

Merit Group plc
("Merit", the "Company" or the "Group")

AUDITED RESULTS FOR THE YEAR ENDED 31 MARCH 2023
Restructured Group making significant progress

6 September 2023

Merit Group plc (AIM: MRIT), the data and intelligence business today publishes its audited results for the year ended 31 March 2023.

The FY23 year saw significant changes to the Group with the disposal of its media, events and training operations and its shareholdings in two associate businesses. The businesses that were sold during the year are reported on within the statutory results as Discontinued Operations.

Financial Highlights of the Continuing Operations of the Group

- Group revenues grew to £18.6m, up 5.6% on FY22
- Merit Data & Technology (MD&T) business unit contributed £11.6m of revenue, an increase of 8.9% on FY22
- Net margin improvement to 14.3%
- Adjusted EBITDA of £2.7m, (FY22 £2.5m) and similar to the prior year's £2.8m including the disposed of businesses
- Loss before tax of £3.7m impacted by non recurring profits and losses on disposals, and disposal of lease right of use assets
- £4.8m of proceeds from disposals received during the year, with a further £0.5m due in the current year
- The Group's Continuing Operations generated operating cash of £2.9 million
- Net debt of £2.6m having paid £3.5m (inc £0.5m in recoverable VAT) to exit the Group's excess office space prior to the year end

Continuing Operations	FY 2023	FY 2022	Change⁽⁵⁾
	£m	£m	
Revenue	18.6	17.6	+5.6%
Gross profit	8.6	8.9	-3.5%
Gross margin %⁽¹⁾	46.0%	50.4%	-8.7%
Adjusted EBITDA⁽²⁾	2.7	2.5	+7.7%
Net margin %⁽³⁾	14.3%	14.0%	+2.1%
Loss before tax	(3.7)	(1.7)	+118.1%
Adjusted earnings per share (pence)⁽⁴⁾	0.8p	(0.9p)	+1.7p
Net debt⁽⁶⁾	(2.6)	(2.1)	+25.0%

(1) Gross margin is Gross profit as a percentage of Revenue

(2) Adjusted EBITDA is calculated as earnings before tax, depreciation, amortisation of intangible assets, share-based payments and non-recurring items

(3) Net margin is Adjusted EBITDA as a percentage of Revenue

(4) Adjusted EPS is calculated based on the profit/(loss) for the year before amortisation of intangible assets, share-based payments and non-recurring items (see note 13)

(5) Year-on-year percentage change figures are calculated on unrounded numbers

(6) Net (debt)/cash comprises the aggregate of gross debt, excluding IFRS16 lease liabilities, and cash and cash equivalents (see note 23)

Mark Smith, Chairman, commented;

“Having successfully completed its restructuring, the Group is in a much stronger position. It benefits from less complexity, greater focus, and a clear strategy for growth, supported by investment in its core businesses.

“The significant cost reduction from the disposal of our London office lease and other operational savings already made, will have a beneficial impact on the Group’s FY24 performance.”

David Beck, Chief Executive, said;

“The Group is now fully focussed on data and intelligence in three distinct market segments; global industry data; political data and intelligence; and marketing data. Data is the building block on which Artificial Intelligence applications are built as it serves as the foundation for training and improving machine learning models. The Group’s more than five year experience in the field of Artificial Intelligence and Machine Learning and its expertise in data capture and analysis present the Group with exciting opportunities.”

Operational Highlights

Key operational highlights in the year include:

- the disposal of assets / businesses and associates that were not core to the Group’s strategy of building a data and intelligence business focused on subscription or recurring revenue
- the settlement of all deferred liabilities, namely the deferred consideration on the Meritgroup Limited acquisition and deferred VAT and rent payments built up during the COVID pandemic
- the disposal of the Group’s excess office space in London, which will deliver a significant reduction in the Group’s non-operating overheads for FY24 and beyond
- investment in Sales & Marketing to drive growth in both new geographies and market sectors
- the strengthening of the Group’s balance sheet through the removal of significant property liabilities and the receipt of £4.8m of proceeds from the disposal of non-core assets

Current trading and outlook

Having successfully completed its restructuring, the Group is in a much stronger position. It benefits from less complexity, greater focus, and a clear strategy for growth, supported by investment in its core businesses.

Despite a challenging macro-economic environment and the impacts of both higher inflation and interest rates, the Group has made a positive start to the FY24 year. The significant cost reduction from the disposal of our London office lease and other operational savings already made will have a beneficial impact on the Group’s FY24 performance. This, along with the investments made in growing its two operating businesses, gives the Board confidence in anticipating further growth in both revenue and profitability in FY24 and beyond.

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Forward looking statements

This announcement has been prepared in relation to the financial results for the year ended 31 March 2023. Certain information contained in this announcement may constitute 'forward-looking statements', which can be identified by the use of terms such as 'may', 'will', 'would', 'could', 'should', 'expect', 'seek', 'anticipate', 'project', 'estimate', 'intend', 'continue', 'target', 'plan', 'goal', 'aim', 'achieve' or 'believe' (or the negatives thereof) or words of similar meaning. Forward-looking statements can be made in writing but also may be made verbally by members of management of the Company (including, without limitation, during management presentations to financial analysts) in connection with this announcement. These forward-looking statements include all matters that are not historical facts and include statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, the Company's results of operations, financial condition, changes in global or regional trade conditions, changes in tax rates, liquidity, prospects, growth and strategies. By their nature, forward-looking statements involve risks, assumptions and uncertainties that could cause actual events or results or actual performance or other financial condition or performance measures of the Company to differ materially from those reflected or contemplated in such forward-looking statements. No representation or warranty is made as to the achievement or reasonableness of and no reliance should be placed on such forward-looking statements. The forward-looking statements reflect knowledge and information available at the date of this announcement and the Company does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information or to reflect any change in circumstances or in the Company's expectations or otherwise.

Chairman's statement

A year of significant progress

The year under review was remarkable for the significant changes that were made to the Group. A programme of disposals of non-core assets has concentrated the Group on two operating units both focused on data and intelligence. We have invested in sales and marketing resource to drive the future growth of these two units and have afforded that investment through a restructuring of the Group's cost base. Whilst the full effects of the cost restructuring measures taken will not be felt until the FY24 year, the Group is already leaner and stronger and its future financial projections are much enhanced. The Board's restructuring plan is now largely complete, leaving management free to pursue a growth agenda and to focus on generating significant value for shareholders.

The Board is grateful to all employees for the contributions they have made to a successful year and to the management team that have delivered the transformation of the Group.

Results for the financial year

The continuing operations of the Group comprise its two operating businesses, Merit Data & Technology (MD&T) and Dods Political Intelligence (Dods PI). These are supported by a small Central team which is reported on separately in our financial statements. The businesses that were disposed of during the year are reported on within the statutory results as Discontinued Operations; my statement will cover the Continuing Operations of the Group.

The Group grew revenue from Continuing Operations by 5.6% to £18.6 million in the year (FY22 £17.6 million), with the growth being driven by stronger markets, especially in those areas of the business that were hardest hit during the pandemic. The Group has maintained strong cost control with gross profit of £8.6 million (FY22 £8.9 million), being only £0.3 million behind FY22 despite an unfavourable year-on-year exchange rate movement on the Group's Indian cost base.

Net margins increased by 0.3 percentage points and the Adjusted EBITDA of £2.7 million is 7.7% ahead of the previous year (FY22 £2.5 million).

Continuing Operations	FY 2023	FY 2022	Change⁽⁵⁾
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Chairman's statement continued

Disposals

During the year, the Group disposed of the Media, Events and Training operations ("the MET operations") of its Dods segment for £4.5 million. The Group also disposed of both of its investments in Associates during the year, selling its 30% shareholding in Social 360 and its 40% shareholding in Sans Frontières Associates.

Cash

The year-on-year change to the Group's net debt⁽⁶⁾ position, from £2.1 million to £2.6 million, masks some significant movements during the year.

The Group received proceeds from the sale of non-core assets of £4.8 million during FY23. The Group fully settled its deferred liabilities from prior periods, namely £0.5 million of deferred VAT and rent built up during the COVID pandemic, and £0.3 million of deferred consideration on the 2019 acquisition of Meritgroup Limited.

As reported in more detail below, before the end of FY23 the Group paid £3.5 million (including recoverable VAT) as a reverse premium to dispose of its lease of 16,893 sq ft of prime office space in The Shard, thereby extinguishing £7.4 million from future cash outflows in respect of this property.

The Group's Continuing Operations generated operating cash of £2.9 million.

