Underlying EBITDA).*

Taxation

The consolidated net income tax charge from continuing operations was £7.1m (2023: £4.0m). The underlying effective tax rate excluding the unwind of the deferred tax liability associated with the amortisation of intangible assets arising on acquisition was 24.5% (2023: 14.5%). The change in effective rate from 2023 to 2024 is largely due to the increase in geographical mix of profits earned outside the UK, namely Asia, relative to losses.

Balance sheet and working capital

Consolidated net liabilities for the Group at 31 December 2024 were £317.2m (2023: £237.3m) representing accumulated net post-acquisition losses in the LRQA trading group. The increase in net liabilities is principally related to:

- Operating profit of £3.3m (2023: loss of £20.7m) which includes: £25.1m (2023: £25.3m) of amortisation of intangible assets; £8.9m (2023: £8.4m) of depreciation of right-of-use assets and property, plant and equipment; and £23.8m (2023: £30.7m) of exceptional costs described above.
- £145.8m (2023: £93.6m) in accrued coupon interest for preference shares issued as part funding for the LRQA Group and Elevate Group.
- Net increase in borrowings of £4.3m (2023: £44.8m).
- £3.8m decrease (2023: £1.8m increase) in net pension liabilities primarily due to actuarial gains following reduction in the discount rate assumption.

Cash and banking facilities

Cash and cash equivalents, excluding the impact of foreign exchange, have decreased by £4.2m in the year to 31 December 2024 (2023: increased by £0.8m). We have significant control over our cashflow and headroom within our banking facilities to continue to support the Group's development.

Net cash inflow from operating activities for the year to 31 December 2024 was £24.0m (2023: net cash outflow of £9.8m) primarily driven by Underlying EBITDA of £61.1m exceeding exceptional costs of £23.8m (2023: Underlying EBITDA of £43.7m exceeding exceptional costs of £30.7m).

Risk Management

Governance

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

Identifying and evaluating risks

The identification of risks within LRQA is a continual process. In the opinion of the Directors, the principal risks and uncertainties facing LRQA are effectively considered by the Board, the Executive Leadership Team and the Audit, Risk and Compliance Committee. In 2024 the Group embarked on a transformation of its enterprise-wide risk management framework which will continue into 2025.

The principal strategic, operational, compliance, and financial risks of the Group are outlined below. These are considered to be the most significant risks faced by the Group. They do not represent all risks associated with or monitored by the Group's business, and are not presented in priority order.

- **Strategic risks:**
  - *Potential for disruption to the Group's business model through external factors changing demand for the Group's services.* The Group's business operates globally and is exposed to risks from changes in the global economic and geopolitical environment, including wars, trade tensions and natural disasters. It is also exposed to changes to regulations affecting key client industries on a global and local level. To mitigate these risks the Group monitors and assesses the geopolitical and economic environment and implements mitigation plans as necessary. The Group actively develops new products and services, either organically or by acquisition, to maintain a diversified portfolio of clients across regions and industries.
  - *Reliance on key industries or geographies.* The Group continues to operate globally, across a diversified range of sectors and regions. The Group has strengthened its diversification strategy by structuring its operations into regions, an approach designed to deliver a globally balanced portfolio of services to its clients.
  - *Possible commoditisation of the Group's services creating price pressure and increasing frequency of customers changing to alternative suppliers.* The Group is focussed on delivering differentiated, value-adding services and maintaining high standards of quality and client satisfaction. During the year the Group has made significant investments in technology including CRM and Client Portal platforms to deliver operational efficiencies, cost optimisations, and an enhanced client experience.

- **Operational and Compliance risks:**
  - *Many of the services the Group provides are subject to industry or national regulations. Failure to continue to comply with the requirements of the regulation could result in loss of a licence to operate in key industries.* The Group has established a compliance framework to address compliance with laws, regulations, accreditation requirements and the Group's own ethical standards. The Code of Ethics for the Group, together with the Business Partner Code of Conduct, are clear that the Group expects the highest standards of ethical conduct. The Group's approach also includes regulatory horizon scanning, and mandatory training to drive adherence to the Code of Ethics and all applicable laws and standards. The Group's management systems are audited by UKAS, the UK National Accreditation Body.
  - *Health, safety and security of our workforce.* The Group operates a Health, Safety and Environment (HSE) management system aligned with international standards. This includes proactive risk assessments, training, and an incident reporting and investigation process to enable continual improvement in safety performance.
  - *The Group's ability to attract and retain our people to ensure high-quality services are delivered to customers.* The Group relies on specialist skills to deliver technical services to its clients. Talent retention remains a priority, with employee engagement initiatives, structured development programmes, and competitive reward frameworks in place to strengthen workforce resilience.
  - *The increased digitisation of the Group's operations creates in an increased risk of operational impact in the event of a significant cyber attack.* The Group has implemented a cyber security strategy, including threat detection, penetration testing, and staff training. Elements of the Group's approach include ISO 27001-certified systems and a global incident response framework.
- **Financial risks:**
  - *Foreign exchange risk.* Foreign exchange risk is an anticipated risk that comes with operating across various geographical locations. As part of the acquisition of the LRQA Group, the Group drew on a £200m facility which was drawn in Euros to provide a natural offset to the principal non-sterling cashflow exposure of the Group. Where possible, the Group utilises natural hedges to manage foreign exchange exposure. This involves offsetting the costs incurred in a specific currency against revenues earned in the same currency.

    All Group entities participate in the Group's transfer pricing arrangements which ensure central costs and intellectual property are recharged through a franchise fee model to entities where they generate value outside of the UK. In addition, non-sterling entities pay dividends to head office companies in cash.
  - *Liquidity risk and going concern.* As at 31 December 2024 the Group had cash of £29.9m (2023: £34.1m). In addition, as part of the Group's borrowing arrangements, the Group has access to a revolving credit facility of £37m of which £17.1m remained undrawn at the balance sheet date.

    The Directors believe that the Group's cash holdings, supported, if necessary, by access to its revolving credit facility, are sufficient to address its liquidity requirements both in the short and long term. As a result, the Directors have a reasonable expectation that the Company and the Group have enough resources to continue operating in the foreseeable future. The financial statements have been prepared on a going concern basis.
  - *Interest rate risk.* The Group's primary exposure to interest rate risk arises on its debt facilities. As noted above, as part of the acquisition of the LRQA Group in December 2021 and Elevate Group in April 2023, the Group drew on debt facilities which carry floating interest rate charges. To mitigate the exposure to changes in interest rates over the life of the borrowings, the Group has taken out interest rate swap financial instruments over portions of the liability to fix the interest payable and mitigate exposure to future interest rate fluctuations. Any future draw on the Group's revolving credit facility would incur further interest charges which are also on a floating rate basis. The Group has limited additional exposure to interest rate risk.
  - *Credit risk.* The Group has a policy of assessing the creditworthiness of new significant clients and assigning a credit limit to their accounts as necessary.

Environmental, Social, Governance (ESG)

The directors place a high importance on the Group's sustainability credentials and thought leadership as demonstrated through the commitments made as part of the Group's Our Planet, Our Plan initiative. As Dione Topco Limited does not meet the criteria for a large company registered in the UK, the directors have chosen not to disclose in these accounts the carbon emissions data otherwise to be disclosed under the UK streamlined energy and carbon reporting (SECR) framework. However the disclosure required under SECR is comprehensively disclosed in the LRQA Group Limited accounts.

Environment

The Group has partnered with a climate solutions platform to measure Scope 1, 2 and 3 carbon emissions. In 2024 the Group published its commitment to achieve net-zero emissions in its first Sustainability Progress Report, communicating key ESG metrics including GHG emissions, as well as Social and Governance indicators. That same year, the Group carried out a double materiality assessment (DMA) in preparation for CSRD reporting, which identified climate change as a material topic.

In alignment to the environment commitment under Our Planet, Our Plan, 100% of electricity to power UK offices comes from renewable sources. Over the coming years, the UK vehicle fleet will be phased out to reduce UK electricity usage by 88%.

Social

To support our sustainability commitments to equity and inclusion, LRQA People (HR) collects diversity data about our global team, and we report on this in our sustainability progress report. The Company publishes a UK gender pay gap report, and is aligning to evolving legislation in other countries here it operates to ensure continued communication in this area.

The Company launched a Leadership Programme for executive leadership, senior leaders and aspiring leaders, and partnered with the UK based nonprofit organisation Circl to develop a “Leader as Coach” programme to support colleagues and young adults from underrepresented backgrounds to develop as leaders and leadership coaches. Employee safety and wellbeing is paramount to the Company. The Health, Safety, Environment and Security (HSES) Team developed the “LifeSaver” series to enable all employees to model occupational safety behaviours and actions. In 2024, the Group further identified psychosocial wellbeing as a key component to improving safety performance, building resilience and enabling employees to thrive, a new LifeSaver to recognise psychosocial wellbeing as a fundamental component of workplace safety. HSES developed employee wellbeing support programmes and a monitoring system to track wellbeing alongside existing health and safety metrics. These initiatives earned the Group a nomination for 'Best Health and Safety Project' at the 2025 Safety & Health Excellence Awards.

Governance

The Group is committed to operating transparently and ethically, with clear accountability, creating an environment of trust with all our stakeholders, in our operations and value chain. Employees must adhere to the Code of Ethics, and the ethical standards expected of Business Partners is set out in a Business Partner Code of Conduct that 100% of suppliers have signed since its introduction in 2023.

By order of the Board

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Niall McCallum
Director
29 April 2025

Dione Topco Ltd
Company Information
For the year ended 31 December 2024

Directors

Mr JC de A Barreto
Mr J I Spaulding
Mr M Lal
Mr MH Blackburn (resigned 31 December 2024)
Mr MS Bruun
Mr NJ McCallum (appointed 30 May 2024)
Ms T Howarth

Company Secretary

Mourant Governance Services, Jersey

Independent Auditor

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

Registered office

22 Grenville Street
St Helier
Jersey, JE4 8PX

Registered number

137864

Dione Topco Ltd
Directors' Report
For the year ended 31 December 2024

The Directors present their report and audited financial statements for the year ended 31 December 2024.

Principal activities

The Group's principal activities include the provision of assurance, inspection and cybersecurity services across multiple jurisdictions.

Results

The consolidated underlying EBITDA for the year was £61.1m (2023: £43.7m) and operating profit was £3.3m (2023: Loss of £20.7m).

Further commentary on the results for the year can be found in the Strategic Report on page 3.

Future developments

Future developments of the Group are discussed in the Strategic Report on page 3.

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

Dividends

The Directors do not recommend a dividend (2023: £nil).

Charitable grants and donations

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

Principal risks and uncertainties

The principal risks and uncertainties and financial risk management objectives and policies are discussed within the Strategic Report on page 3.

Capital structure

Details of the issued share capital are set out in note 29.

Directors

The Directors in office during the year ended 31 December 2024 and to date is listed on page 9.

Directors' indemnity

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

Employees

The Group strives to be an equal opportunities employer.

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

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

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

Subsequent events

The Directors performed a review of events subsequent to the reporting date through to the date the financial statements were issued and determined that there were no such events requiring recognition or disclosure in the financial statements other than those already disclosed in note 36.

Disclosure of information to auditor

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

- To the best of their knowledge, the Directors are not aware of any relevant audit information of which the Company's auditor is unaware; and
- each Director has taken all necessary steps a director might reasonably be expected to have taken to be aware of relevant audit information and establish that the Company's auditor is aware of that information.

Statement of Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial period. Under that law, the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted in the United Kingdom ("UK adopted IFRS") and are prepared under Companies (Jersey) Law 1991, and those aspects of the Companies Act 2006 required by the Overseas Regulations 2009. The directors have elected to prepare the Company financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 Reduced Disclosure Framework, and applicable law). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period.

In preparing the financial statements, the Directors are required to:

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

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and to enable them to ensure that the financial statements comply with Companies (Jersey) Law 1991.

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

Going concern

The Directors have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future. Thus, the Directors continue to adopt the going concern basis of accounting to prepare the annual financial statements. Further information on going concern is included in note 5A.

Reporting Framework

These consolidated financial statements have been prepared in conformity with International Financial Reporting Standards as adopted in the United Kingdom. The company financial statements have been prepared in conformity with United Kingdom Generally Accepted Accounting Practice.

Auditor

A resolution to reappoint MHA as independent auditor will be proposed at the next Board Meeting.

By order of the Board

Niall McCallum
Director
29 April 2025

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Dione Topco Ltd
Independent Auditors Report to the Members
For the Year Ended 31 December 2024

Opinion

We have audited the consolidated financial statements of Dione Topco Limited (the parent company) and its subsidiaries (the group) for the year ended 31 December 2024, which comprise the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, and notes to the consolidated financial statements, including a summary of significant accounting policies, the company statement of profit and loss and other comprehensive income, the company statement of financial position, the company statement of change in equity, and notes to the company financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards adopted in the United Kingdom ("UK-adopted IFRS"). The financial reporting framework that has been applied in the preparation of the company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 31 December 2024 and the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance UK-adopted IFRS;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991, as amended, requires us to report to you if, in our opinion:

- proper accounting records have not been kept;
- proper returns adequate for the audit have not been received from branches not visited by us;
- the consolidated financial statements are not in agreement with the accounting records and returns; and
- we have not obtained all information and explanation that, to the best of our knowledge and belief, was necessary for the audit.

Responsibilities of the directors

As explained more fully in the Directors' responsibilities statement set out on page [x], the Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Directors are responsible for overseeing the group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs 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 consolidated 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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Obtaining an understanding of the legal and regulatory frameworks that the group operates in, focusing on those laws and regulations that had a direct effect on the financial statements. Companies (Jersey) Law 1991 and applicable tax legislation.
- We understood how the group is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and papers provided to the Audit, Risk and Compliance Committee.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur, by meeting with group management to understand where they considered there was a susceptibility to fraud and to identify any instances of known or suspected instances of fraud.
- Our audit planning identified fraud risks in relation to management override of controls, inappropriate or incorrect recognition of revenue. We obtained and understanding of the processes and controls that the group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how management monitors that processes and controls.
- With regards to the fraud risk in management override, our testing included journal transaction testing, with a focus on large or unusual transactions, evaluating the business rationale of these transactions. We also performed an assessment on the appropriateness of key judgements and estimates, which are subject to management's judgement and estimation, and could be subject to potential bias; and

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

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

A further description of the auditor’s responsibilities for the audit of the financial statements is located at the Financial Reporting Council’s website at www.frc.org.uk/auditorsresponsibilities.

This description forms part of our auditor’s report.

Use of this Report

This report is made solely to the Members of the Company, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991, as amended. Our audit work has been undertaken so that we might state to the Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and its Members, as a body, for our audit work, for this report, or for the opinions we have formed.

RShaunak

Rakesh Shaunak, FCA
for and on behalf of MHA, Registered Auditor
London, United Kingdom

29 April 2025

MHA is the trading name of MHA Audit Services LLP, a limited liability partnership in England and Wales (registered number OC455542).

Dione Topco Ltd
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2024

	Note	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Revenue	6	422,951	399,722
Cost of sales		(212,935)	(199,651)
Gross profit		210,016	200,071
Depreciation and amortisation*		(34,036)	(33,691)
Exceptional costs*	8	(23,791)	(30,706)
Impairment of trade receivable and contract assets		2,012	4,923
Administrative expenses – other		(150,893)	(161,291)
Total administrative expenses		(206,708)	(220,765)
**Adjusted operating profit – (operating profit before depreciation, amortisation and exceptional costs)*		*61,135*	*43,703*
Operating profit/(loss)	7	3,308	(20,694)
Net finance expense	11	(81,669)	(72,533)
Share of results of joint ventures		17	68
Loss before tax		(78,344)	(93,159)
Income tax	12	(7,102)	(4,014)
Loss for the year		(85,446)	(97,173)

	Note	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Loss for the year		(85,446)	(97,173)
Other comprehensive (expense)/income			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of net defined benefit liabilities	28	2,588	(1,746)
Tax on pension remeasurements	13	(456)	742
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange differences on translation of foreign operations		(2,646)	(3,275)
Other comprehensive expense for the year, net of tax		(514)	(4,279)
Total comprehensive expense for the year, net of tax		(85,960)	(101,452)

All amounts relate to continuing activities.

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

The accompanying notes are an integral part of these consolidated financial statements.

Dione Topco Ltd
Consolidated Statement of Financial Position
As at 31 December 2024

	Note	31 December 2024 £'000	31 December 2023 £'000
Non-current assets			
Goodwill	14	352,259	343,521
Other intangible assets	16	233,143	254,806
Property, plant and equipment	17	3,134	6,363
Right-of-use assets	18	8,976	13,883
Derivative financial instruments	21	-	507
Deferred tax assets	13	14,447	18,010
Interest in joint ventures	20	502	554
		612,461	637,644
Current assets			
Contract assets	23	26,623	21,025
Trade and other receivables	22	88,314	88,730
Prepayments		6,668	6,974
Cash and bank balances		29,904	34,108
		151,509	150,837
Total assets		**763,970**	**788,481**
Current liabilities			
Trade and other payables	24	(88,337)	(77,531)
Current tax liabilities		(6,533)	(7,711)
Contract liabilities	25	(13,116)	(14,533)
Lease liabilities	19	(5,726)	(5,977)
Provisions	27	(6,815)	(6,659)
		(120,527)	(112,411)
Total assets less current liabilities		**643,443**	**676,070**
Non-current liabilities			
Loans and borrowings	26	(283,148)	(278,795)
Retirement benefit obligations	28	(24,936)	(28,239)
Derivative financial instruments	21	(1,352)	-
Deferred tax liabilities	13	(57,158)	(63,255)
Lease liabilities	19	(4,274)	(7,950)
Cumulative preference shares	26	(589,786)	(535,173)
		(960,654)	(913,412)
Total liabilities		**(1,081,181)**	**(1,025,823)**
Net liabilities		(317,211)	(237,342)
Equity			
Share capital	29	12	13
Share premium account	29	1,762	1,199
Own shares	29	(268)	(3,160)
Translation reserve		(4,267)	(1,621)
Accumulated losses		(314,451)	(233,773)
Total deficit		(317,211)	(237,342)
Total equity and liabilities		**(763,970)**	**(788,481)**

The financial statements were approved by the Board of Directors and authorised for issue on 24 April 2025 and signed on its behalf by:

NMcCallum

Niall McCallum
Director
Dione Topco Limited

LRQA

Dione Topco Ltd
Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2024

	Share capital £'000	Share premium £'000	Own shares £'000	Translation reserve £'000	Accumulated losses £'000	Total £'000
As at 31 December 2022	12	1,193	(2,829)	1,654	(138,242)	**(138,212)**
Loss for the financial year	-	-	-	-	(97,173)	**(97,173)**
Other comprehensive income before tax	-	-	-	(3,275)	(1,746)	**(5,021)**
Tax on other comprehensive income	-	-	-	-	742	**742**
Total comprehensive loss for the year	**-**	**-**	**-**	**(3,275)**	**(98,177)**	**(101,452)**
Issue of share capital	1	6	-	-	-	**7**
Shares issued but unallocated	-	-	(331)	-	-	**(331)**
Share-based payments	-	-	-	-	2,646	**2,646**
As at 31 December 2023	**13**	**1,199**	**(3,160)**	**(1,621)**	**(233,773)**	**(237,342)**
Loss for the financial year	-	-	-	-	(85,446)	**(85,446)**
Other comprehensive income before tax	-	-	-	(2,646)	2,588	**(58)**
Tax on other comprehensive income	-	-	-	-	(456)	**(456)**
Total comprehensive loss for the year	**-**	**-**	**-**	**(2,646)**	**(83,314)**	**(85,960)**
Issue of share capital	-	563	-	-	-	**563**
Other adjustment	(1)	-	-	-	-	**(1)**
Net shares issued to employees	-	-	2,892	-	-	**2,892**
Share-based payments	-	-	-	-	2,637	**2,637**
As at 31 December 2024	**12**	**1,762**	**(268)**	**(4,267)**	**(314,450)**	**(317,211)**

The accompanying notes are an integral part of these consolidated financial statements.

Dione Topco Ltd
Consolidated Statements of Cash Flows
As at 31 December 2024

	Note	12 months to 31 December 2024 £'000	12 months to 31 December 2023 £'000
Cashflow from operating activities			
Loss after tax		(85,446)	(97,173)
Taxation	12	7,102	4,014
Share of results of joint ventures		(17)	(68)
Net finance expense	11	81,669	72,533
(Gain)/Loss on disposal of property, plant and equipment	7	(512)	8
Share-based payment expense	30	2,637	2,646
Depreciation of property, plant and equipment and right-of-use assets	7/17/18	8,939	8,394
Amortisation of intangible assets	7/16	25,097	25,297
Decrease/(increase) in trade and other receivables	22	4,992	(7,118)
(Increase)/decrease in contract assets	23	(5,503)	1,619
(Decrease)/increase in trade and other payables	24	(588)	11,417
(Decrease)/increase in contract liabilities	25	(1,501)	2,201
Increase/(decrease) in provisions	27	156	(5,658)
Defined benefit pension contributions	28	(2,575)	(925)
Other non-cash charges		-	(234)
Cash generated by operations		**34,450**	**16,953**
Income taxes paid		(10,410)	(7,129)
Net cash inflow from operating activities		**24,040**	**9,824**
Cashflow from investing activities			
Interest received		-	35
Purchase of property, plant and equipment	17	(979)	(1,949)
Purchase of intangible assets	16	(4,742)	(2,648)
Acquisition of subsidiaries net of cash acquired	15	(5,195)	(1,676)
Payment of deferred consideration	15	-	(24,261)
Net cash outflow from investing activities		**(10,916)**	**(30,499)**
Cashflow from financing activities			
Interest paid		(23,788)	(20,746)
Proceeds from sale of property plant and equipment	7/17	2,931	-
Proceeds from loans and borrowings, net of transaction fees	26	36,097	52,029
Repayment of loans and borrowings	26	(23,322)	(3,200)
Proceeds on issue of shares	29	-	7
Repayment of leases	19	(6,351)	(6,627)
Net cash (outflow)/inflow from financing activities		**(14,433)**	**21,463**
Net (decrease)/increase in cash and cash equivalents		**(1,309)**	**788**
Cash and cash equivalents at beginning of the year		34,108	35,852
Net increase in cash and cash equivalents		(1,309)	788
Effect of foreign exchange rate changes		(2,895)	(2,532)
Cash and cash equivalents at end of the year		**29,904**	**34,108**

The accompanying notes are an integral part of these consolidated financial statements.

1. General information

The consolidated financial statements of Dione TopCo Limited and its subsidiaries (collectively, the Group) for the year ended 31 December 2024 were approved by the Board and authorised for issue on 23 April 2025. Dione TopCo Limited (the Company) is a private company limited by shares and registered in Jersey. Its registered office is disclosed on page 9.

The principal activities of the Group and the nature of its operations are disclosed within the Directors' Report on page 10.

These financial statements are presented in Pounds Sterling (GBP), being the currency of the primary economic environment in which the Group operates. All amounts are rounded to the nearest thousand (£'000), except when otherwise indicated. Due to rounding, differences may arise when individual amounts or percentages are added together.

Foreign operations are included in accordance with the policies set out in note 5.

2. Basis of accounting

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted in the United Kingdom ("UK adopted IFRS" or "IFRS") and are prepared under Companies (Jersey) Law 1991 and those aspects of the Companies Act 2006 required by the Overseas Regulations 2009.

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

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

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

3. Recent accounting pronouncements

In the year, the Group applied, for the first time certain standards and amendments to IFRS Accounting Standards as adopted in the United Kingdom that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective, as they will not have a significant impact on the presentation of the Group financial statements.

Amendments to classification and measurement requirements for financial instruments - Amendments to IFRS 9 and IFRS 7

Presentation and Disclosure in Financial Statements - IFRS 18

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements under IFRS requires the Group to make estimates and judgments that affect the application of policies and reported amounts. Estimates and judgments are continually evaluated along with other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Although these estimates and judgements made by the Group's management were based on the best information available at 31 December 2024, it is possible that events which might take place in the future would require their adjustment in future periods.

Critical judgements in applying the Group's accounting policies

Included below are the areas that management believe require estimates, judgments and assumptions which have the most significant effect on the amounts recognized in the financial statements.

Group key sources of estimation uncertainty

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

(i) Provision for expected credit losses (note 22)

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

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

(ii) Impairment of goodwill – Estimate of future cash flows and determination of the discount rate (note 14)

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

(iii) Items held at fair value (notes 28, 30, 31)

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

- Financial instruments

- Net defined benefit liabilities

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

(iv) Revenue recognition (note 6)

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

(v) Classification of preference shares as liabilities (note 26)

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

5. Accounting policies

The following material accounting policies have been used consistently in the preparation of these consolidated financial statements.

A. Going Concern

The accompanying consolidated financial statements of the Group have been prepared assuming the Group will continue as a going concern. The going concern basis of presentation assumes that the Group will continue in operation for at least a period of one year after the date these consolidated financial statements are issued, and contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

After having reviewed in detail the current trading position, forecasts and prospects of the Group, the terms of trade in operation with customers and suppliers, and the cash balances which are immediately available for use held on the Consolidated Statement of Financial Position at the date of approval of the financial statements, the Directors are satisfied that the Group has sufficient resources available to continue in operational existence for the foreseeable future. Management have considered the financial impact of the new US tariffs to the future cashflows and do not deem there to be a material impact to the 5 year plan.

When considering the Group's going concern assumption, the Directors have performed a reverse stress test on the Group's cashflow forecasts to determine the required decline in Revenue versus the Going Concern scenario before the Group's working capital requirements were breached. This scenario excluded any cost-saving measures the Group would employ in this scenario and showed that Revenue would need to reduce by more than 11% over the assessment period for the Group to have insufficient working capital to meet its liabilities. The Directors do not consider this to be a likely scenario however, if Revenue were to decline to this level then mitigating actions, such as the reduction of discretionary spend, could be taken.

The Directors also considered that the Group is well diversified, with at least 10 countries generating 80% of its revenue. The Group's largest market is the UK comprising c. 22.5% of revenue with the Group's largest customer representing less than 1% of total revenue. On this basis, the directors consider the Group's business to be sufficiently geographically diversified not to be overly reliant on one market or individual customer.