Board Changes

Following the disposal of the Dods MET operations late in 2022, Munira Ibrahim, the MD of the Dods business, resigned and left the Board in December 2022. Given the consequent reduced complexity of the Group, and in support of the Board's decision to reduce the size of the Board, Richard Boon and Vijay Vaghela also resigned in January 2023.

The Company was extremely well-served by Richard and Vijay as non-executive Directors, and I am very grateful for their contribution and wise counsel during their time on the Board.

Lord Ashcroft KCMG PC, the Company's largest shareholder, joined the Board in December 2022.

Strategy

Data and Intelligence is, and will remain, at the core of everything that we do. We use technology, human expertise and Artificial Intelligence to collate, transform and add the greatest value to the data we provide our customers.

We will grow through the expansion of the sectors and markets we address and by constantly improving the proprietary technology platforms our customers use to access our data and business intelligence. This growth will be driven by our excellent reputation for the provision of valuable data and intelligence at a competitive price point.

Our business benefits from very high levels of recurring revenue from long standing customers; we will maintain our focus on these subscription and recurring revenue customers. We will continue to improve our profit margins with technology-led efficiencies and a tightly controlled cost base.

Chairman's statement continued

Current trading and outlook

Having successfully completed its restructuring, the Group is in a much stronger position. It benefits from less complexity, greater focus, and a clear strategy for growth, supported by investment in its core businesses.

Despite a challenging macro-economic environment and the impacts of both higher inflation and interest rates, the Group has made a positive start to the FY24 year. The significant cost reduction from the disposal of our London office lease and other operational savings already made will have a beneficial impact on the Group's FY24 performance. This, along with the investments made in growing its two operating businesses, gives the Board confidence in anticipating further growth in both revenue and profitability in FY24 and beyond.

Mark Smith

Chairman

6 September 2023

Chief Executive's Review

Overview

The year to 31 March 2023 was the Group's first full year under a new management team. Having agreed the strategy with the Board at the beginning of the year, the executive team has been fully focused on delivering the first phase of the strategic plan, the tidying up of the Group's operations, the disposal of non-core assets, and the resolution of the remaining legacy issues facing the Group. I am delighted to be able to report significant progress on all fronts.

Disposal of operations

The disposal of the Dods Media, Events and Training ("MET operations"), announced in October and completed in November 2022, was the most significant change as it represented approximately one third of the Group's revenue and involved the carving out from the Dods business of nearly one hundred employees. The £4.5 million consideration represented a 9x multiple on the FY22 EBITDA of c£0.5 million.

As well as the MET disposal, during the year the Group also disposed of:

- its 30% shareholding in Social 360 for a cash consideration of £420,000;
- its 40% shareholding in Sans Frontières Associates for a cash consideration of £250,000;
- the trade and assets of its Paris-based media and directory business, Le Trombinoscope, for a cash consideration of €60,000.

In aggregate, the Group raised £5.2 million from disposals in the year, of which £4.8 million of cash proceeds was received during the year and £450,000 is due for payment in October 2023.

Exit from lease in The Shard

The other significant disposal that took place during the financial year was the exit from the Group's unnecessarily large lease of 16,893 sq ft on the 11th floor of The Shard, which ran until July 2026 at an annualised total cost of £2.1 million, giving a total outstanding cashflow over the remaining term of the lease of £7.4 million, including dilapidations and a £3.1 million IFRS 16 lease liability. In March 2023, we announced the disposal of this lease through an assignment at a cost of £2.9 million. We anticipate that the disposal will reduce recognised profit & loss costs (including operating costs and IFRS 16 charges) by approximately £1.4 million per annum, after taking into account alternative accommodation costs. The Group has reduced its UK office footprint by 80% and now operates from four offices globally: Chennai, Mumbai, London and Brussels.

Settlement of remaining legacy deferred liabilities

At the beginning of the year the Group had outstanding legacy deferred liabilities comprising £0.5 million of deferred VAT and rent built up during the COVID pandemic, and £0.3 million of deferred consideration on the 2019 acquisition of Meritgroup Limited. All deferred liabilities have now been settled which, when combined with the removal of the significant lease liability, has strengthened the Group's balance sheet.

Funding

The lease disposal was funded in part with the provision of a new £1.8 million short term loan from Barclays Bank which amortises on a straight-line basis over the next eighteen months. The effective swapping of rent and service charge costs for bank debt repayments further strengthens the Group's financial outlook and should allow the Group to eliminate its net debt position over time.

Chief Executive's Review continued

Operating results

The Group's statutory revenue having been reduced by £9.8 million as a result of the disposal of non-core operations, it is pleasing to be able to report an Adjusted EBITDA from our Continuing Operations of £2.7 million very similar to the prior year figure of £2.8 million for the larger Group pre disposals. On a like-for-like Continuing Operations basis, the Group increased Adjusted EBITDA by 8% from £2.5 million in the prior year.

The restructured Group benefits from very good visibility of its revenues, with Dods PI's income being almost entirely subscription based and Merit D&T having a very stable long term customer base with 85% of revenue recurring.

Merit Data & Technology ("MD&T") revenue was up by 9% to £11.6 million; this business unit now represents nearly two thirds of the Group's revenues. MD&T's Adjusted EBITDA of £1.8 million (FY22: £1.9m) was impacted by sterling currency weakness particularly in the first half of the year. Without the year-on-year currency impact, Merit D&T's full year Adjusted EBITDA would have been £390k higher and shown growth of 20% year on year. In the second half of the year the GBP/INR rate recovered, and the stability of that exchange rate has continued since.

Dods Political Intelligence revenues were flat at £6.9 million (FY22: £6.9m); however Adjusted EBITDA rose 18% to £1.8 million as it benefitted from a lower cost base and some non-operating income from the provision of transitional services to the disposed of MET Operations. The business will be the primary beneficiary of the further cost savings to come in FY24 from the downsizing of the Group's London office costs.

Focus on growth

The newly restructured Group is now able to focus on its future growth plan. The Group's more than five years of experience in the field of Artificial Intelligence and Machine Learning and its expertise in data capture and analysis present the Group with exciting opportunities.

Merit Data & Technology is already benefiting from investments made in FY23 that will help accelerate the growth of the business. We have an expanded and reinvigorated sales and marketing team that is focused on the eight key verticals where we have experience and a track record. We are also seeing opportunities, and have already won business, from geographies that we were not previously addressing.

MD&T is also benefitting from a clearer technology proposition and is winning new business by offering data engineering solutions to both existing and new customers.

Dods will benefit from having a simpler business entirely focused on its core political intelligence service. Whilst the economic challenges facing companies are having an impact on its customer base, Dods PI is an essential service to many of its customers. The unit has been able to partly mitigate the impacts of higher inflation with higher price increases on renewing contracts than has been possible in the past.

Dods PI is looking to recruit specialist consultants in specific service areas where it sees opportunity to grow market share. We are looking to appoint a new leader for our Dods PI Sales and Marketing team to help us capitalise on the strong operational gearing that this business enjoys.

Chief Executive's Review continued

Merit Data & Technology ("MD&T")

MD&T is a leading data solutions provider, specialising in harvesting, aggregating & transforming large sets of data for many of the world's leading information businesses. We provide a highly bespoke service for each client, combining tech solutions, AI and manual analysis. We help clients to source and manage data in multiple industries, including retail, shipping, construction, automotive, energy, healthcare and pharma.

The business has very long-standing client relationships, and many of our most significant clients have been working with us for over ten years. We are very focused on developing technology tools to manage and transform data in a scalable way, in addition to operational excellence and a level of customer service which helps us enjoy very high levels of customer satisfaction and recurring revenue.



Selection of MD&T customers

Our model of servicing global clients with a highly skilled staff base located in India continues to be successful. With the advent of higher inflation, we continue to offer customers a technology-led and cost effective solution to their data intelligence needs.

With many years' experience of applying machine learning techniques to data transformation, we have a proven capability to enable AI innovation amongst our clients, where data will be critical to the development of new models and AI-led solutions.

Alongside our data business, we provide a strong technology solutions service to multiple customers. Merit has been a trusted partner in digital transformation for some of the world's largest B2B information businesses for over 15 years. Our agile solutions are industry agnostic, client centric and cover a wide range of project sizes and scope: from large scale digital upgrades and Data Management Solutions to simpler systems for Data Operations, Data Migration and AI-driven data products. Leveraging years of data and digital expertise, MD&T's solutions help customers shape their products, build robust systems, uncover deep insights, power automation and accelerate growth.