The Directors do not believe there to be a material uncertainty around the Group's ability to continue as a going concern.

Based on the above factors, the Directors have a reasonable expectation that the Group has and will have adequate resources to continue in operational existence for a period of at least one year from the date of issuance of these financial statements, 23 April 2025, and therefore have prepared the consolidated financial statements on a going concern basis.

B. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) for the year ended 31 December 2024. Control is achieved when the Company:

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

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

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

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

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

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any residual gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

5. Accounting policies (continued)

C. Business Combinations

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

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

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

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

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

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

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

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

D. Goodwill

Goodwill is initially recognised and measured as set out above.

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

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

5. Accounting policies (continued)

E. Investments in Joint Ventures

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

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

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

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

F. Revenue Recognition

The Group recognises revenue from the following major sources:

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

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

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

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

ii. Sale of Cybersecurity Software with a Perpetual License

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

G. Leases

Where lease liabilities are incurred by the Group it assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date,

5. Accounting policies (continued)

G. Leases (continued)

discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

H. Foreign Currencies

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

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

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

5. Accounting policies (continued)

H. Foreign Currencies (continued)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate). Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

I. Borrowing Costs

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

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

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

J. Operating loss and exceptional costs

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

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

K. Retirement and Benefit Costs

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

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

Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

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

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

Net interest expense or income is recognised within finance costs.

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

5. Accounting policies (continued)

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

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

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

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

M. Taxation

Tax Expense

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

Current Tax

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

Deferred Tax

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

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

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

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

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

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

Current and deferred tax for the year

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

5. Accounting policies (continued)

N. Property, Plant and Equipment

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

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

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

N. Property, Plant and Equipment (continued)

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

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

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

O. Intangible Assets

Intangible assets separately acquired

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

Customer relationships	11 to 14 years
Brand and other intangibles	1 to 10 years
Software	1 to 4 years

Internally-generated intangible assets – research and development expenditure

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

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

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

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

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

5. Accounting policies (continued)

Intangible assets acquired in a business combination

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

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

Derecognition of intangible assets

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

P. Impairment of non-financial assets excluding goodwill

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

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

Q. Cash and bank balances

Cash and bank balances in the statement of financial position comprises cash at banks and on hand. Refer to note 31 for details of restrictions and exchange controls relating to cash held in overseas subsidiaries.

R. Prepayments

Prepayments are payments made for goods or services that will be received in the future. These are initially recorded as assets and amortised over time as the benefit of the prepaid expense is realised.

S. Financial Instruments

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

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

5 Accounting policies (continued)

S. Financial Instruments (continued)

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs for the asset or liability that are based on observable market data (i.e. observable inputs); and
- Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

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

The principal accounting policies adopted are set out below.

<u>**Financial assets**</u>

Classification of financial assets

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

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

Impairment of financial assets

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

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

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

Write-off policy

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

Measurement and recognition of expected credit losses

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

<u>**Financial liabilities and equity instruments**</u>

Classification as debt or equity

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

5. Accounting policies (continued)

S. Financial Instruments (continued)

Equity Instruments

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

Financial Liabilities

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

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

Trade and other payables

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

Loans and borrowings

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

Financial Liabilities held in a foreign currency

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity. The Group does not have any financial instruments which are part of a designated hedging relationship.

Derivative financial instruments – Interest rate swaps

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

T. Provisions and Contingent Liabilities

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

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

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

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

5. Accounting policies (continued)

U. Share-based payments

Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 30.

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

Employee share ownership trust

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

6. Revenue

Information reported to the Group's Chief Executive (the Chief Operating Decision Maker (CODM)) for the purposes of resource allocation and assessment of segment performance is focused on the category of customer for each type of activity.

Assessment	The provision of business assurance services
Advisory	The provision of advisory services
Inspection Services	The provision of Inspection Services
Cybersecurity	The sale of digital products, software licenses and implementation services

External revenue by product line	12 months to 31 December 2024 £'000	12 months to 31 December 2023 £'000
Cybersecurity	42,960	38,184
Assessment	230,126	220.657
Advisory	33,945	32,193
Inspection Services	115,920	108,688
	422,951	**399,722**

External revenue by Geographical location	12 months to 31 December 2024 £'000	12 months to 31 December 2023 £'000
UK	95,092	86,647
EMEA	152,709	138,671
APAC	55,531	53,127
Greater China	66,798	78,853
Americas	52,821	42,424
	422,951	**399,722**

Contract assets and liabilities are disclosed within notes 23 and 25 respectively.

7. Profit/(loss) from operations

Operating profit/(loss) for the year is stated after charging/(crediting):

	12 months to 31 December 2024 £'000	12 months to 31 December 2023 £'000
Net foreign exchange loss/(gain)	(2,895)	(2,339)
Research and development costs	320	132
Depreciation of property plant and equipment (note 17)	2,107	1,569
Depreciation of right-of-use assets (note 18)	6,832	6,825
Amortisation of intangible assets included in other operating expenses (note 16)	25,097	25,297
Gain/(loss) on disposal of fixed assets	512	(8)
Share-based payment expense (note 30)	2,637	2,646
Employee benefit expense (note 10)	199,353	200,062
Loss allowance on trade receivables (note 22)	(537)	(3,891)
Loss allowance on amounts due from contract assets (note 23)	1,051	(1,032)
Exceptional items (note 8)	23,791	30,706

8. Exceptional items

The Group acquired LRQA Group Limited and its trading group on 2 December 2021 from Lloyd's Register Group Limited. During the period and prior periods the Group incurred expenses associated with the set-up of the Group's operations as a stand-alone enterprise along with other costs which are exceptional in nature in that they do not represent part of the ongoing costs of operations. Some of these programmes continued to deliver the change management initiatives after 2022 and into the current financial year, however a considerable portion of these costs incurred in 2022 were not repeated into 2023 or 2024 and are not expected to continue in future periods. As a result, these have been separately stated on the face of the consolidated statement of profit or loss as a non-statutory measure to present an adjusted Group operating profit before inclusion of these costs.

During the year these costs related to:

	12 months to 31 December 2024	**12 months to 31 December 2023**
	£'000	**£'000**
Non-recurring strategic and restructuring costs	18,001	25,387
Earnouts	5,469	5,076
Acquisition costs	321	243
	23,791	**30,706**

Non-recurring strategic and restructuring costs: The Group continues to invest in significant change management and advisory expenditure, some of which has continued from the carve-out of the business operations from the Lloyd's Register Group in November 2021, these costs are necessary to ensure the business can operate and report on a standalone basis.

Earnouts: The acquisition of Elevate contained arrangements where retained staff were entitled to further remuneration should the acquired business meet agreed performance targets until April 2025. These payments are conditional on continued service and are recognised as an operating expense in accordance with IFRS.

Acquisition costs: These costs relate to legal and professional fees directly attributable to the acquisitions described in note 15.

9. Auditor's Remuneration

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

	12 months to 31 December 2024	**12 months to 31 December 2023**
	£'000	**£'000**
Fees payable to the Company's auditor and its associates for the audit of the Company and its consolidated financial statements	622	576
Fees payable to the Company's auditor and its associates for other services to the Group:		
Audit of the Company's subsidiaries	866	610
Total fees	**1,488**	**1,186**

10. Staff costs

The average monthly number of employees (including executive directors) during the year was 3,228 (2023: 3,207).

	31 December 2024 Number	31 December 2023 Number
Average number of employees for the year:		
Business Assurance	1,584	1,769
Inspections Services	754	752
Cybersecurity	229	232
Administrative and support	661	454
	3,228	**3,207**

Their aggregate remuneration was comprised of:	**£’000**	**£'000**
Wages and salaries	164,667	168,397
Social security costs	19,101	16,885
Other pension costs	15,585	14,780
	199,353	**200,062**

Aggregate Directors’ Remuneration

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

	31 December 2024		31 December 2023	
	All directors £'000	Highest paid director £'000	All directors £'000	Highest paid director £'000
Salaries, fees, bonuses and benefits in kind	814	360	742	317
Money purchase pension contributions	47	26	65	44
	861	**386**	**807**	**361**

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

11. Net Finance Expense

	12 months to 31 December 2024 £'000	12 months to 31 December 2023 £'000
Interest on bank overdrafts and loans	35,296	26,003
Foreign exchange gains on loans and borrowings	(9,812)	(5,449)
Coupon payable on preference shares	52,174	47,302
Loan amortisation expense	1,407	1,223
Interest on lease liabilities	296	378
Total interest expense for financial liabilities not classified as at FVTPL	79,361	69,457
Less: amounts included in the cost of qualifying assets		
Net interest expense on defined benefit obligation	970	930
Interest rate swaps on borrowings (note 21)	1,859	2,180
Other finance costs	48	1
Finance income	(569)	(35)
Net finance expense	**81,669**	**72,533**

12. Income Tax

(i) Tax expense/(credit) excluding tax share of equity accounted joint ventures	12 months to 31 December 2024 £'000	12 months to 31 December 2023 £'000
Current tax expense		
Current tax on profits for the year	10,155	7,887
Adjustment for under provision in the prior year	234	696
Total current tax expense	**10,389**	**8,583**
Deferred tax recovery		
Origination and reversal of temporary differences (note 13)	(5,002)	(6,268)
Tax rate change differences	(2)	(6)
Adjustment for under provision in the prior year	1,717	1,705
Total deferred tax credit	**(3,287)**	**(4,569)**
	7,102	**4,014**

	12 months to 31 December 2024 £'000	12 months to 31 December 2023 £'000
(ii) Total tax expense		
Tax expense excluding share of tax of equity accounted joint ventures (as above)	7,102	4,014

The reasons for the difference between the actual tax expense for the year and the standard rate of corporation tax applied to profits/(losses) for the year are as follows:

	12 months to 31 December 2024 £'000	12 months to 31 December 2023 £'000
Loss before income taxes	(78,344)	(93,159)
Tax using the Group's weighted average tax rate of 23.5% (2023: 23.5%)	(18,411)	(21,892)
Effects of:		
Expenses not deductible net of income not taxable for tax purposes	10,577	12,065
Recognition of previously unrecognised deferred tax assets	-	171
Current year unprovided timing differences	11,931	11,232
Different tax rates applied in overseas jurisdictions	(370)	(577)
Different tax rate on IFRS adjustments	(424)	(260)
Tax rate changes	(2)	6
Adjustment for under provision in the prior year	1,988	1,895
Other taxes – primarily withholding tax	1,813	1,374
Total tax expense	**7,102**	**4,014**

12. Income Tax (continued)

Changes in tax rates and factors affecting the future tax charge

The UK Corporation tax rate is 25% and the overseas deferred tax assets have been recognised at the substantively enacted tax rate in that country.

Estimates and assumptions, including uncertainty over income tax

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

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

No material uncertain tax positions exist as at 31 December 2024 (2023: none). The assessment relies on estimates and assumptions and may involve a series of complex judgements about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact the tax expense in the period in which such determination is made.

The OECD’s Pillar Two framework aims to ensure multi-national enterprises with global revenues above €750 million pay a minimum tax rate on income within each jurisdiction in which they operate. The business does not qualify under Pillar Two currently, as it does not meet the thresholds. Management is actively monitoring the potential future impact.

13. Deferred Tax

	31 December 2024 £'000	31 December 2023 £'000
Opening balance	(45,245)	(49,869)
Recognised in profit and loss:		
Tax credit	3,287	4,569
Foreign exchange differences	230	(225)
Recognised in other comprehensive income:		
Actuarial (loss)/gain on defined benefit pension schemes	(456)	742
Foreign exchange arising on retranslation of defined benefit pension schemes	(527)	(462)
Closing balance	**(42,711)**	**(45,245)**

Disclosed as:	31 December 2024 £'000	31 December 2023 £'000
Deferred tax asset ,	14,447	18,010
Deferred tax liability	(57,158)	(63,255)
	(42,711)	**(45,245)**

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

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

As at 31 December 2024 the Group has recognised intangibles of £226.5m (2023: £226.5m) in relation to the acquisition of the LRQA Group. A net deferred tax liability of £51.2m (2023: £57.0m) in respect of these intangibles has been recognised in the closing balance sheet at a blended tax rate of 25.18%. The deferred tax liability will unwind in line with the amortisation of the intangibles.

In addition, as at 31 December 2024 the Group has recognised a net deferred tax liability of £5.2m (2023: £6.0m) in respect of intangibles recognised in relation to the acquisition of the Elevate group, using a blended rate of 21.57%. The deferred tax liability will unwind in line with the amortisation of the intangibles.

No deferred tax asset has been recognised on the withholding tax suffered from our clients by our subsidiaries operating primarily in India and in China as they are available for offset against the local tax liabilities.

13. Deferred Tax (continued)

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

	Accelerated capital allowances £'000	Retirement benefit obligations £'000	Tax losses available £'000	Other temporary and deductible differences £'000	IFRS Business Combinations, credit loss and leases £'000	Arising on business combinations £'000	Total £'000
As at 31 December 2022	**399**	**8,698**	**7,232**	**2,309**	**(61,645)**	**(6,862)**	**(49,869)**
Credited/(charged) to the P&L	235	(18)	(2,041)	193	(887)	6,862	**4,344**
Credited to equity	-	742	-	-	-	-	**742**
Foreign currency translation	-	(462)	-	-	-	-	**(462)**
As at 31 December 2023	**634**	**8,960**	**5,191**	**2,502**	**(62,532)**	**-**	**(45,245)**
Credited/(charged) to the P&L	(1,048)	(619)	(1,036)	131	6,089	-	**3,517**
Credited to equity	-	(456)	-	-	-	-	**(456)**
Foreign currency translation	-	(527)	-	-	-	-	**(527)**
As at 31 December 2024	**(414)**	**7,358**	**4,155**	**2,633**	**(56,443)**	**-**	**(42,711)**
Disclosed as:							
Deferred tax assets	600	7,358	4,359	2,118	12	-	14,447
Deferred tax liabilities	(1,014)	-	(204)	515	(56,455)	-	(57,158)
As at 31 December 2024	**(414)**	**7,358**	**4,155**	**2,633**	**(56,443)**	**-**	**(42,711)**

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

	Gross 31 December 2024 £'000	Net 31 December 2024 £'000	Gross 31 December 2023 £'000	Net 31 December 2023 £'000
Accelerated capital allowances	184	46	28	7
Retirement benefit obligations	559	140	231	58
Tax losses, interest and share- based payments	156,129	39,032	84,315	21,079
Other temporary and deductible differences	1,162	291	1,834	458
	158,034	**39,509**	86,408	21,602

As at 31 December 2024, the unprovided deferred tax assets of £39.5m (2023: £21.6m) consists of tax losses of £14.7m (2023: £10.1m), corporate interest restriction of £20.4m (2023: £10.1m) and share based payment of £2.0m (2023: £1.4m) can be carried forward indefinitely against future taxable income. The deductible temporary differences can be carried forward indefinitely.

LRQA

14. Goodwill

	31 December 2024 £'000	31 December 2023 £'000
Opening balance	343,521	342,988
Recognised on acquisition of subsidiaries	7,698	1,059
Effects of exchange rate movements	1,040	(526)
Closing balance	**352,259**	**343,521**

The carrying amount of goodwill has been allocated to the following groups of CGUs on the basis that they will benefit from synergies relating to shared procedures, processes, systems and resources and the level at which goodwill is monitored for internal management purposes. Goodwill is allocated based upon the forecast contribution to Group cashflows of each respective business. The CGUs set out below contain no intangible assets with indefinite useful lives allocated to the units.

	31 December 2024		31 December 2023	
	Discount rate %	Carrying amount £'000	Discount rate %	Carrying amount £'000
Business Assurance and Inspection Services	10.25%	262,003	9.75%	254,163
Cybersecurity	9.50%	29,474	8.75%	29,313
Elevate	11.00%	60,782	10.50%	60,045
Total		**352,259**		**343,521**

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill may be impaired. As at 31 December 2024 there was no impairment identified on any of the goodwill balances.

Assumptions

The recoverable amount of the 'Business Assurance and Inspection Services', 'Cybersecurity' and 'Elevate' cash-generating units have been determined based on a value in use calculations using cash flow projections from financial budgets approved by the Directors covering a five-year period, and a pre-tax discount rate calculated by on the basis of the Group's weighted average cost of capital.

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

Forecast Sales Growth

Forecast sales growth rates are based on the historical experience of those entities prior to purchase by the Group, and past data for revenue streams that have been acquired by newly incorporated group companies, adjusted for investments carried out during the current period to modernize, digitize and expand the range of services that Group offers to customers. These services include the cross selling of Business Assurance and Inspection Services to existing customers of Cybersecurity and Elevate products and vice versa.

Operating Profits

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

Cash Conversion

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

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

15. Acquisition of subsidiaries

Acquisitions in 2024

On 25 October 2024, LRQA Group Limited acquired Ergon Associates, a global consultancy provider with over 25 staff based throughout Europe and the UK. Ergon provides a wide range of services for global customers – including the European Commission, the World Bank, and McDonald's. Ergon's service offering focusses on ensuring customers meet local and international requirements on work standards and labour practices, due diligence on human rights within the supply chain, and support on issues such as interpreting labour laws, responding to human rights challenges and addressing stakeholder complaints.

From the date of acquisition, Ergon Associates has contributed £896k of revenue to the Group's statement of comprehensive income together with after tax profit of £429k. If the acquisition had been completed on the first date of their financial year, 1 April 2024, Ergon Associates contribution to Group's revenue would have been £2m and the after tax profit would have been £61k. Details of the purchase considerations, the fair values of the net assets acquired and goodwill arising on the date of acquisition are set out below:

	Ergon Associates (Book value and fair value)
Non-current assets	**£'000**
Property, plant and equipment	83
	83
Current assets	
Contract assets	94
Trade and other receivables	599
Cash and bank balances	802
	1,495
Current liabilities	
Trade and other payables	(73)
Contract liabilities	(84)
Accruals	(294)
	(451)
Fair value of identifiable assets acquired	**1,127**
Total purchase consideration	**8,825**
Goodwill on acquisition	**7,698**

Total purchase consideration was made up of both cash and shares.

Goodwill has been recognised as part of this acquisition as a result of expected synergies from combining operations of the acquiree and acquirer and intangible assets that do not qualify for sperate recognition. The directors have assessed separately identifiable intangible assets arising on the acquisition and are satisfied that these are not material, and have therefore not been recognised.

StepUp Learning Company Inc.

On 16 December 2024, LRQA Inc completed the acquisition of certain assets of StepUp Learning Company Inc., a management consulting, advisory, training and audit provider based in Toronto servicing customers across North America for consideration of 630,000 CAD. StepUp brings additional expertise in food and beverage safety in the Americas, which is a key growth market for LRQA. LRQA will support StepUp in scaling its end-to-end supply chain management solutions by leveraging its global footprint, enhanced by data-driven monitoring through LRQA's supply chain intelligence platform, EiQ, along with Environmental, Social and Governance (ESG) and cybersecurity consultancy.

16. Other intangible assets

Cost or valuation	Customer relationships £'000	Brand and other intangibles £'000	Software £'000	Total £'000
As at 31 December 2022	264,374	61,311	3,691	**329,376**
Acquisition of a subsidiary	-	169	398	**567**
Additions	-	-	2,648	**2,648**
Disposals	-	-	(335)	**(335)**
Exchange differences	(1,534)	(200)	(450)	**(2,184)**
As at 31 December 2023	**262,840**	**61,280**	**5,952**	**330,072**
Acquisition of a subsidiary	-	-	131	**131**
Additions	-	-	4,742	**4,742**
Write off	-	-	(971)	**(971)**
Exchange differences	761	666	826	**2,253**
As at 31 December 2024	**263,601**	**61,946**	**10,680**	**336,227**
Amortisation				
As at 31 December 2022	21,039	28,651	634	**50,324**
Charged in the year	20,310	4,134	853	**25,297**
Disposals	-	-	(155)	**(155)**
Exchange differences	(122)	(54)	(24)	**(200)**
As at 31 December 2023	**41,227**	**32,731**	**1,308**	**75,266**
Charged in the year	20,604	3,954	539	**25,097**
Write off	-	-	(971)	**(971)**
Exchange differences	2,876	812	4	**3,691**
As at 31 December 2024	**64,707**	**37,497**	**880**	**103,083**
Net book value				
As at 31 December 2023	221,613	28,549	4,644	254,806
As at 31 December 2024	**198,894**	**24,449**	**9,800**	**233,143**

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

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

Software includes purchased licences, internally generated software assets and acquired technology. The useful life of these assets is estimated to be between 1 - 4 years.

17. Property, plant and equipment

	Land and buildings	Leasehold improvements	Office fixtures and fittings	Computer equipment	Motor vehicles	Total
Cost or valuation	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
As at 31 December 2022	3,300	468	1,114	2,411	229	**7,522**
Acquisition of a subsidiary	-	-	8	-	3	**11**
Additions	-	1,319	188	442	-	**1,949**
Disposals	-	-	(1)	(5)	(83)	**(89)**
Exchange differences	(53)	(23)	(75)	(141)	9	**(283)**
As at 31 December 2023	**3,247**	**1,764**	**1,234**	**2,707**	**158**	**9,110**
Acquisition of Subsidiary	26	-	33	23	-	**82**
Additions	-	-	-	979	-	**979**
Disposals	(2,922)	-	(313)	(18)	(15)	**(3,268)**
Exchange differences	(73)	(73)	(124)	(719)	(7)	**(996)**
As at 31 December 2024	**278**	**1,691**	**830**	**2,972**	**136**	**5,907**
Depreciation						
As at 31 December 2022	48	103	353	726	152	**1,382**
Charged in year	328	157	290	765	29	**1,569**
Disposal	-	-	-	-	(81)	**(81)**
Exchange differences	1	11	(61)	(82)	8	**(123)**
As at 31 December 2023	**377**	**271**	**582**	**1,409**	**108**	**2,747**
Charged in year	(13)	634	119	1,345	22	**2,107**
Disposal	(112)	-	(8)	(716)	(13)	**(849)**
Exchange differences	(4)	(38)	(280)	(905)	(5)	**(1,232)**
As at 31 December 2024	**248**	**867**	**413**	**1,133**	**112**	**2,773**
Net book value						
As at 31 December 2023	2,870	1,493	652	1,298	50	6,363
As at 31 December 2024	**30**	**824**	**417**	**1,839**	**24**	**3,134**

The Directors have assessed property, plant and equipment and are satisfied that no provision for impairment is required at 31 December 2024.

18. Right-of-use assets

	Cars	Buildings	Total
Cost	**£'000**	**£'000**	**£'000**
As at 31 December 2022	9,955	10,622	**20,577**
Additions	2,544	4,111	**6,655**
Modifications	-	(142)	**(142)**
Disposals	(1,208)	(1,094)	**(2,302)**
Exchange differences	(202)	(115)	**(317)**
As at 31 December 2023	**11,089**	**13,382**	**24,471**
Additions	566	211	**777**
Modifications	(1)	362	**361**
Disposals	(2,189)	(780)	**(2,969)**
Exchange differences	(396)	(543)	**(939)**
As at 31 December 2024	**9,069**	**12,632**	**21,701**
Amortisation			
As at 31 December 2022	3,228	2,980	**6,208**
Charge in the year	3,250	3,575	**6,825**
On disposals	(1,208)	(1,094)	**(2,302)**
Exchange differences	(68)	(75)	**(143)**
As at 31 December 2023	**5,202**	**5,386**	**10,588**
Charge in the year	3,283	3,549	**6,832**
On disposals	(2,189)	(780)	**(2,969)**
Exchange differences	(716)	(1,010)	**(1,728)**
As at 31 December 2024	**5,580**	**7,145**	**12,725**

	Cars	Buildings	Total
Net book value	**£'000**	**£'000**	**£'000**
As at 31 December 2023	5,887	7,996	13,883
As at 31 December 2024	**3,489**	**5,487**	**8,976**

At 31 December 2024 the Group leased 19 leasehold properties which fell within the scope of IFRS16 (2023: 20). The average lease term is 3.3 years (2023: 3.7 years).

At 31 December 2024 the Group leased 302 motor vehicles (2023: 415). The average lease term is 3.2 years (2023: 3.7 years).

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

	12 months to 31 December 2024	12 months to 31 December 2023
	£'000	**£'000**
Depreciation of right-of-use assets	6,832	6,825
Interest on lease liabilities	296	378
Expense on short-term and low-value assets	843	1,030

Total future minimum lease payments are disclosed in note 32.

19. Lease liabilities

	Cars	Buildings	Total
	£'000	£'000	£'000
As at 31 December 2022	6,774	7,119	**13,893**
Additions	2,544	4,111	**6,655**
Modifications	-	(212)	**(212)**
Interest	128	250	**378**
Payments in period	(3,351)	(3,276)	**(6,627)**
Exchange differences	20	(180)	**(160)**
As at 31 December 2023	**6,115**	**7,812**	**13,927**
Additions	566	211	**777**
Modifications	(1)	362	**361**
Interest	95	201	**296**
Payments in period	(2,864)	(3,487)	**(6,351)**
Exchange differences	(353)	1,343	**990**
As at 31 December 2024	**3,558**	**6,442**	**10,000**

Analysed as:

	31 December 2024	31 December 2023
	£'000	£'000
Current	(5,726)	(5,977)
Non-Current	(4,274)	(7,950)
Total	**(10,000)**	**(13,927)**

Maturity Analysis

	Cars	Buildings	Total
	£'000	£'000	£'000
31 December 2023			
0-1 Year	(2,774)	(3,203)	(5,977)
1-5 Years	(3,341)	(4,609)	(7,950)
Total undiscounted lease liability	**(6,115)**	**(7,812)**	**(13,927)**
31 December 2024			
0-1 Year	(1,899)	(3,827)	(5,726)
1-5 Years	(1,659)	(2,615)	(4,274)
Total undiscounted lease liability	**(3,558)**	**(6,442)**	**(10,000)**

The Group does not face a significant liquidity risk in respect of its lease liabilities.

The weighted average discount rate used to calculate the present value of lease liabilities was 2.02% (2023: 2.8%).

20. Joint ventures

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

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

The shareholders' agreements in place for LRQA Apave Limited results in the Group not having overall control of the Company despite the level of ownership. The joint venture is accounted for using the equity method in these consolidated financial statements in accordance with the Group's accounting policies set out in note 5.