We have built a very distinct and attractive corporate culture with a progressive mix of Western and Indian best practices at our offices in India, where we employ over 900 people, 97% of whom are graduates. 30% of our employees have been with us for over 5 years.

Our employee value proposition is very strong with the right mix of learning & development and career growth opportunities. Our values and policies nurture, develop and engage employees to the highest level of their potential.

Chief Executive's Review continued

Dods Political Intelligence

Dods Political Intelligence (Dods PI) is a leading provider of a comprehensive subscription-based monitoring and analysis service covering political and policy developments across the UK and EU. We help our clients make informed decisions and develop effective strategies to deal with a fast changing and complex political and policy environment. We also offer the leading database of people that matter in the world of politics and policy, including Parliamentarians and civil servants in both the UK and EU.

Dods Political Intelligence delivers objective, relevant and contextual insights through a unique combination of expert consultants and innovative technologies. The political landscape in the EU and UK generates lots of complex information; Dods PI acts as an expert guide. We draw on human connection, real-time analysis and our deep understanding of people, parliaments and policy to bring our customers impartial insights that matter.



A selection of our Political Intelligence customers.

Our monitoring service is delivered through a market leading platform allowing customers greater control of the content and sectors that they wish to be informed about. Our technology allows us to monitor over 13,000 sources of information from 35 different sectors and provide customers with real time updates. Our premium offering gives customers access to advice from our specialist consultants and their dedicated research. In addition, Dods PI's stakeholder management tools enable our customers to identify and engage with key decision makers and influencers in their sector.

We provide political intelligence to eight hundred customers from a wide range of sectors: corporates, charities, NGOs and even government departments. The main service covers both the EU and Westminster parliaments, and we also offer both French and German language monitoring. During the year we have won new mandates from, amongst others, KPMG, Rio Tinto and Bayer.

David Beck

Chief Executive Officer

6 September 2023

Financial Review

	FY 2023	FY2022
	£m	£m
Revenue from Continuing Operations	18.6	17.6
Gross profit from Continuing Operations	8.6	8.9
Gross margin %⁽¹⁾ from Continuing Operations	46.0%	50.4%
Adjusted EBITDA⁽²⁾ from Continuing Operations	2.7	2.5
Statutory operating loss from Continuing Operations	(3.7)	(1.4)
Statutory loss before tax from Continuing Operations	(3.7)	(1.7)
Income tax credit/(charge) from Continuing Operations	0.1	(0.1)
Loss for the year from Continuing Operations	(3.6)	(1.8)
Loss for the year	(2.7)	(1.6)
Statutory EPS (pence per share)	(11.2p)	(7.0p)
Adjusted EPS (pence per share)⁽³⁾	(3.1p)	1.9p
Net (debt)/cash⁽⁴⁾	(2.6)	(2.1)

⁽¹⁾ Gross margin is Gross profit as a percentage of Revenue

⁽²⁾ Adjusted EBITDA is calculated as earnings before tax, depreciation, amortisation of intangible assets, share-based payments and non-recurring items

⁽³⁾ Adjusted EPS is calculated based on the profit/(loss) for the year before amortisation of intangible assets, share-based payments and non-recurring items

⁽⁴⁾ Net (debt)/cash comprises the aggregate of gross debt, excluding IFRS16 lease liabilities, and cash and cash equivalents (see Note 23)

Adjusted results are prepared to provide a more comparable indication of the Group's core business performance by removing the impact of certain items including non-recurring items, depreciation and amortisation relating to investment activities, share-based payments and other separately reported items.

In addition, the Group also measures and presents performance in relation to various other non-GAAP measures including Adjusted EBITDA. Adjusted results are not intended to replace statutory results. These have been presented to provide users with additional information and analysis of the Group's performance, consistent with how the Board monitors results.

Revenue and operating results

The Group's revenue from Continuing Operations increased by 5.6% to £18.6 million (2022: £17.6 million) and gross profit decreased by 3.5% to £8.6 million (2022: £8.9 million). Gross margin decreased from 50.4% to 46.0%, reflecting an investment in additional sales and marketing resources, together with inflationary cost pressure.

Adjusted EBITDA from Continuing Operations increased to £2.7 million (2022: £2.5 million), exceeding pre-pandemic and pre-disposal levels. The Group's operating loss from Continuing Operations was £3.7 million (2022: £1.4 million), after non-cash items including an amortisation charge of £0.6 million (2022: £0.6 million) for business combinations and an amortisation charge of £0.3 million (2022: £0.3 million) for intangible software assets. The depreciation charge for property, plant and equipment in the year increased slightly at £0.6 million (2022: £0.6 million) and a right-of-use depreciation charge was £1.3 million (2022: £1.3 million). Non-recurring costs, including profits and losses on disposals, people-related costs and other costs, were £3.4 million (2022: £1.2 million).

Financial Review continued

The loss before tax from Continuing Operations for the year was £3.7 million, up from £1.7 million in 2022 primarily as a result of non-recurring items, and the loss for the year from Continuing Operations was £3.6 million, up from £1.8 million in 2022.

Taxation

The Group has a tax credit on Continuing Operations of £0.1 million for the year resulting from the current year loss (2022: tax charge of £0.1 million).

Earnings per share

Earnings per share, both basic and diluted, in the year were a loss of 11.21 pence (2022: loss of 7.03 pence) and were based on the loss for the year of £2.7 million (2022: loss of £1.6 million) with a basic weighted average number of shares in issue during the year of 23,956,124 (2022: 22,367,910 shares).

Adjusted earnings per share, both basic and diluted, in the year were a loss of 3.14 pence (2022: 1.93 pence) and were based on the Adjusted loss after tax for the year of £0.8 million (2022: profit of £0.4 million).

Dividend

The Board is not proposing a dividend (2022: £nil).

Assets

Non-current assets of £37.7 million (2022 restated*: £47.4 million) comprise goodwill of £26.9 million (2022: £28.9 million), intangible assets of £7.9 million (2022: £9.8 million), property, plant and equipment of £0.3 million (2022: £1.8 million), IFRS 16 right-of-use assets of £1.9 million (2022: £5.7 million), Investments of £0.5 million (2022: £0.8 million) and deferred tax assets of £0.2 million (2022: £0.4 million). Significant year-on-year decreases reflect the disposal of MET operations and disposal of the Shard lease.

Non-current asset Investments have decreased by £0.3 million during the year, reflecting the disposal of the Group's shareholdings in its former Associates, Sans Frontières Associates Ltd and Social 360 Limited. Trade and other receivables, excluding deferred consideration receivable and deferred tax, have decreased by £0.1 million to £5.1 million (2022: £5.2 million).

Liabilities

Current liabilities fell by £3.5 million to £10.8 million (2022: £14.3 million) due to a significant reduction in Trade and other payables. Of this reduction, £0.5 million related to the payment of HMRC liabilities that had been deferred at 31 March 2021 due to Covid-19. A further £1.0 million reduction in current liabilities related to lease payments due under the Shard lease which has now been disposed of. Amounts payable under the bank facility increased by £0.5 million to £3.4 million (2022: £2.9 million) in line with the bank loan repayment schedule at the year-end date, which requires £1.2 million of the term loan taken out to part-fund the disposal of the Shard lease to be repaid within the next 12 months.

Non-current liabilities fell by £4.0 million to £2.8 million (2022: £6.8 million). Key changes in the year were a reduction in bank debt of £0.2 million and a reduction in lease liabilities of £3.8 million, in part due to the lease disposal.

*see Note 30

Financial Review continued

Capital and Reserves

Total equity decreased by £2.7 million to £31.8 million (2022: £34.4 million), reflecting the loss for the year.

Liquidity and capital resources

At 31 March 2023, the Group had bank debt of £4.7 million (2022: £4.4 million), comprising amounts owed on term loans and amounts drawn down on a revolving credit facility (RCF).

The Group had a term loan with £0.9 million outstanding (2022: £2.4 million) taken out in July 2022 over a five-year period, with interest at 4.75% over Bank of England interest rate. A further £1.8 million term loan was taken out in March 2023 over an 18-month period, to part-fund disposal of the Shard lease. This loan has the same interest rates and covenants as the Group's existing term loan.

In addition, the Group had a drawn RCF of £2.0 million and the full balance was outstanding at end of year (2022: £2.0 million).

The Group had a cash and cash equivalents balance of £2.1 million (2022: £2.3 million) and a net debt position of £2.6 million (2022: net debt of £2.1 million).