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

	31 December 2024 £'000	31 December 2023 £'000
LRQA Apave Limited	502	554

Summarised financial information in accordance with IFRS 12 has not been included on the basis that the joint venture is not material to the Group.

21. Derivative financial instruments

Financial liabilities/assets designated at fair value through profit or loss

	31 December 2024 £'000	31 December 2023 £'000
Interest rate swaps	(1,352)	507

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

22. Trade and other receivables

	31 December 2024 £'000	31 December 2023 £'000
Trade receivables	85,782	79,156
Allowance for expected credit losses	(7,239)	(6,702)
Other receivables	5,457	12,741
Taxation recoverable	4,314	3,535
	88,314	**88,730**

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

Other receivables in the prior year included £5.1m, which should have been allocated to Contract assets (Note 23). This amount is not material to the accounts as a whole and therefore the 2023 comparatives have not been restated.

22. Trade and other receivables (continued)

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses ('ECL'). The expected credit losses on trade receivables are estimated by reference to past default experience of similar receivables, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate. The Group has recognised a loss allowance of 100 per cent against all receivables over 150 days (2023: 120 days) past due because historical experience has indicated that these receivables are generally not recoverable, this has moved from prior year due to improved aging analysis.

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

		Trade receivables past due						
As at 31 December 2024	**Not past due**	**<30 days**	**31-60 days**	**61-90 days**	**91-120 days**	**120-150 days**	**>150 days**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Expected credit loss rate	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	100%	**8.40%**
Gross carrying amount	46,848	17,871	11,500	3,224	1,616	1,223	3,500	**85,782**
Loss allowance	(2,129)	(812)	(523)	(147)	(73)	(56)	(3,500)	**(7,240)**
Net carrying amount	**44,719**	**17,059**	**10,977**	**3,077**	**1,543**	**1,168**	**-**	**78,542**
As at 31 December 2023								
Expected credit loss	5.81%	5.81%	5.81%	5.81%	5.81%	5.81%	100%	**8.47%**
Gross carrying amount	20,613	34,823	14,318	4,739	1,876	552	2,235	**79,156**
Loss allowance	(1,197)	(2,022)	(831)	(275)	(109)	(33)	(2,235)	**(6,702)**
Net carrying amount	**19,416**	**32,801**	**13,487**	**4,464**	**1,767**	**519**	**-**	**72,454**

The prior period aging has been updated as a result of the changes made in policy noted above.

23. Contract Assets

	31 December 2024	**31 December 2023**
	£'000	**£'000**
Assessment contracts	10,170	10,579
Inspection contracts	11,826	10,307
Cyber contracts	162	16
Advisory	4,462	122
Total	**26,623**	**21,025**
Current	26,623	21,025
Non-current	-	-
Total	**26,623**	**21,025**

Amounts relating to contract assets are balances due from customers on services contracts that arise when the Group performs work in line with contractual commitments. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. Contract assets in the prior year were understated by £5.1m, with any allocation made to Other receivables (Note 22). This adjustment is not material to the accounts as a whole and has therefore not been corrected in the comparative.

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

23. Contract Assets (continued)

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

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

During the current period, the group performed an assessment over the accuracy of the loss rate applied to contract assets. Based on empirical evidence and the short term nature of the un-invoiced work the directors determined that an ECL provision based on loss rates would not be material. Specific provisions are still made against individual contract asset balances as shown in the table below.

	31 December 2024	31 December 2023
Expected credit loss rate	1.38%	5.97%
	£'000	£'000
Estimated total gross carrying amount	26,996	22,449
Lifetime ECL	(373)	(1,424)
Net carrying amount	**26,623**	**21,025**

24. Trade and other payables

	31 December 2024 £'000	31 December 2023 £'000
Trade payables	(23,499)	(20,891)
Other payables	(16,961)	(12,796)
Other taxation and social security	(8,281)	(6,851)
Accruals	(39,596)	(36,993)
	(88,337)	**(77,531)**

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

25. Contract Liabilities

	31 December 2024 £'000	31 December 2023 £'000
Assessment contracts	(2,824)	(3,826)
Inspection Services contracts	(4,429)	(2,943)
Cyber contracts	(2,341)	(3,216)
Advisory contracts	(3,522)	(4,548)
	(13,116)	**(14,533)**
Current	(13,116)	(14,533)
Non-current	-	-
Total	**(13,116)**	**(14,533)**

Revenue relating to services is recognised over the period in which the services are delivered, however customers can pay in advance for the delivery of these services. In such instances, a contract liability is recognised for future revenue at the receipt of payment and is released over the service period.

All contract liabilities recognised in the periods were released to revenue in the current year.

26. Loans and borrowings

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

Secured borrowing at amortised cost	31 December 2024 £'000	31 December 2023 £'000
Bank loans drawn in Euros	(195,473)	(204,833)
Bank loans drawn in United States Dollars	(31,484)	(31,198)
Bank loans drawn down in GBP	(62,122)	(49,724)
Total secured borrowing	**(289,079)**	**(285,755)**
Amortized arrangement fee for loans drawn in Euros	5,796	6,245
Amortized arrangement fee for loans drawn in United States Dollars	135	715
Total amortized arrangement fees	**5,931**	**6,960**
Total loans and borrowings	**(283,148)**	**(278,795)**
Current	-	-
Non-current	(283,148)	(278,795)
Total	**(283,148)**	**(278,795)**

Unsecured borrowing at amortised cost	31 December 2024 £'000	31 December 2023 £'000
Redeemable cumulative preference shares	(589,786)	(535,173)

Redeemable cumulative preference shares of £441.8m were issued upon acquisition of the LRQA Group, at an issue price of £1 per share. The preference shares carry non-discretionary dividends of 10% per annum. The preference shares do not carry any equity component and are classified as financial liabilities in their entirety. The accumulated interest after annual compounding, last compounded at 31 December 2024, was £27.5m (2023: £25.0m).

Secured bank loans

In the period of 2022 the Group entered into a Senior Facility Agreement with a consortium of lenders under which it secured a €236m debt facility; a committed acquisition facility (CAF in USD and GBP); and a revolving credit facility (RCF). The debt facility and CAF have a maturity date of 2 December 2028. The RCF has a maturity date of 2 June 2028. In 2024 the Group secured an increase in the RCF Facility and an additional incremental CAF Facility. Together the facilities are secured by a floating charge over the assets of certain of the Group's trading subsidiaries.

The €236m debt facility was fully drawn on 2 December 2021 as part of the financing for the purchase of the LRQA Group. The loan was drawn in Euros and carries an interest rate of 5.25 percent above 3-month EURIBOR. The debt facility is translated to GBP with an amount of £195m (2023: £205m)

£42.4m was drawn down on the CAF in GBP (2023: £29.8m) to date. The balance was drawn down net of transaction fees of £1.3m. The CAF GBP is subject to an interest rate of 5.25 percent margin above 3m SONIA.

£31.5m equivalent is drawn down on the CAF in USD (2023: £31.0m) to date. The balance was drawn in 2022 net of transaction fees of £0.9m The USD CAF drawdown carries an interest rate of 5.25 percent above daily SOFR.

An incremental CAF facility was entered into in December 2024. This was undrawn at 31/12/2024. The incremental CAF is subject to an interest rate of 5.25 percent above benchmark rate for the drawn currency (EURIBOR, SOFR, SONIA).

26. Loans and borrowings (continued)

£23.1m was drawn down on the RCF during the year, of which £23.3m was repaid within the year (2023: £23.1m drawn down and £3.2 repaid). As at 31 December 2024, the total drawn down was £19.7m (2023: £19.9m). The RCF carries an interest rate of 4 percent above SONIA.

The Group is required to ensure that an underlying EBITDA measure remains within a determined ratio compared to borrowings and net cash and cash equivalents. This covenant is tested quarterly. At no point during the period have the covenants been breached breached (2023: none) and we are currently in a position of significant headroom. Management anticipate that there is minimal risk of non-compliance against them within the next twelve months.

27. Provisions for liabilities

	Legal claims £'000	Employee related £'000	Property £'000	Total £'000
As at 31 December 2022	900	9,504	1,913	12,317
Utilised during the year	(625)	(9,969)	-	(10,594)
Exchange differences	-	10	(25)	(15)
Charged/(credited) to profit or loss	222	4,870	(141)	4,951
As at 31 December 2023	**497**	**4,415**	**1,747**	**6,659**
Utilised during the year	(258)	(7,131)	-	(7,389)
Exchange differences	-	(64)	(31)	(95)
Charged/(credited) to profit or loss	186	7,503	(49)	7,640
As at 31 December 2024	**425**	**4,723**	**1,667**	**6,815**

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

Employee related: Provision is made for certain employee benefits, including management incentive and retention schemes associated with the Group's acquisitions of Elevate and £1.9m relating to the settlement of Netherlands pension obligations and other employment related costs. Settlement of these provisions raised in the prior year were completed in the current financial year. Additional provisions were raised for the current service periods in terms of the Elevate retention scheme. The measurement of the provision is based upon the terms and performance conditions of legal agreements entered into by Group companies and the likely settlement based upon historical and forecast performance of the respective operations.

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

28. Retirement and termination benefits

Defined contribution plans

The Group operates defined contribution plans in a number of countries. The Group's contributions to these plans in the current period was £11.3 m (2023: £11.7m).

Defined benefit pension plans

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

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

Other long-term employee benefits

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

28. Retirement and termination benefits (continued)

Assumptions

The disclosures have been calculated by qualified independent actuaries, based on the assumptions of the Directors and the most recent full actuarial valuations for funded schemes (completed at various dates) and updated to 31 December 2024.

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

The principal financial assumptions used at 31 December 2024 for significant schemes are summarised below.

	France		Germany		Japan		All Countries [1]	
	2024	2023	2024	2023	2024	2023	2024	2023
Assumptions to determine defined benefit obligation								
Discount rate	3.20%	3.35%	3.60%	3.60%	1.95%	1.60%	3.46%	3.48%
Salary increase rate	2.00%	2.20%	2.00%	2.20%	2.20%	2.20%	2.35%	2.53%
Price inflation rate	2.00%	2.20%	2.00%	2.20%	2.00%	2.00%	2.01%	2.16%
Assumptions to determine defined benefit cost								
Discount rate	3.35%	4.00%	3.60%	4.25%	1.60%	1.45%	3.48%	3.81%
Salary increase rate	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.53%	2.50%
Price inflation rate	2.20%	2.20%	2.20%	2.20%	2.00%	2.00%	2.16%	2.15%
Post-retirement mortality assumption used to determine both obligation and cost (in years)								
Retiring today	M 25.2 F 28.7	M 25.2 F 28.7	M 20.8 F 24.2	M 20.8 F 24.2	M 20.3 F 25.1	M 20.3 F 25.1	Various	Various
Retiring in 25 years	M 27.3 F 30.9	M 28.2 F 31.7	M 24.1 F 26.9	M 24.1 F 26.9	M 20.3 F 25.1	M 20.3 F 25.1	Various	Various

[1] Weighted average for all defined benefit schemes.

For mortality tables, the Group has used various different tables appropriate to the territory under review. The retirement age is assumed to be 65.

Defined benefit obligation – sensitivity analysis

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

	Impact on the defined benefit obligation	
Change in assumption	**31 December 2024 £000's**	**31 December 2023 £000's**
Discount rate - increase by 0.25%	706	773
Discount rate - decrease by 0.25%	(680)	(734)
Price inflation - increase by 0.25%	(500)	(326)
Price inflation - decrease by 0.25%	514	514
Life expectancy - increase of 1 year	392	648

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

28. Retirement and termination benefits (continued)

Amounts recognised in the consolidated balance sheet:

As at 31 December 2024	**France £'000**	**Germany £'000**	**Japan £'000**	**Other countries £'000**	**Total £'000**
Cash and cash equivalents	-	-	-	156	156
Equity instruments	-	-	-	338	338
Debt instruments	-	-	-	379	379
Other*	2	-	-	945	945
Fair value of plan assets	2	-	-	1,818	1,818
Present value of funded scheme liabilities	-	-	-	(761)	(761)
	2	-	-	1,057	1,059
Present value of unfunded liabilities	(7,412)	(7,368)	(4,126)	(7,089)	(25,995)
Net pension liability	**(7,410)**	**(7,368)**	**(4,126)**	**(6,032)**	**(24,936)**
As at 31 December 2023					
Cash and cash equivalents	-	-	-	228	228
Equity instruments	-	-	-	230	230
Debt instruments	-	-	-	389	389
Other*	1	-	-	1,051	1,052
Fair value of plan assets	1	-	-	1,898	1,899
Present value of funded scheme liabilities	-	-	-	(4,394)	(4,394)
	1	-	-	(2,496)	(2,495)
Present value of unfunded liabilities	(8,984)	(8,016)	(5,152)	(3,592)	(25,744)
Net pension liability	**(8,983)**	**(8,016)**	**(5,152)**	**(6,088)**	**(28,239)**

* Other pension assets include £400,000 (2023: £655,000) in respect of a benefit scheme in Korea where contributions are invested with a third-party which delivers a guaranteed principal and interest.