Statement of Directors' Responsibilities

The directors are responsible for preparing the Audited Results Announcement in accordance with applicable laws and regulations. The responsibility statement below has been prepared in connection with the Company's full Annual Report for the year ended 31 March 2023. Certain points thereof are not included within this Audited Results Announcement.

The directors confirm to the best of their knowledge:

- the consolidated financial statements, which have been prepared in accordance with both international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted in the UK, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group; and
- the Audited Results Announcement includes a fair review of the development and performance of the business and the position of the Group together with a description of the principal risks and uncertainties that it faces.

Financial Statements

Consolidated income statement

For the year ended 31 March 2023

Continuing Operations⁽¹⁾	Note	2023 £'000	2022 (restated) £'000
Revenue	3	18,585	17,598
Cost of sales		(10,033)	(8,732)
Gross profit		8,552	8,866
Administrative expenses		(12,628)	(10,276)
Other operating income	4	416	-
Operating loss from Continuing Operations		(3,660)	(1,410)
Memorandum:			
Adjusted EBITDA⁽²⁾		2,652	2,463
Depreciation of property, plant and equipment	16	(620)	(596)
Depreciation of right-of-use assets	26	(1,313)	(1,277)
Amortisation of intangible assets acquired through business combinations	15	(587)	(588)
Amortisation of software intangible assets	15	(314)	(255)
Adjusted EBIT⁽³⁾		(182)	(253)
Share-based payments	27	(63)	48
Non-recurring items			
Loss on disposal of Investments in Associates	5	(303)	-
Profits and losses on disposal of Shard lease	5	(2,927)	-
Impairments and asset write offs	5	-	(843)
People-related costs	5	(123)	(316)
Other non-recurring items	5	(62)	(46)
Operating loss from Continuing Operations		(3,660)	(1,410)
Net finance expense	10,11	(249)	(411)
Share of profit of Associate	18	252	144
Loss before tax from Continuing Operations	7	(3,657)	(1,677)
Income tax credit/(charge)	12	88	(129)
Loss for the year from Continuing Operations	7	(3,569)	(1,806)
Profit for the year from Discontinued Operations	6	884	234
Loss for the year		(2,685)	(1,572)

⁽¹⁾ Comparative figures for the year ended 31 March 2022 have been restated to remove Discontinued Operations as outlined in Note 6.

⁽²⁾ Adjusted EBITDA is defined as the operating loss after adding back depreciation, amortisation, share-based payments, and non-recurring items.

⁽³⁾ Adjusted EBIT is defined as the operating loss after adding back share-based payments and non-recurring items.

100% of the loss is attributable to owners of the parent.

Earnings per share (pence)	Note	2023 p per share	2022 (restated) p per share
Basic from Continuing Operations	13	(14.90p)	(8.07p)
Diluted from Continuing Operations	13	(14.90p)	(8.07p)
Basic from Discontinued Operations	13	3.69p	1.05p
Diluted from Discontinued Operations	13	3.69p	1.05p

The Notes to the consolidated financial statements form part of these financial statements.

Consolidated statement of comprehensive income

For the year ended 31 March 2023

	Note	2023	2022
		£'000	£'000
Loss for the year		(2,685)	(1,572)
Items that may be subsequently reclassified to Profit and loss:			
Foreign currency translation:			
Exchange differences on translation of foreign operations		(27)	31
Loss reclassified to profit and loss on disposal of foreign operations		(48)	-
		(75)	31
Remeasurement of defined benefits obligations	28	45	3
Other comprehensive income for the year		(30)	34
Total comprehensive loss for the year		(2,715)	(1,538)

The Notes to the consolidated financial statements form part of these financial statements.

Consolidated statement of financial position

As at 31 March 2023

	Note	2023 £'000	2022 (restated+) £'000
Non-current assets			
Goodwill	14	26,919	28,911
Intangible assets	15	7,908	9,826
Property, plant and equipment	16	341	1,807
Right-of-use assets	26	1,874	5,660
Investments	18	450	777
Deferred tax assets	24	184	415
Total non-current assets		37,676	47,396
Current assets			
Work in progress and inventories	19	-	14
Trade and other receivables	21	5,502	5,154
Loan receivable	20	-	210
Cash and cash equivalents	20,21	2,144	2,321
		7,646	7,699
Assets held for resale	18	-	410
Total current assets		7,646	8,109
Total assets		45,322	55,505
Current liabilities			
Trade and other payables	22	6,648	9,718
Defined benefit pension obligation	28	76	85
Bank loan / RCF	20, 23	3,373	2,860
Lease liability	26	678	1,679
Total current liabilities		10,775	14,342
Non-current liabilities			
Defined benefit pension obligation	28	249	197
Bank Loan	20, 23	1,342	1,518
Lease liability	26	1,202	5,042
Total non-current liabilities		2,793	6,757
Capital and reserves			
Issued capital	25	6,708	6,708
Share premium		1,067	1,067
Merger reserves		-	-
Retained profit/(loss)		10,347	13,032
Capital redemption reserve		13,680	13,680
Translation reserve		(124)	(49)
Other reserves		3	(42)
Share option reserve		73	10
Total equity		31,754	34,406
Total equity and liabilities		45,322	55,505

+ Comparative figures for the year ended 31 March 2022 have been restated to present deferred tax assets within Non-current assets as outlined in Note 30.

The Notes to the consolidated financial statements form part of these financial statements.

Consolidated statement of changes in equity

For the year ended 31 March 2023

	Share capital £'000	Share premium reserve ⁽¹⁾ £'000	Merger reserve ⁽²⁾ £'000	Retained earnings £'000	Capital redemption reserve ⁽³⁾ £'000	Translation reserve ⁽⁴⁾ £'000	Other reserves £'000	Share option reserve ⁽⁵⁾ £'000	Total shareholders' funds £'000
At 1 April 2021	19,501	20,866	409	(6,671)	-	(80)	(45)	58	34,038
Total comprehensive income									
Loss for the year	-	-	-	(1,572)	-	-	-	-	(1,572)
Currency translation differences	-	-	-	-	-	31	-	-	31
Remeasurement of defined benefit pension obligation	-	-	-	-	-	-	3	-	3
Share-based payment	-	-	-	-	-	-	-	(48)	(48)
Transactions with owners									
Share consolidation (Note 25)	(13,680)	(20,866)	(409)	21,275	13,680	-	-	-	-
Issue of ordinary shares	887	1,067	-	-	-	-	-	-	1,954
At 31 March 2022	6,708	1,067	-	13,032	13,680	(49)	(42)	10	34,406
At 1 April 2022	6,708	1,067	-	13,032	13,680	(49)	(42)	10	34,406
Total comprehensive income									
Loss for the year	-	-	-	(2,685)	-	-	-	-	(2,685)
Currency translation differences	-	-	-	-	-	(75)	-	-	(75)
Remeasurement of defined benefit pension obligation	-	-	-	-	-	-	45	-	45
Share based payments	-	-	-	-	-	-	-	63	63
At 31 March 2023	6,708	1,067	-	10,347	13,680	(124)	3	73	31,754

1 The share premium reserve represents the amount paid to the Company by shareholders above the nominal value of shares issued.

2 The merger reserve represents accounting treatment in relation to historical business combinations.

3 The capital redemption reserve is a non-distributable reserve created on cancellation of deferred shares.

4 The translation reserve comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into Sterling.

5 The share option reserve represents the cumulative expense recognised in relation to equity-settled share-based payments.