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

	31 December 2024 £'000	**31 December 2023 £'000**
Present value of defined benefit obligations (DBO)	(26,754)	(30,138)
Fair value of plan assets	1,818	1,899
Net pension liability	**(24,936)**	**(28,239)**

28. Retirement and termination benefits (continued)

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

	12 months to 31 December 2024 £'000	12 months to 31 December 2023 £'000
As at the beginning of the year	**30,138**	**28,587**
Service cost		
Current service cost	998	1,085
Past service cost	-	-
Loss on settlements	-	15
-Interest expense	947	1,035
Cash flows		
Benefit payments from plan assets	(591)	(285)
Benefit payments from employer	(851)	(784)
Taxes	(60)	-
Participant contributions	16	12
Insurance premiums for risk benefits	(10)	(28)
Remeasurements		
Effect of changes in demographic assumptions	2	(952)
Effect of changes in financial assumptions	(754)	571
Effect of experience adjustments	(1,736)	2,326
Effect of changes in foreign exchange rates	(1,345)	(1,444)
As at the end of the year	**26,754**	**30,138**

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

	12 months to 31 December 2024 £'000	12 months to 31 December 2023 £'000
Service cost		
Current service cost	998	1,085
Loss on settlements	-	15
Total service cost	998	1,100
Net interest cost		
Interest expense on DBO	947	1,035
Interest income on plan assets	(78)	(105)
Total net interest cost	869	930
Administrative expenses (not reserved within DBO)	113	231
Defined benefit cost included in income statement	**1,980**	**2,261**
Remeasurements (recognised in other comprehensive income)		
Effect of changes in demographic assumptions	2	(952)
Effect of changes in financial assumptions	(754)	571
Effect of experience adjustments	(1,736)	2,326
Return on plan assets (excluding interest income)	(100)	(199)
Total remeasurements included in OCI	**(2,588)**	**1,746**
Total defined benefit cost recognised in the consolidated statement of profit and loss and other comprehensive income	**(608)**	**4,007**

28. Retirement and termination benefits (continued)

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

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

	12 months to 31 December 2024	12 months to 31 December 2023
	£'000	£'000
As at the beginning of the year	**1,899**	2,093
Interest income	78	105
Cash flows		
Total employer contributions:		
(i) Employer contributions	609	141
(ii) Employer direct benefit payments	851	784
Participant contributions	16	12
Benefit payments from plan assets	(591)	(285)
Benefit payments from employer	(851)	(784)
Administrative expenses paid from plan assets	(101)	(54)
Taxes paid from plan assets	(72)	(7)
Insurance premiums for risk benefits	(10)	(28)
Remeasurements		
Return on plan assets (excluding interest income)	100	29
Effect of changes in foreign exchange rates	(110)	(107)
As at the end of the year	**1,818**	**1,899**

Defined benefit obligation and employer contributions

Expected employer contributions to defined benefit plans (including direct benefit payments to members of unfunded plans) in the year ending 31 December 2024 are£1,158,000 (2023: £2,773,000).

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

The Company has five classes of equity shares.

As at 31 December 2024	**Voting rights associated with shares**	**Authorised Number**	**Par value per share £**	**Issued, called up and fully paid Number**	**Total share capital £'000**
Ordinary A shares	Voting rights	100,000,000	0.01	912,224	**9**
Ordinary B shares	No voting rights	100,000,000	0.01	110,317	**1**
Ordinary B1 shares	No voting rights	100,000,000	0.01	26,484	**-**
Ordinary B2 shares	No voting rights	100,000,000	0.01	31,777	**1**
Ordinary C shares	No voting rights	100,000,000	0.01	147,579	**1**
					12

As at 31 December 2023	**Voting rights associated with shares**	**Authorised**	**Par value per share**	**Issued, called up and fully paid**	**Total share capital**
		Number	**£**	**Number**	**£'000**
Ordinary A shares	Voting rights	100,000,000	0.01	912,224	**9**
Ordinary B shares	No voting rights	100,000,000	0.01	104,218	**1**
Ordinary B1 shares	No voting rights	100,000,000	0.01	26,484	**-**
Ordinary B2 shares	No voting rights	100,000,000	0.01	31,777	**1**
Ordinary C shares	No voting rights	100,000,000	0.01	136,161	**1**
					12

29. Called-up share capital, share premium and reserves (continued)

The issue of share capital in the current year resulted in share premium of £563,000.

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

The Company has also issued B1 redeemable preference shares and B2 redeemable preference shares which are treated as liabilities and described in note 26.

Own shares

The own share reserve represents the cost of shares in the Company held by the Employee Share Ownership Trust ('the trust') but not yet allocated to individuals. The shares are held for potential awards under the employee share award plans.

Translation reserve

The currency translation reserve accumulates foreign exchange differences arising on the translation of net assets in foreign operations which are recognised in Other Comprehensive Income.

Accumulated losses account

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

30. Share-based payments

The Company has issued three types of share instruments to employees of its subsidiaries which qualify as equity-settled share-based payments under IFRS 2 as settlement is subject to a combination of market and non-market performance conditions.

The Group has recognised an expense in respect of share-based payment arrangements in Administration expenses of £2.6m (2023: £2.6m).

1. C Ordinary shares

As part of the acquisition of LRQA Group Limited in December 2021 and the acquisition of Elevate Group in April 2022 certain group employees and directors (the 'participants') acquired C Ordinary Shares at an acquisition price below market value. From time-to-time additional group employees may acquire C Ordinary shares on similar terms to the original participants.

C Ordinary shares vest on the sale of the company and are subject to the continued employment of the participants.

The C Ordinary shares are subject to a ratchet condition whereby the participants receive additional equity proceeds on the sale of the company should the lead investors return meet a minimum threshold.

The C Ordinary shares were valued using a Monte Carlo valuation model.

2. B1 Ordinary shares

As part of the acquisition of Elevate Group in April 2022 certain Elevate employees acquired B1 Ordinary shares at an acquisition price below market value.

B1 Ordinary shares vest on the sale of the company or, if earlier, in four equal annual tranches beginning in April 2023 and are subject to the continued employment of the participants.

The B1 Ordinary shares were valued using a Monte Carlo valuation model.

3. B2 Ordinary shares

As part of the acquisition of Elevate Group in April 2022 certain Elevate employees acquired B2 Ordinary shares at an acquisition price below market value.

B2 Ordinary shares vest on the 1 February 2025 or, if earlier, the sale of the company and are subject to the achievement of EBITDA and Revenue targets as well as the continued employment of the participants.

The B2 Ordinary shares were valued using a Monte Carlo valuation model.

30. Share-based payments (continued)

	C Ordinary shares Number	B1 Ordinary shares Number	B2 Ordinary shares Number	Total Number
Outstanding at 31 December 2022	124,847	3,992	4,787	**133,626**
Issued during the year	-	-	-	**-**
Forfeited during the year	(10,950)	(142)	-	(11,092)
Outstanding at 31 December 2023	**113,897**	**3,850**	**4,787**	**122,534**
Issued during the year	66,500	-	-	66,500
Forfeited during the year	(44,545)	(62)	(147)	(44,754)
Outstanding at 31 December 2024	**135,852**	**3,788**	**4,640**	**144,280**
Expiry date	On sale of the company	Apr-25 & Apr-26	Feb-25	

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

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

30. Financial instruments - fair values and risk management

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

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

The Group’s policies and processes for managing these risks are described below.

Credit risk

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

Credit checks are mandatory for new business greater than £50,000 but are at the discretion of the sales teams below this threshold. Credit checks are also required when existing clients exceed their credit limit but require further business from the Group.

The Group regularly reviews the risk associated with its receivables by monitoring changes in its provisions for expected credit loss. The accounts receivable debtor balances are reviewed monthly to ensure that the provisions are correct and adequate.

In line with the Group policy a 100% provision is made against all unpaid debtor balances in accounts receivable which are on or over 150 days from the invoice date. Where the payment terms exceed 150 days full provision is made if the debt remains unpaid 30 days after the due date.

Specific provision for other known bad or doubtful debts, excluding amounts already provided for must also be provided for in full and reviewed monthly.

Foreign exchange risk

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

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

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

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

Interest rate risk

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

To mitigate the exposure to changes in interest rates over the life of the borrowings, the Group has taken out interest rate swap financial instruments over portions of the liability to fix the interest payable and mitigate exposure to future interest rate fluctuations. Refer to note 21.

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

The Group has limited additional exposure to interest rate risk.

Liquidity risk

The Group had cash of £29.9m at 31 December 2024 (2023: £34.1m). In addition, as part of the Group’s borrowing arrangements, the Group has access to a revolving credit facility of £37.0m (2023: £30.0m) of which the Group drew down £19.7m (2023: £19.9m) over the period.

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

31. Financial instruments - fair values and risk management (continued)

Liquidity risk (continued)

Cash at bank and in hand includes cash held in local bank accounts in countries where exchange controls or other legal restrictions mean the balances are not available for general use by the Company or other Group subsidiaries. In total, £1.7m (2023: £2.3m) of cash was held by overseas entities which cannot be freely remitted to other Group entities. In addition to these balances, the immediate movement of cash assets held by other Group entities is subject to compliance with local regulation and legal restrictions; however the Group does not consider this cash unavailable for use by the Group. Countries where such restrictions exist and significant cash balances are held are China £3.9m (2023: £4.1m) due to exchange controls and Korea £1.2m (2023: £1.3m) where remittance is permitted following external audit.

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

i) Principal financial instruments

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

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

ii) Financial instruments by category

Financial assets

31 December 2024	Fair value through profit and loss Level 2 £'000	Amortised Cost £'000	Total £'000
Cash and cash equivalents	-	29,904	**29,904**
Trade and other receivables and contract assets	-	110,622	**110,622**
Total financial assets	**-**	**140,526**	**140,526**

31 December 2023	Fair value through profit and loss Level 2 £'000	Amortised Cost £'000	Total £'000
Cash and cash equivalents	-	34,108	**34,108**
Trade and other receivables and contract assets	-	106,220	**106,220**
Interest rate swaps	507	-	**507**
Total financial assets	**507**	**140,328**	**140,835**

31. Financial instruments - fair values and risk management (continued)

ii) Financial instruments by category

Financial liabilities

31 December 2024	Fair value through profit and loss Level 3 £'000	Amortised Cost £'000	Total £'000
Trade and other payables	-	(80,055)	**(80,055)**
Floating-rate bank loans	-	(283,148)	**(283,148)**
Cumulative preference shares	-	(589,786)	**(589,786)**
Interest rate swaps	(1,352)	-	**(1,352)**
Total financial liabilities	**(1,352)**	**(952,989)**	**(954,341)**

31 December 2023	Fair value through profit and loss Level 3 £'000	Amortised Cost £'000	Total £'000
Trade and other payables	-	(70,680)	**(70,680)**
Floating-rate bank loans	-	(278,795)	**(278,795)**
Contingent consideration in business combination	(3,772)	-	**(3,772)**
Cumulative preference shares	-	(535,173)	**(535,173)**
Total financial liabilities	**(3,772)**	**(884,648)**	**(888,420)**

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

31 December 2024	Less than one year £'000	One to two years £'000	Two to five years £'000	More than five years £'000
Trade and other payables	(80,055)	-	-	-
Floating-rate bank loans	-	-	(283,148)	-
Contingent consideration in business combination	-	-	-	-
Cumulative preference shares	-	-	-	(589,786)
Total financial liabilities	**(80,055)**	**-**	**(283,148)**	**(589,786)**

31 December 2023	Less than one year £'000	One to two years £'000	Two to five years £'000	More than five years £'000
Trade and other payables	(70,680)	-	-	-
Floating-rate bank loans	-	-	(278,795)	-
Contingent consideration in business combination	(3,772)	-	-	-
Cumulative preference shares	-	-	-	(535,173)
Total financial liabilities	**(74,452)**	**-**	**(278,795)**	**(535,173)**

iii) Financial instruments not measured at fair value

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

31. Financial instruments - fair values and risk management (continued)

iv) Financial instruments measured at fair value

Financial instrument	Valuation techniques used	Significant unobservable inputs (Level 3 only)	Inter-relationship between key unobservable inputs and fair value (Level 3 only)
Derivative financial assets and liabilities (Level 2)	Mark-to-market valuation for similar financial instruments as at the reporting date.	*Not applicable*	*Not applicable*

32. Commitments and contingencies

	12 months to 31 December 2024	12 months to 31 December 2023
Contingent liabilities:	**£'000**	**£'000**
In respect of bank guarantees	5,441	4,259

The Group has issued guarantees to its customers and other stakeholders in relation to its contractual operations in compliance with local legislation and industry practice. The Directors have concluded that the likelihood of payout in respect of these guarantees is remote. Accordingly, no associated liability has been recognised on the Group's consolidated statement of financial position.

Total future minimum lease payments:

	Cars	Buildings	Total
	£'000	**£'000**	**£'000**
31 December 2023			
Within one year	4,096	2,266	6,362
Between two to five years	5,533	2,350	7,883
After five years	63	-	63
Total future minimum lease payments	**9,692**	**4,616**	**14,308**
31 December 2024			
Within one year	1,948	2,343	4,292
Between two to five years	1,682	2,676	4,358
After five years	-	70	70
Total future minimum lease payments	**3,630**	**5,089**	**8,720**

33. Related party transactions

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

The Group defines its key management personnel as the Board of Directors and the Executive Committee. The remuneration for key management personnel for the year is analysed below.