The Notes to the consolidated financial statements form part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Cash flows from operating activities			
Loss for the year		(2,685)	(1,572)
Depreciation of property, plant and equipment	16	678	689
Depreciation of right-of-use assets	26	1,338	1,315
Amortisation of intangible assets acquired through business combinations	15	770	862
Amortisation of other intangible assets	15	322	255
Share-based payments charge/(credit)	27	63	(48)
Share of profit of Associate	18	(252)	(144)
Lease interest expense	26	298	369
Loss on disposal of fixed assets	7	-	2
Write off of intangible assets	5,15	-	746
Profit on disposal of operations (before tax)	6	(2,074)	-
Loss on disposal of IFRS16 finance lease	5	2,927	-
Loss on disposal and impairment of investments in associates	5,17	303	97
Interest income	10	(77)	(28)
Interest expense		378	213
Foreign exchange charge on operating items		1	-
Income tax charge/(credit)		638	(292)
Operating cash flows before movement in working capital		2,628	2,464
(Increase)/Decrease in inventories	19	(16)	22
(Increase)/Decrease in trade and other receivables		(1,520)	430
Increase/(Decrease) in trade and other payables		233	(2,220)
Cash generated by operations		1,325	696
Taxation paid		(429)	(332)
Net cash generated from operating activities		896	364
Cash flows from investing activities			
Interest and similar income received	10	77	28
Additions to intangible assets	15	(175)	(1,240)
Additions to property, plant and equipment	16	(69)	(314)
Acquisition of investment	17	-	(450)
Proceeds from disposal of Associate	18	654	-
Proceeds from disposal of operations	6	3,846	-
Repayment of long-term loan by Associate	18,29	210	350
Net cash generated from/(used in) investing activities		4,543	(1,626)

Consolidated statement of cash flows continued

	Note	2023 £'000	2022 £'000
Cash flows from financing activities			
Proceeds from issue of share capital		-	908
Interest and similar expenses paid		(378)	(213)
Payment of lease liabilities	26	(1,901)	(2,424)
Payment on disposal of lease liabilities	26	(3,683)	-
Net drawdowns/(repayments) on bank loans	20,23	337	(253)
Net cash used in financing activities		(5,625)	(1,982)
Net decrease in cash and cash equivalents			
Opening cash and cash equivalents		2,321	5,565
Effect of exchange rate fluctuations on cash held		9	-
Closing cash at bank		2,144	2,321
Comprised of:			
Cash and cash equivalents		2,144	2,321
Closing cash at bank	21	2,144	2,321

The Notes to the consolidated financial statements form part of these financial statements.

Notes to the consolidated financial statements

1. Statement of significant accounting policies and judgements

Merit Group plc is a Company incorporated in England and Wales.

Basis of preparation of the Audited Results Announcement

The financial information of the Group set out above does not constitute "statutory accounts" for the purposes of Section 435 of the Companies Act 2006.

Statutory accounts for the year ended 31 March 2022 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 March 2023 will be delivered to the Registrar in due course. Those accounts have been reported on by the Independent Auditors; their report for the accounts for both financial years was (i) unqualified; (ii) did not include a reference of any matters to which the auditor drew attention by way of emphasis without qualifying their report; and (iii) did not contain a statement under 498 (2) or 498 (3) of the Companies act 2006.

The Group financial statements are properly prepared in accordance with UK adopted international accounting standards. The accounting policies adopted are consistent with those followed in the preparation of the consolidated financial statements for the year ended 31 March 2022.

At the time of approving the Audited Results Announcement, and based on a review of the Group's forecasts and business plan, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the preliminary statement.

Accounting developments

This report has been prepared based on the accounting policies detailed in the Group's financial statements for the year ended 31 March 2023 and is consistent with the policies applied in the previous financial year.

The following IFRS standards, amendments or interpretations became applicable during the year ended 31 March 2023 but have not had a material effect on the consolidated financial statements:

Standard		Effective Date*
Amendments to IFRS 3	Reference to the Conceptual Framework	1 Jan 2022
Amendments to IAS 16	Property, Plant and Equipment (Proceeds before intended use)	1 Jan 2022
Amendments to IAS 37	Onerous Contracts (Cost of fulfilling a contract)	1 Jan 2022
Amendments to IFRS 1, 9, 16 and IAS 41	Annual improvements to IFRS Standards 2018 - 2020	1 Jan 2022

*Effective for accounting periods starting on or after this date

There are no other new standards, amendments and interpretations which are effective for periods beginning on or after 1 April 2022, which had any impact on the Group's accounting policies and disclosures in these financial statements.

1. Statement of significant accounting policies and judgements continued

New and revised accounting standards in issue but not yet effective

Accounting standards, amendments and interpretations issued, but not yet effective, up to the date of the issuance of the consolidated financial statements are disclosed below. The Group expects to adopt these standards, if applicable, in the accounting period in which they become effective.

Standard		Effective Date*
Amendments to IAS 1	Disclosure of accounting policies	1 Jan 2023
Amendments to IAS 8	Definition of accounting estimates	1 Jan 2023
Amendment to IAS 12	Deferred tax relating to assets and liabilities arising from a single transaction	1 Jan 2023

*Effective for accounting periods starting on or after this date

Basis of preparation of the financial statements

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules, except for forward contracts (stated at fair value at year end) and defined benefit pension obligations (stated at the projected unit credit method in accordance with IAS 19 at year end).

In addition to statutory disclosures, the Group also measures and presents performance in relation to various other non-GAAP measures including Adjusted EBITDA. Adjusted results are not intended to replace statutory results. These have been presented to provide users with additional information and analysis of the Group's performance, consistent with how the Board monitors results.

Adjusted EBITDA is presented to provide a more comparable indication of the Group's core business performance by removing the impact of certain items including non-recurring items, depreciation and amortisation relating to investment activities, share-based payments and other separately reported items.

1. Statement of significant accounting policies and judgements continued

Going Concern

The Directors have considered the implications for going concern below, for a period of at least twelve months from the signing of these accounts.

The Directors have prepared and approved monthly-phased projections for the 21 months from the balance sheet date. The Directors consider the projections to be reasonable. The Directors have assessed the future funding requirements of the Group within the projections, compared them with the level of available borrowing facilities, and assessed the impact of them on the Group's cash flow, facilities and headroom within its future banking covenants. In addition, the Directors have considered reasonable downside risks and their potential impact on the projections and headroom.

Based on this work, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future.

In the 12-month period from the balance sheet date, capital repayments of £3.4 million were due to the bank with the remaining £1.3 million due in subsequent periods.

Basis of consolidation

Subsidiaries are entities controlled by the Group. Control is achieved where the Group is exposed to, or has rights to, variable returns and has the ability to affect those returns. The results of subsidiaries acquired or sold are included in the consolidated financial statements from the date that control commences to the date that control ceases. Where necessary, adjustments are made to the results of the acquired subsidiaries to align their accounting policies with those of the Group. All intra-group transactions, balances, income and expenditure are eliminated on consolidation.

Business combinations

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the Group. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill as the fair value of the consideration transferred (including the fair value of any previously held equity interest in the acquiree) and the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as at the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in the income statement.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the income statement.

1. Statement of significant accounting policies and judgements continued

Revenue policy

Revenue is the total amount of income generated by the sale of goods or services relating to the Group's primary operations. The Group has multiple revenue streams, being revenue from Data, Software & Technology Resourcing, Political Intelligence, and Political Engagement (now Discontinued – see note 6).

Our Merit Data and Technology (“MD&T”) business provides services within Data and Software & Technology Resourcing. Across each of these services, the performance obligation is the delivery of the service as agreed with the client in the contract. The performance obligation is satisfied over time as the customer simultaneously receives and consumes the benefits provided by the Group or via periodic delivery of data where that is the contractual requirement. Revenue is recognised either:

- in line with the hours used under the contract for services in line with our right to invoice for the actual hours used at a fixed contractual rate per hour; or
 - on delivery of the data where this reflects the completion of the contractual deliverable;
- in each case in accordance with IFRS15 and dependent upon the nature of the contractual arrangement.

Political Intelligence is a subscription-based service; the revenue is recognised on a straight-line basis over the life of the subscription. The performance obligation is the provision and availability of the subscription platform; the obligation is deemed to be satisfied as the client has ongoing access to the subscription platform. Where subscriptions are paid in advance, the contract balances for services not yet delivered are treated as deferred income.

Political Engagement activities (now Discontinued – see note 6) include events and training, along with media publications which comprise both on-line (website advertising) and off-line (printed magazines) offerings. Events and training are delivery-based activities and so revenue is recognised upon delivery of the service. The performance obligation is the delivery of the event or training course. Revenue for on-line media is recognised at the point of publication; the performance obligation is publication onto the relevant digital platform. Revenue for off-line media is recognised at the point of distribution; where a campaign runs over a number of print issues/editions, revenue is recognised equally across the period of the campaign. The performance obligation for off-line media is distribution (typically mailing) of the magazine or publication.

1. Statement of significant accounting policies and judgements continued

Leases

A contract contains a lease if the contract gives a right to control the use of an asset for a period of time in exchange for consideration. Leases which meet the criteria of “short-term,” for which the lease term is less than 12 months, or “low-value assets” are exempt from IFRS 16. Lease payments associated with “short-term” and “low-value assets” are expensed on a straight-line basis over the life of the lease.

For all other leases, at the lease commencement date, a right-of-use asset and corresponding lease liability are recognised in the Consolidated statement of financial position. The lease liability is initially measured at the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rate. Right-of-use assets are measured at the value of the associated lease liability plus any initial direct costs incurred, adjusted for any prepaid or accrued lease payments. The right-of-use asset is initially recognised at cost, and subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis. The lease liability is increased by the interest cost and decreased by the lease payments made.

Post-retirement benefits - defined contribution

The Group contributes to independent defined contribution pension schemes. The amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the accounting period.

Defined benefits pensions

The Group operates a defined benefit pension plan for eligible employees based in India. The assets of the scheme are held separately from those of the Group.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit credit method.

Past service cost and settlement gains are recognised immediately in the Income Statement. Remeasurements comprising of actuarial gains and losses as well as the difference between the return on plan assets and the amounts included in net interest on the net defined benefit liability/asset, are recognised in other comprehensive income (OCI), net of income taxes.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full.

Non-recurring items

Non-recurring items are items which in management's judgement need to be disclosed by virtue of their size, incidence or nature. Such items are included on the income statement on an independent line to which they relate and are separately disclosed either in the notes to the consolidated financial statements or on the face of the Consolidated income statement.

Non-recurring items are not in accordance with any specific IFRS definition and therefore may be different to other companies’ definition of non-recurring items.

1. Statement of significant accounting policies and judgements continued

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax is based on taxable profit for the year and any adjustment to tax payable in respect of previous years. Taxable profit differs from net profit as reported in the income statement 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 assets and liabilities for current tax are calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is 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 balance sheet 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 profit will be available against which temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax nor the accounting profit other than in a business combination.

Deferred tax liabilities are recognised for temporary differences arising on investments in subsidiaries 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.

The carrying amount of the deferred tax asset is reviewed at each balance sheet 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 enacted or that are expected to apply (substantively enacted) at the balance sheet date when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Goodwill

Goodwill represents the difference between the cost of acquisition of a business and the fair value of identifiable assets, liabilities and contingent liabilities acquired. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and is tested annually for impairment. Any impairment is recognised immediately in profit or loss.

1. Statement of significant accounting policies and judgements continued

Intangible assets

Intangible assets acquired by the Group are stated at cost less accumulated amortisation and impairment losses, if any. Intangible assets are amortised on a straight-line basis over their useful lives in accordance with IAS 38 Intangible Assets. Assets are not revalued. The amortisation period and method are reviewed at each financial year end and are changed in accordance with IAS 8 Accounting Policies, “Changes in Accounting Estimates and Errors” if this is considered necessary, there were no changes from last year. The estimated useful lives are as follows:

Publishing rights	20-75 years (one specific right is deemed to have a useful economic life of 75 years)
Brand names	15-20 years
Customer relationships	1-8 years
Customer list	4-8 years
Order books	1 year
Other assets	1 year

Software which is not integral to a related item of hardware is included in intangible assets and amortised over its estimated useful lives of between 3-6 years. The salaries of staff employed in the development of new software relating to the Group’s information services products and salaries of staff employed in building our digital platform architecture within the Group are capitalised into software.

Intangible assets – research and development

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use;
- its intention to complete and its ability and intention to use the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation of the asset begins from the date development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is charged to the income statement. During the period of development, the asset is tested for impairment.

The Directors assess the useful life of the completed capitalised projects to be 3-10 years from the date of when benefits begin to be realised and amortisation will begin at that time.

1. Statement of significant accounting policies and judgements continued

Intangible assets - Impairment

The carrying amounts of the Group's intangible assets are reviewed at each reporting date to determine whether there is any indication of possible impairment. If any such indication of possible impairment exists, then the asset's recoverable amount is estimated and compared with the asset's carrying value. For goodwill, the recoverable amount is estimated each year at each balance sheet date.

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use and its fair value less costs to sell.

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 the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the CGU). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Property, plant and equipment

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

Depreciation is provided to write off the cost less estimated residual value of property, plant and equipment by equal instalments over their estimated useful economic lives as follows:

Leasehold improvements	Over the shorter of the life of the asset or lease period
Equipment, fixtures and fittings	3-10 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1. Statement of significant accounting policies and judgements continued

Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories are subsequently measured at average weighted cost.

Cash

Cash includes cash in hand and in the bank.

Foreign currencies

The individual financial statements of each Group Company 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, which is the presentation currency of the Group.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated but remain at the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

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 balance sheet date. Income and expense items are translated at the average exchange rates for the period ended on the balance sheet date. Exchange rate differences arising, if any, are recognised directly in equity in the Group's translation reserve. Such translation differences are recognised as income or as expense in the income statement in the period in which the operation is disposed of.

Provisions

A provision is recognised on the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

1. Statement of significant accounting policies and judgements continued

Financial Instruments

Financial assets

Financial assets are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments

All of the Group's derivatives and forward contracts are measured at their fair value at the end of each period. Derivatives and forward contracts that mature within one year are classified as current.

Financial assets

Financial Assets are measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through income statement (FVTPL). The measurement basis is determined by reference to both the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. The Group's financial assets comprise of trade and other receivables and cash and cash equivalents.

Trade receivables

Trade receivables are measured at amortised costs and are carried at the original invoice amount less allowances for expected credit losses.

Expected credit losses are calculated in accordance with the simplified approach permitted by IFRS 9, using a provision matrix applying a historical credit loss experience to the trade receivables. The expected credit loss rate varies depending on whether, and the extent to which, settlement of the trade receivables is overdue, and it is also adjusted as appropriate to reflect current economic conditions and estimates of future conditions. For the purpose of determining credit loss rates, customers are classified into groupings that have similar loss patterns. The key driver of the loss rates is the ageing of the debtor. When a trade receivable is determined to have no reasonable expectation of recovery it is written off, firstly against any credit loss allowance available, and then to the income statement.

Subsequent recoveries of amounts previously provided for or written off are credited to the income statement. Long term receivables are discounted where the effect is material.

Cash & cash equivalents

Cash held in deposit accounts is measured at fair value.

1. Statement of significant accounting policies and judgements continued

Financial Liabilities

The Group's financial liabilities consist of trade payables, loans and borrowings, and other financial liabilities. Trade payables are non-interest bearing. Trade payables are initially recognised at their fair value and subsequently measured at their amortised cost. Loans and borrowings and other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. Interest expense is measured on an effective interest rate basis and recognised in the income statement over the relevant period.

Fixed asset investments

Investments in unlisted entities which are held for long term investment purposes are held at fair value through profit and loss ("FVTPL"). The carrying amount of the Group's fixed asset investments are reviewed at each reporting date with changes in fair value recognised in other gains/(losses) in the consolidated income statement.

Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above.

but not exceeding 50%. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses.

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued, or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Periodically management assesses whether there is any sign of impairment in the investment in Associate, management make judgement in regard to the investee's ability to fulfil financial obligations, significant adverse changes in the environment where the investee operate. If management judge that evidence of impairment exists, an impairment test will be conducted. The entire carrying amount of the investment is tested for impairment as a single asset by comparing its carrying amount to its recoverable amount. Recoverable amount is the higher of value in use and fair value less costs to sell. If the carrying amount of an investment in Associate is higher than its recoverable amount, an impairment charge is recognised in the Consolidated income statement.

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in the income statement and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1. Statement of significant accounting policies and judgements continued

Associated companies continued

Gains and losses arising from partial disposals or dilutions in investments in associated companies are recognised in the income statement. Investments in associated companies are derecognised when the Group loses significant influence. Any retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained investment at the date when significant influence is lost and its fair value is recognised in profit or loss.

Government grants

The Group recognises government grants under the accruals model, which requires that the grant be recognised as “revenue based”, in the financial statements. This is recognised within other operating income. Grants which are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs or unfulfilled conditions and other contingencies attached to the government assistance, shall be recognised in income in the period in which it becomes available.

Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive income on a straight-line basis over the vesting period. Fair value is calculated using the Monte Carlo simulation model, details of which are given in Note 27.