	12 months to 31 December 2024	12 months to 31 December 2023
	£'000	£'000
Salary and bonus	2,272	1,488
Car and commuting allowance	106	74
House rent	43	3
Other benefits	88	1,053
	2,509	**2,618**

£6,010,000 amount was paid to directors in respect to a previous transaction.

The Group transacted with undertakings in which the Group holds less than 100% as follows:

	12 months to 31 December 2024	12 months to 31 December 2023
	£'000	£'000
Joint venture - LRQA Apave Limited		
Turnover arising from trading with other Group companies	-	-
Operating costs charged by Group companies	(6,869)	(4,061)

The Group held the following balances with undertakings in which the Group holds less than 100%:

	12 months to 31 December 2024	12 months to 31 December 2023
	£'000	£'000
Joint venture - LRQA Apave Limited		
Amounts owed to Group companies	(1,024)	(657)

34. Ultimate parent entity and ultimate controlling party

Shares in Dione TopCo Limited are principally held by investment partnerships, of which Goldman Sachs & Co. LLC, an affiliate of The Goldman Sachs Group, Inc., is the investment manager. No single natural person holds a 25% or greater interest in any of the investment partnerships which hold shares in Dione TopCo Limited.

35. Group companies

The following are the subsidiaries and joint ventures of the Group at 31 December 2024. All subsidiaries are consolidated. Details are given of the principal country of operation. All companies are incorporated in their principal country of operation. The equity share capital of these entities is wholly owned by the Group with the exception of the following two entities where the Group owns less than 50%;

- Elevate Global (Thailand) Co Limited
- LRQA Inspection Malaysia Sdn Bhd

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

35. Group companies (continued)

Company Name	Jurisdiction	Registered office
Dione Topco Limited	Jersey	22 Grenville Street, St Helier, Jersey, JE4 8PX
Dione Holdco Limited	United Kingdom	52-54 Gracechurch Street, London, England, EC3V 0EH
Dione Midco Limited	United Kingdom	52-54 Gracechurch Street, London, England, EC3V 0EH
Dione Bidco Limited	United Kingdom	52-54 Gracechurch Street, London, England, EC3V 0EH
LRQA Group Limited	United Kingdom	1 Trinity Park, Bickenhill Lane, Birmingham, England, B37 7ES
LRQA Group Limited Branches:		
Bulgaria	Bulgaria	Triaditsa distr, 81A Bulgaria blvd, fl. 8, 1404 Sofia, Bulgaria
Morocco	Morocco	N/A
Taiwan	Taiwan	No. 1, Yumen St., Zhongshan Dist, 104027 Taipei City, Taipei, Taiwan
LRQA Limited	United Kingdom	1 Trinity Park, Bickenhill Lane, Birmingham, England, B37 7ES
LRQA Limited Branches:		
Australia	Australia	Level 32, 152-158 St Georges Terrace, Perth, WA 6000, Australia
Finland	Finland	Aleksanterinkatu 48 A, 00100 Helsinki, Finland
Hong Kong	Hong Kong	Unit 1508-1510, 15/F, Two Chinachem Central, 26 Des Voeux Road Central, Hong Kong
India	India	63-64, Kalpataru Square, 6th floor, Kondivita Lane, OffAndheri-Kurla Road, Andheri (East) Mumbai 59, Mumbai, 400059, Maharashtra, India
Japan	Japan	Queen's Tower A, 2-3-1 Minatomirai, Nishi-ku, Yokohama-Shi Kanagawa-ken 220-6010, Japan
Singapore	Singapore	18 Cross Street, #12-101, Cross Street Exchange, Singapore, 048423
Slovakia	Slovakia	Boženy Němcovej 8, 81 104 Bratislava, Slovakia
Dubai	UAE	Kingdom of Dubai World Trade Centre Company, Bardby Mall 3, Office number 01-36
LRQA France SAS	France	1 Boulevard Marius Vivier Merle, 69003, Lyon, France
LRQA España, SLU	Spain	Calle Princesa 29, 28008 Madrid, Madrid, Spain
LRQA (Korea) Limited	Korea	17th Floor, 67, Yeouinaru-ro, Yeongdeungpo-gu, 07327, Seoul, Republic of Korea
LRQA Deutschland GmbH	Germany	Butzweilerhofallee 3, 50829 Köln, Germany
LRQA Sverige AB	Sweden	Göteborgsvägen 74, 433 63 Sävedalen, Sweden
LRQA Italy S.R.L.	Italy	Viale Monza 259/265, 20126 Milan, Italy
LRQA Inspection Iberia SAU	Spain	Calle Princesa 29, 28008 Madrid, Madrid, Spain
LRQA Polska Sp. z.o.o.	Poland	Al. Zwycięstwa 13A, 80-219 Gdańsk, Gdańsk, Poland
PT LRQA Business Assurance & Insurance Services Indonesia	Indonesia	Gedung Menara Dea Tower 1, Lantai 12; Jalan Mega Kuningan Barat IX, No 1, Kav E43, Kel. Kuningan Timur Kec. Setiabudi, Jakarta Selatan 12950, DKI Jakarta, Indonesia
LRQA Inspection Services India LLP	India	63-64, Kalpataru Square, 6th floor, Kondivita Lane, OffAndheri-Kurla Road, Andheri (East) Mumbai 59, Mumbai, 400059, Maharashtra, India
LRQA (Thailand) Limited	Thailand	3388/78, 22nd Floor, Sirinrat Building, Rama IV Road, Klongton Sub-district, Klongtoey District, Bangkok, 2800, Bangkok, Thailand
LRQA (Southern America) SRL	Argentina	Olga Cossettini 363, Floor 3, 1107 City of Buenos Aires, Buenos aires, Argentina
LRQA Austria GmbH	Austria	Opernring 1/R/741-744, 1010, Vienna, Austria
LRQA België BV	Belgium	Jan Van Gentstraat 7, 20000, Antwerpen, Belgium

35. Group companies (continued)

Company Name	Jurisdiction	Registered office
LRQA Chile SpA	Chile	Blanco 625, Oficina 112, Valparaíso, Valparaíso, Chile
LRQA Verification (Shanghai) Co. Ltd	China	Room 1230, 288 Nanjing West Road, Huangpu District, Shanghai; China
LRQA Limited Branches (continued):		
LRQA Česká Republika s.r.o.	Czech Republic	Táborská 31, 140 00 Prague 4, Czech Republic
LRQA Danmark ApS	Denmark	Strandvejen 104A 2 – 2900 Hellerup DK
LRQA Egypt LLC	Egypt	13 Ramo Gardens, Al Nasr Road, Office No 303, 3rd floor, Nasr City, 11774, Cairo, Egypt
LRQA Malaysia Sdn Bhd	Malaysia	Suite 28.1, Level 28, Naza Tower, Platinum Park, No. 10, Persiaran KLCC, Kuala Lumpur,50088, Malaysia
LRQA Peru SAC	Peru	Av.Emilio Cavenecia N° 151 - Of 701, Lima, Peru
LRQA Certification & Assurance LLC	UAE	Unit No. UNT89575 Office 401A Premise No. 7724610488; Mashreq Bank Building; Property No. PRP12970, Plot No. C28, Sector E6; 312 Khalifa Bin Zayed The First St., Al Danah; Abu Dhabi 22207; Abu Dhabi; United Arab Emirates
LRQA Adria D.O.O	Croatia	Croatia, 1000 Zagreb, Radnička Cesta 80
LRQA Inspection France SAS	France	1 Boulevard Marius Vivier Merle, 69003, Lyon, France
LRQA Hellas SA	Greece	348 Sygrou Avenue, 17674 Athens, Kallithea, Greece
LRQA Magyarország Kft.	Hungary	Váci út 95, Budapest, 1139, Hungary
LRQA Israel Ltd	Israel	7 Rival Street, Tel-Aviv-Yafo, Israel 6777840
LRQA Jordan LLC	Jordan	Regus Jordan, Armada Tower, 1st Floor, Arar Mustafa Wahbi Al Tal St, Amman, Jordan
LRQA South Africa (Pty) Ltd	South Africa	Unit C4 Centurion Business Park, Democracy Way, Milnerton, Cape Town, Western Cape, 7441, South Africa
LRQA do Brasil Ltda	Brazil	BrazilSão PauloSão PauloRua Helena, 235, 11th floor, suite 11104552050
LRQA Inspection Services SPC	Oman	Building No.25, Dohat Al Adab Street, 000000 Muscat, Muscat, Oman
LRQA Portugal Unipessoal Lda	Portugal	Praça Duque de Saldanha 1, Piso 2 - Atrium Saldanha 1050 094 Lisboa
LRQA Quality Assurance and Inspection Middle East LLC	Qatar	Office 1415, 14th Floor, Al Fardan Office Tower, 61 AL Funduq Street, West Bay, Doha, Qatar
LRQA RO S.R.L.	Romania	31 Sos Iancului, District 2, Bucharest, Bucharest, Romania
LRQA Inspection RUS LLC	Russia	199106, Russia, Saint-Petersburg, int.city ter. 7, 22nd line V.O, h. 3, b.1 litera M, room 307
LRQA Arabia Inspection LLC	Saudi Arabia	Riyadh Al Olaya, Olaya, 12214
LRQA Assurance and Inspecton T&T Limited	Trinidad & Tobago	Level 2, Invaders Bay Tower, Invaders Bay, Off Audrey Jeffers Highway, Port of Spain, Trinidad
LRQA Turkey Belgelendirme Hizmetleri Limited Şirketi	Turkey	19 Mayis Mah.Atatürk Cad, No.82 Sitkibey Plaza, Kat.3 No.12, Kadiköy, Turkey
LRQA Vietnam Company Limited	Vietnam	Unit 408, PetroVietnam Towers, Number 8, Hoang Dieu Street, Ward 1; Vung Tau; Ba Ria - Vung Tau; Vietnam
LRQA Industrial Technical Services (Shanghai) Company Limited	China	Room 2018, 20th Floor, Ocean Towers, No. 550 Yan An Road, East Shanghai, China
LRQA (Shanghai) Company Limited	China	Room 2018, 20th Floor, Ocean Towers, No. 550 Yan An Road, East Shanghai, China

35. Group companies (continued)

Company Name	Jurisdiction	Registered office
Beijing branch	China	Room 2018, 20th Floor, Ocean Towers, No. 550 Yan An Road, East Shanghai, China
LRQA Certification & Assurance Services Limited	Ireland	Skybridge House, Corballis Road North, Dublin Airport Central, Swords Co. Dublin, K67 E2H3, Ireland
LRQA Sustainability K.K.	Japan	Queen's Tower A, 2-3-1 Minatomirai, Nishi-ku, Yokohama-Shi Kanagawa-ken 220-6010, Japan
LRQA Limited Branches (continued):		
LRQA Inspection Malaysia Sdn Bhd	Malaysia	Suite 28.1, Level 28, Naza Tower, Platinum Park, No. 10, Persiaran KLCC, Kuala Lumpur,50088, Malaysia
LRQA Verification B.V.	Netherlands	George Hintzenweg 77, 3068 AX Rotterdam, South Holland, Netherlands
LRQA Nederland B.V.	Netherlands	George Hintzenweg 77, 3068 AX Rotterdam, South Holland, Netherlands
LRQA Verification Limited	United Kingdom	1 Trinity Park, Bickenhill Lane, Birmingham, England, B37 7ES
LRQA Certification & Assurance Services Limited	United Kingdom	1 Trinity Park, Bickenhill Lane, Birmingham, England, B37 7ES
LRQA Apave Limited	United Kingdom	1 Trinity Park, Bickenhill Lane, Birmingham, England, B37 7ES
LRQA Canada Limited	Canada	600 - 1741 Lower Water Street, Queen's Marque, Halifax B3J 0J2, Nova Scotia, Canada
LRQA Inc.	USA	LRQA c/o Industrious; 2101 Citywest Blvd; Houston Texas 77042; United States
LRQA Inc. Mexico branch	Mexico	Av. David Alfaro Siqueiros 106, Piso 17- Suite 1703. Col. Valle Ote. San Pedro Garza García, Nuevo Leon, México, Postal Code 66269
ELEVATE Management Limited	British Virgin Islands	2/F, Palm Grove House, P.O. Box 3340, Road Town, Tortola, British Virgin Islands
ELEVATE India Business Consultants Private Ltd	India	No 22, Old No 12, First Floor, Aziz Nagar Third Street, Kodambakkam, Chennai – 600024, India
ELEVATE Global Limited	Bangladesh	Genetic Baro Bhuiyan, CWN (A) 3A, Road: 49 Kemal Ataturk Ave, Dhaka 1212, Bangladesh
ELEVATE Mexico Limited	Mexico	Calzada Zavaleta 1108, Piso 9 Desp 901, Colonia Santa Cruz Buena Vista. CP 72150, Puebla, Mexico
ELEVATE Hong Kong Holdings Limited	Hong Kong	Suite 1401, Dorset House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
ELEVATE Global (Thailand) Co. Ltd	Thailand	1108/31 Sukhumvit Road, Prakanong Sub-district, Klongtoei District, Bangkok 10110
ELEVATE (US) Limited	USA	113 Barksdale Professional Ctr Newark, De 19711
ELEVATE (Shenzhen) Limited	China	Unit A-F, 8th Floor, Guomao Commercial Building, Nanhu Road, Nanhu Street, Luohu District, Shenzhen
Shanghai Branch	China	Room 302, Building 20, New Factories, 555 Haifang Road, Jing'an, Shanghai
Hangzhou Branch	China	B2103, Dobe E-Manor, No. 553, Dongning Road, Jianggan District, Hangzhou, Zhejiang
ELEVATE UK Management Limited	United Kingdom	Quadrant House, Floor 6, 4 Thomas More Square, London, United Kingdom, E1W 1YW
ELEVATE Vietnam Company Limited	Vietnam	Unit 1901, 19th Floor, 37 Ton Duc Thang Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam

35. Group companies (continued)

Company Name	Jurisdiction	Registered office
CSR Asia Limited	Hong Kong	Suite 1401, Dorset House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
CSR Asia (Singapore) Pte Limited	Singapore	99 Duxton Road, 089543, Singapore
ELEVATE Global Consultoria Ltd	Brazil	Rua Funchal 263, 5th Floor, Suite 53, Vila Olimpia, P.O.Box 04551-060
ELEVATE Global (Taiwan) Limited	Taiwan	(105) 10th Floor, No. 287, Section 3, Nanjing East Road, Songshan District, Taipei City, Taiwan
ELEVATE Hong Kong Holdings Ltd Indonesia	Indonesia	Grand Slipi Tower 9th Floor Unit G Jl.Letjend.S.Parman Kav 22-24 Palmerah, Palmerah, Jakarta Barat, Indonesia
ELEAVTE Hong Kong Holdings Ltd. Iritibat Burosu	Turkey	Orjin Maslak Is Merkezi, Maslak Mah. Eski Büyukdere Cad. No: 27, Zemin Kat, Regus Ofis, Maslak, Sarıyer, Istanbul, Turkey
LRQA Limited Branches (continued):		
S.E. ELEVATE (Cambodia) Company Ltd	Cambodia	House No. 30E0, Room 102, Street 318, Phum 3, Sangkat Toul Svay Prey 1, Khan Boeung Keng Kong, Phnom Penh
ELEVATE Global Pakistan (SMC-Private) Ltd	Pakistan	Lahore Regus Enterprise Centre, 3rd Floor The Enterprise Building, 15 KM Multan Road, Lahore lahore, Punjab
ELEVATE Business Consultants (Malaysia) Sdn Bhd	Malaysia	Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Malaysia
ELEVATE Global Business Consulting South Africa (Pty) Ltd	South Africa	498 Ontdekkers Road, Flordia Hills, Roodepoort, Gauteng, 1709, South Africa
BSD Consulting Inc.	British Virgin Islands	Ritter House, Wickhams Cay II, PO Box 3170, Road Town, Tortola, British Virgin Islands
B&SD Business and Social Development GmbH	Switzerland	Pfingstweidstrasse 16, 8005, Zürich
BSD Innovation Solutions GmbH	Germany	Pappelallee 78/79, 10437 Berlin, Germany
BSD Consultoria Ltda.	Brazil	Rua José Maria Lisboa, No. 860, Suite 73, Jardim Paulista, P.O.Box 01423-001, Jardim Paulista, City of São Paulo. State of São Paulo
BSD Consulting S.A.S	Colombia	Carrera 11a No 94a-56 Oficina 301, Columbia
Sustainable Assurance Solutions Pty Ltd (SAS)	Australia	Office 115, Level 18, 120 Spencer Street, Melbourne
Nettitude Inc	USA	641 Lexington Ave, New York, NY 10022, United States
Nettitude Limited	United Kingdom	1 Trinity Park, Bickenhill Lane, Birmingham, England, B37 7ES
Nettitude Pte Ltd	Singapore	460 Alexandra Road, #15-01, Mtower, Singapore (119963)
Acoura Holdings Limited	United Kingdom	1 Trinity Park, Bickenhill Lane, Birmingham, England, B37 7ES
LRQA R&H Limited (previously called Acoura Consulting Limited)	United Kingdom	1 Trinity Park, Bickenhill Lane, Birmingham, England, B37 7ES
Acoura Certification Limited	United Kingdom	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ
Acoura Marine Limited	United Kingdom	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ

36. Post balance sheet events

RESET Carbon

On 3 February 2025, LRQA Group Limited acquired RESET Carbon, a leader in corporate and supply chain carbon management solutions. The acquisition reinforces LRQA's commitment to helping clients navigate fast-evolving challenges in ESG compliance, sustainability and risk management. The LRQA and RESET Carbon partnership combines complementary strengths across product portfolios and geographic footprints to directly address this demand. The consideration, including contingent consideration, paid for this acquisition was £3.8m.

Core Business Solutions

On 20 February 2025, LRQA Inc acquired Core Business Solutions. Core Business Solutions specialises in technology-driven advisory services that simplify the certification process, with a strong focus on quality, cybersecurity, environmental and IT standards. The acquisition enhances LRQA's ability to further support Small and Medium-sized Enterprises (SMEs) with digital solutions for regulatory compliance and expands LRQA's North Americas operations. The estimated consideration, including contingent consideration, paid for this acquisition was £20m.

EcoEngineers

On 28 March 2025, LRQA Inc acquired EcoEngineers, a US-based consulting, auditing and advisory firm with an exclusive focus on the energy transition. EcoEngineers is a Top 10 Sustainable Consulting Firms (Sustainability Magazine) and offers deep technical expertise in low-carbon production, climate regulations, carbon markets and innovative technologies – areas in high demand amid growing regulatory complexity and uncertainty. The acquisition expands LRQA's existing capabilities in carbon accounting, greenhouse gas (GHG) verification and sustainability strategy. The estimated consideration, including contingent consideration, paid for this acquisition was £47m.

Dione Topco Ltd
Company Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2024

	Note	12 months to 31 December 2024 £'000	12 months to 31 December 2023 £'000
Administrative expenses		(223)	(93)
Operating loss	3	(223)	(93)
Finance income		54,080	44,487
Finance expense		(52,173)	(47,302)
Net finance income/(expense)		1,907	(2,815)
Profit/(loss) before tax		1,684	(2,908)
Income tax	5	-	-
Profit/(loss) for the year		1,684	(2,908)

All amounts relate to continuing activities.

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

There was no other comprehensive income in the period.

The accompanying notes are an integral part of these consolidated financial statements.

Dione Topco Ltd
Company Statement of Financial Position
As at 31 December 2024

	Note	31 December 2024 £'000	31 December 2023 £'000
Non-current assets			
Investments	6	47,979	45,342
Loans to group undertakings	8	512,639	460,830
		560,618	**506,172**
Current assets			
Trade and other receivables	9	21,052	12,912
Cash and bank balances		1,351	1,592
		22,403	14,504
Total assets		**583,021**	**520,676**
Current liabilities			
Trade and other payables	10	(75)	(60)
		(75)	(60)
Total assets less current liabilities		**582,946**	**520,616**
Non-current liabilities			
Redeemable preference shares	7	(589,713)	(535,158)
		(589,713)	(535,158)
Total liabilities		**(589,788)**	**(535,218)**
Net liabilities		(6,767)	(14,542)
Equity			
Share capital	11	12	13
Share premium account	11	1,762	1,199
Own shares		(268)	(3,160)
Share-based payment reserve		8,098	5,461
Accumulated losses		(16,371)	(18,055)
Total deficit		(6,767)	(14,542)
Total equity and liabilities		**(583,021)**	**(520,676)**

The financial statements of the Company on pages 66 to 72 were authorised and approved by the Board of Directors on 24 April 2025 and were signed on its behalf by:

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Niall McCallum
Director
Dione TopCo Limited
Company registration number: 137864

The accompanying notes are an integral part of these consolidated financial statements.

Dione Topco Ltd
Company Statement of Changes in Equity
As at 31 December 2024

	Share capital £'000	Share premium £'000	Own shares £'000	Share-based payment reserve £'000	Accumulated losses £'000	Total £'000
As at 31 December 2022	12	1,193	(2,829)	2,815	(15,147)	**(13,956)**
Loss for the financial year	-	-	-	-	(2,908)	**(2,908)**
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(2,908)**	**(2,908)**
Issue of share capital	1	6	-	-	-	**7**
Shares issued but unallocated	-	-	(331)	-	-	**(331)**
Share-based payments	-	-	-	2,646	-	**2,646**
As at 31 December 2023	**13**	**1,199**	**(3,160)**	**5,461**	**(18,055)**	**(14,542)**
Profit for the financial year	-	-	-	-	1,684	**1,684**
Total comprehensive profit for the year	**-**	**-**	**-**	**-**	**1,684**	**1,684**
Issue of share capital	-	563	-	-	-	**563**
Other adjustment	(1)	-	-	-	-	**(1)**
Net shares issued to employees	-	-	2,892	-	-	**2,892**
Share-based payments	-	-	-	2,637	-	**2,637**
As at 31 December 2024	**12**	**1,762**	**(268)**	**8,098**	**(16,371)**	**(6,767)**

The accompanying notes are an integral part of these consolidated financial statements.

1. Basis of preparation and significant accounting policies

These parent company financial statements have been prepared in accordance with the requirements of United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101 Reduced Disclosure Framework and the requirements of the Companies (Jersey) Law 1991 and those aspects of the Companies Act 2006 required by the Overseas Regulations 2009.

The Company's principal activities are that of a holding company providing funding to the Group and holding the Group's employee share trust.

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

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

The financial statements have been prepared on the historical cost basis except for the re-measurement of certain financial instruments that are measured at fair values at the end of each reporting period. The financial statements are presented in Pounds Sterling and rounded to the nearest £thousand unless otherwise stated.

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

The principal accounting policies adopted are the same as those set out in note 5 to the consolidated financial statements except as noted below.

Investments in subsidiaries

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

2. Critical accounting judgements or key sources of estimation uncertainty

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

(i) Carrying value of investments in subsidiaries

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

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

(ii) Carrying value of loans to group undertakings

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

(iii) Classification of preference shares as liabilities

The Company has issued preference shares as part of the investment and funding structure. These preference shares are classified as liabilities under the recognition and measurement requirements of FRS 101.

3. Loss for the year

The auditor's remuneration for audit and other services are disclosed in note 9 to the consolidated financial statements.

4. Employees and directors

The Company has no employees (2023: Nil). The Company's directors are remunerated through other Group companies.

5. Income Tax

There was no current or deferred tax charge in the year (2023: £nil).

The standard rate of tax applied to the reported loss on ordinary activities is 25% (2023: 19%).

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

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

	12 months to 31 December 2024 £'000	12 months to 31 December 2023 £'000
Profit/(loss) for the year	1,684	(2,908)
Tax using the Company's standard tax rate of 25.0% (2023:23.5%)	421	(683)
Effects of:		
Expenses not deductible for tax purposes	13,044	11,116
Group relief claimed	(13,465)	(10,433)
Total tax charge for the year	-	-

6. Investments

	31 December 2024 £'000	31 December 2023 £'000
Opening balance	45,342	42,692
Additions	2,637	2,650
Closing balance	**47,979**	**45,342**

The Company's investments are reported at historical cost. The company holds a 100% investment in Dione HoldCo Limited, a company registered in England and Wales, which owns other subsidiaries in the group. Details of the Company's subsidiaries are given in note 35 of the consolidated financial statements.

Additions in the prior year relate to the share-based payment charge borne by the Company relating to employees of the Company's subsidiaries.

The Company has reviewed the recoverable value of its investments to identify if there is any indication of impairment of the carrying value. Where applicable, the value in use has been estimated using management's best estimates of future cash generation of its investments. As at 31 December 2024, no impairment was identified (2023: none), as their cash generation in the long-term is considered sufficient to support the carrying value.

The subsidiary undertakings and investments of the Group are listed in note 35 of the Group financial statements.

7. Financial instruments and risk

Credit risk

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

Redeemable preference shares

Redeemable cumulative preference shares amounting to £441.8m were issued upon acquisition of the LRQA Group, at an issue price of £1 per share. The preference shares carry non-discretionary dividends of 10% per annum, do not carry any equity component and are classified as financial liabilities in their entirety. The accumulated interest after annual compounding, last compounded at 31 December 2024, was £27.5m (2023: £25.0m).

Loans to Group undertakings

This balance comprises intercompany loans with companies within the Group. The ability for these Group companies to repay outstanding balances is assessed at each reporting date.

Trade and other receivables

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

8. Loans to Group undertakings

The Company has provided loans to its Group undertakings, with an outstanding balance of £512.6m (2023: £460.8m). These loans bear interest at a rate of the SONIA reference rate plus a 6% margin.

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

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

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

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

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

9. Trade and other receivables

	31 December 2024 £'000	31 December 2023 £'000
Loan interest receivable from Group undertakings	14,981	12,714
Amounts due from Related parties	5,911	-
Prepayments	160	198
	21,052	**12,912**

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

10. Trade and other payables

	31 December 2024 £'000	31 December 2023 £'000
Trade payables	60	60
Amounts due to Group undertaking	15	-
	75	**60**

11. Share Capital and Share Premium

The movements on these items are disclosed in note 29 of the Consolidated Financial Statements.

12. Related party transactions

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

13. Contingent liabilities

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

14. Post balance sheet events

There are no events subsequent to the reporting date which would have a material impact on the Company's financial statements. For post balance sheet events relevant to the Group see note 36.

15. Ultimate controlling party

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