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

2. Critical accounting estimates and judgements and adopted IFRS not yet effective

The key assumptions concerning the future and other key sources of estimation and judgements at the balance sheet date that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Significant Judgements and Estimates

a) Continuing and Discontinued Operations

During the year, the Group completed the disposal of the Media, Events and Training operations of its Dods segment, including the trade and assets of Le Trombinoscope SAS, which together constituted the entire Media, Events and Training operations of the Group. Further details of the disposals are disclosed in Note 6. Whilst these operations were only part of the Dods CGU, they generated approximately 60% of the revenues of that CGU and 35% of total Group revenues. It is management's judgement that these operations represented separate major lines of business, were part of a single coordinated plan to dispose of that line of business, and given the scale of these operations, it is appropriate to consider the disposed activities as Discontinued Operations under IFRS 5. Accordingly, management has adopted IFRS 5 disclosures in presenting the Consolidated Income Statement and supporting Notes on a Continuing Operations basis, including the results of the Discontinued Operations as a single line within the Consolidated Income Statement and restating the comparative figures accordingly.

b) Going concern

Management applies judgement when determining to apply the going concern basis for preparation of the financial statements, through evaluation of financial performance and forecasts. See "Going concern" section for further details.

c) Non-recurring administrative expenses

Due to the Group's significant restructuring and acquisition related activity in recent years, there are a number of items which require judgement to be applied in determining whether they are non-recurring in nature. In the current year these relate largely to disposals, restructuring and redundancy costs. See Note 5 for further details.

d) Impairment testing

Where indicators of a possible impairment are identified, the Directors use the value in use or fair value less costs to sell to determine recoverable value. In the current year, the Directors have used the fair value less costs to sell model. The key judgements and estimates required in this model are:

- the identification of cash-generating units (CGUs). The Directors have judged that the primary CGUs used for impairment testing should be MD&T and Dods.
- the assessment of fair value, which was assessed using the expected recurring earning of the CGUs and the average earnings multiples for a group of listed businesses which the Directors consider comparable to the MD&T and Dods CGUs and for which published information allowing a comparable assessment is available, with the key judgement being the identification of comparable entities for which the Directors used their own experience to identify entities that could be considered comparable.
- the estimate of costs to sell, which was based on management's knowledge and experience of costs incurred on transactions to buy and sell similar assets.

See Note 14 for further details.

3. Critical accounting estimates and judgements and adopted IFRS not yet effective continued

Significant Judgements and Estimates continued

e) Capitalisation of development costs

Management applies judgement when determining the value of development costs to be capitalised as an intangible asset in respect of its product development program. Judgement includes the technical feasibility, intention and availability of resources to complete the intangible asset so that the asset will be available for use and assessment of likely future economic benefits. Details of intangible assets capitalised are available in Note 15.

f) Recognition of deferred tax assets

Judgement is applied in the assessment of deferred tax assets in relation to losses to be recognised in the financial statements. 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. 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. See Note 24 for further details.

g) Investments

The Group takes into account the power over its investee, its exposure and rights to variable returns from its involvement with the investee, and its ability to use the power over the investee to affect the amount of the investor's return to determine whether the investment is treated as an Associate or a controlling interest. See Note 18 for further details. Where a controlling interest exists, the investee is consolidated.

Adopted IFRS not yet applied

This report has been prepared based on the accounting policies detailed in the Group's financial statements for the year ended 31 March 2023 and is consistent with the policies applied in the previous financial year. There are no other new standards, amendments and interpretations which are effective for periods beginning on or after 1 April 2022, which had any impact on the Group's accounting policies and disclosures in these financial statements. None of the new standards, amendments and interpretations, which are effective for periods beginning after 1 April 2022 and which have not been adopted early, are expected to have a significant effect on the consolidated financial statements of the Group.

4. Segmental information

The basis on which operating results are reviewed and resources allocated is examined from both a business and geographic perspective by the senior management team.

Business segments

The Group now considers that it has two operating business segments, Merit Data & Technology (MD&T) and Dods, plus a (non-revenue generating) central corporate segment.

- The Merit Data & Technology business segment focuses on the provision of data, data engineering and machine learning, and on the provision of software and technology resourcing.
- The Dods business segment concentrates on the provision of key information and insights into the political and public policy environments around the UK and the European Union.
- The central corporate segment contains the activities and costs associated with the Group's head office functions.

On 30 November 2022, the Group completed the disposal of the Media, Events and Trading operations (the 'MET operations') of its Dods segment. On 13 January 2023, the Group completed the disposal of the trade and assets of Le Trombinoscope from its Dods segment. Current year figures are presented on a Continuing Operations basis, excluding the results of these disposed operations (the "Discontinued Operations"), and prior year figures have been similarly restated to exclude Discontinued Operations as outlined in Note 6.

The following table provides an analysis of the Group's segment revenue by business segment.

Revenue by business segment - continuing operations⁽¹⁾	2023	2022
	£'000	(restated)
		£'000
Merit Data & Technology	11,644	10,696
Dods	6,941	6,902
	18,585	17,598

(1) Comparative figures for the year ended 31 March 2022 have been restated to remove Discontinued Operations as outlined in Note 6.

No client accounted for more than 10 percent of total revenue.

Revenue by stream - continuing operations⁽¹⁾	2023	2022
	£'000	(restated)
		£'000
Data	6,743	5,567
Software & Technology Resourcing	4,901	5,129
Political Intelligence	6,941	6,866
Political Engagement	-	36
	18,585	17,598

(1) Comparative figures for the year ended 31 March 2022 have been restated to remove Discontinued Operations as outlined in Note 6.

3. Segmental information continued

2023 Profit/(loss) before tax by business segment	MD&T 2023 £'000	Dods 2023 £'000	Central 2023 £'000	Total 2023 £'000
Continuing operations⁽¹⁾				
Adjusted EBITDA	1,809	1,838	(995)	2,652
Depreciation of property, plant and equipment	(252)	(368)	-	(620)
Depreciation of right-of-use assets	(552)	(517)	(244)	(1,313)
Amortisation of intangible assets acquired through business combinations	(510)	(77)	-	(587)
Amortisation of software intangible assets	-	(314)	-	(314)
Share based payments	-	-	(63)	(63)
Non-recurring items				
Profits and losses on disposals	-	-	(3,230)	(3,230)
People-related costs	(35)	10	(98)	(123)
Other non-recurring items	-	-	(62)	(62)
Operating profit/(loss)	460	572	(4,692)	(3,660)
Net finance expense	83	(226)	(106)	(249)
Share of profit of Associate	-	-	252	252
Profit/(loss) before tax from continuing operations	543	346	(4,546)	(3,657)

2022 Profit/(loss) before tax by business segment	MD&T 2022 £'000	Dods 2022 £'000	Central 2022 £'000	Total 2022 £'000
Continuing operations⁽¹⁾				
Adjusted EBITDA	1,898	1,556	(991)	2,463
Depreciation of property, plant and equipment	(279)	(317)	-	(596)
Depreciation of right-of-use assets	(531)	(413)	(333)	(1,277)
Amortisation of intangible assets acquired through business combinations	(511)	(77)	-	(588)
Amortisation of software intangible assets	-	(255)	-	(255)
Share based payments	-	-	48	48
Non-recurring items				
Impairments and asset write offs	-	(746)	(97)	(843)
People-related costs	-	-	(316)	(316)
Other non-recurring items	-	-	(46)	(46)
Operating profit/(loss)	577	(252)	(1,735)	(1,410)
Net finance expense	74	(375)	(110)	(411)
Share of profit of Associate	-	-	144	144
Profit/(loss) before tax from continuing operations	651	(627)	(1,701)	(1,677)

(1) Comparative figures for the year ended 31 March 2022 have been restated to remove Discontinued Operations as outlined in Note 6.

3. Segmental information continued

Geographical segments

The following table provides an analysis of the Group's segment revenue by geographical market. Segment revenue is based on the geographical location of customers.

Revenue by geographical segment - continuing operations ⁽¹⁾	2023 £'000	2022 (restated) £'000
UK	15,333	14,176
Belgium	1,707	1,793
USA	662	390
France	321	351
Germany	424	500
Rest of world	138	388
	18,585	17,598

(1) Comparative figures for the year ended 31 March 2022 have been restated to remove Discontinued Operations as outlined in Note 6.

Non-current assets by geographical segment ⁽²⁾	2023 £'000	2022 £'000
UK	35,171	43,511
Goodwill	26,919	28,911
Intangible assets	7,908	9,826
Property, plant and equipment	76	1,272
Right-of-use asset	268	3,502
India	1,871	2,693
Property, plant and equipment	265	535
Right-of-use asset	1,606	2,158
	37,042	46,204

(2) Excluding Investments held as non-current assets (see Note 18) and deferred tax assets (see Note 24).

3. Segmental information continued

Group Deferred revenue

The following table provides an analysis of the Group's deferred revenue:

Aggregate Deferred Revenue	2023 £'000	2022 £'000
Merit Date & Technology	10	16
Dods	3,132	5,244
	3,142	5,260

Of revenue deferred at the year-end date, the Group expects to recognise all £3.1 million over the next year ending 31 March 2024.

During the current year, the Group recognised £3.1 million of deferred revenue from the prior period within Continuing Operations, and £1.5 million within Discontinued Operations and disposed of £0.5m, based on the performance obligation being satisfied. The remaining £0.1 million is yet to be recognised, and is expected to be recognised in the year ending 31 March 2024. This also forms part of the current year balance.

4. Other operating income

Continuing Operations

During the year, the Group provided transitional services to the Political Holdings Limited group, the purchaser of the disposed Media, Events and Training operations, as part of the agreed disposal. These services included finance, IT and occupancy services, for which the costs are primarily incurred within the Dods segment. The fees arising in the period from 1 December 2022 to 31 March 2023 of £416,000 have been recognised within Other operating income.

Discontinued Operations

During the prior year, the Group participated in the UK Government's Coronavirus Job Retention Scheme (CJRS) for its London and Edinburgh based employees. Details of the scheme criteria and eligibility are well documented.

The Group has accounted for this scheme using the accrual model; all amounts received are recognised as Other Income in the Consolidated income statement. There are no unfulfilled conditions and other contingencies attaching to the government assistance.

The number of employees who were put on the CJRS in the prior year varied from month to month up to a maximum of 6 and the total amount received during the prior year was £39,000. In the current year, no amounts were claimed for any employees.

In the prior year, the Group also received a grant from the Scottish Government. The grant was issued by the Pivotal Event Businesses Fund (the Issuer) and was for £2,500. The Group accounted for this scheme using the accrual model, with the total grant being recognised as Other operating income in the prior year Consolidated income statement.

5. Non-recurring items

Continuing operations⁽¹⁾	2023	2023	2022
	£'000	£'000	(restated) £'000
Transaction-related non-recurring items:			
Loss on disposal of investments in Associates	(303)		
Loss on disposal of Shard lease	(2,927)		
Profits and losses on disposals		(3,230)	-
Impairments and asset write offs		-	(843)
People-related costs		(123)	(316)
Other: Professional services, consultancy and finance fees		(62)	(46)
		(3,415)	(1,205)

(1) Comparative figures for the year ended 31 March 2022 have been restated to remove Discontinued Operations as outlined in Note 6.

No impairments or asset write offs were made during the current year. During the prior year, the Group made an impairment charge of £97k against the carrying value of Investments in Associates and wrote off £746k of intangible fixed assets under construction.

People-related costs include deferred cash consideration on the Meritgroup Limited acquisition. Also included are redundancy costs reflecting the effect of Group initiatives to appropriately restructure the business. Prior year costs included redundancy and recruitment of senior management for roles which have been newly created within the Group.

Other non-recurring costs in the prior year relate to one-off consultancy and professional fees associated with the rental review of the London premises. These costs are classified as non-recurring as they related to a one-off rent review under the London lease, which has since been reassigned to a third party, and are therefore highly unlikely to arise again.

6. Disposal

On 30 November 2022, the Group completed the disposal of the Media, Events and Training operations of its Dods segment (together, the "MET Operations") for a cash consideration of £4.5 million to Political Holdings Limited.

On 12 January 2023, the Group completed the disposal of the trade and assets of Le Trombinoscope SAS, the Paris-based activities of the Dods segment ("Le Trombinoscope") to Trombimedia Limited for £0.1 million cash consideration.

As a consequence of the disposals, the activities of the MET Operations and Le Trombinoscope have been classified as Discontinued Operations within the Consolidated income statement.

6. Disposal continued

The results of Discontinued Operations for the year, which for 2023 includes the results of the MET operations for 8 months (2022: 12 months) and Le Trombinoscope for 9.5 months (2022: 12 months), are as follows:

6(a) – Profit from Discontinued Operations

Discontinued Operations	2023 £'000	2022 £'000
Revenue	6,913	9,801
Cost of sales	(5,861)	(7,864)
Gross profit	1,052	1,937
Administrative expenses	(1,450)	(2,158)
Other operating income	-	42
Operating loss	(398)	(179)
Memorandum:		
Adjusted EBITDA	(69)	358
Depreciation of property, plant and equipment	(58)	(93)
Depreciation of right-of-use assets	(25)	(38)
Amortisation of intangible assets acquired through business combinations	(183)	(274)
Amortisation of software intangible assets	(8)	-
Non-recurring items – people-related costs	(55)	(132)
Operating loss	(398)	(179)
Net finance expense	(66)	(8)
Loss before tax	(464)	(187)
Income tax credit	58	421
(Loss)/profit for the period from Discontinued Operations	(406)	234
Profit on disposal of Discontinued Operations after tax (see Note 6(c))	1,290	-
Profit from Discontinued Operations for the period	884	234

6. Disposal continued

6(b) – Cashflows from Discontinued Operations

Cashflows generated by the Discontinued Operation for the period were as follows:

Discontinued Operations	2023 £'000	2022 £'000
Net cash outflow from operating activities	(1,621)	(330)
Net cash inflow from investing activities	3,846	-
Net cash outflow from financing activities	(95)	(44)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts from Discontinued Operations	2,130	(374)

6(c) Disposal details

	2023 £'000	2022 £'000
Consideration received and receivable:		
Cash (net of transaction costs)	3,846	-
Deferred consideration	450	-
Total disposal consideration	4,296	-
Carrying amount of net assets sold	2,290	-
Gain on disposal before tax and reclassification of foreign currency translation reserve	2,006	-
Reclassification of foreign currency translation reserve	68	-
Tax charge on disposal	(784)	-
Profit on disposal of Discontinued Operations after tax	1,290	-

7. Loss before tax

Loss before tax from Continuing Operations⁽¹⁾ has been arrived at after charging/(crediting):

Continuing Operations:	Note	2023 £'000	2022 £'000
Depreciation of property, plant and equipment	16	620	596
Depreciation of right-of-use assets	26	1,313	1,277
Amortisation of intangible assets acquired through business combinations	15	587	588
Amortisation of software intangible assets	15	314	255
Staff costs	9	11,991	12,336
Non-recurring items	5	3,415	1,205
Share of profit of Associate	18	252	144
Interest income	10	(77)	(28)
Interest expense	11	607	574
Net foreign exchange (gain)/loss	10	(297)	(147)
Loss on disposal of fixed assets	16	-	2

(1) Comparative figures for the year ended 31 March 2022 have been restated to remove Discontinued Operations as outlined in Note 6.

Loss before tax has been arrived at after charging:

Auditor's remuneration	2023 £'000	2022 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	51	26
Fees payable to the Company's auditor and its associates for other services:		
- The audit of the Company's subsidiaries, pursuant to legislation	137	125
- Non-audit services in relation to review of interim accounts	5	3
- Non-audit services in relation to review of ERS tax returns	4	7
	197	161

8. Directors' remuneration

The remuneration of the Directors of the Group for the years ended 31 March 2023 and 31 March 2022 is set out below:

		Salaries /fees £	Bonus £	Committee fees £	Pension Contrib'ns £	Other Benefits ⁽⁸⁾ £	Total £
Executive Directors							
David Beck	2023	227,820	25,000	-	-	2,379	255,199
Chief Executive Officer	2022	125,000 ⁽¹⁾	-	-	-	1,014	126,014
Cornelius Conlon	2023	153,459	-	-	3,375	270,708	427,542
Managing Director	2022	163,412	-	-	3,000	260,929	427,341
Philip Machray	2023	197,900	25,000	-	658	2,071	225,629
Chief Financial Officer	2022	70,530 ⁽²⁾	-	-	-	555	71,085
Munira Ibrahim ⁽³⁾	2023	145,000	-	-	5,800	149,379	300,179
Managing Director	2022	210,000	-	-	8,400	720	219,120
Simon Bullock ⁽⁴⁾	2023	-	-	-	-	-	-
Former CFO	2022	158,333	-	-	6,333	1,252	165,918
Non-Executive Directors							
Lord Ashcroft KCMG PC ⁽⁵⁾	2023	-	-	-	-	-	-
Non-Executive Director	2022	-	-	-	-	-	-
Richard Boon ⁽⁶⁾	2023	25,000	-	5,000	-	-	30,000
Non-Executive Director	2022	25,000	-	5,000	-	-	30,000
Angela Entwistle ⁽⁷⁾	2023	25,000	-	5,000	-	-	30,000
Non-Executive Director	2022	25,000	-	5,000	-	-	30,000
Diane Lees	2023	25,000	-	5,000	-	-	30,000
Non-Executive Director	2022	25,000	-	5,000	-	-	30,000
Mark Smith	2023	50,000	-	5,000	-	-	55,000
Non-Executive Chairman	2022	50,000	-	5,000	-	-	55,000
Vijay Vaghela ⁽⁶⁾	2023	25,000	-	10,000	-	-	35,000
Non-Executive Director	2022	25,000	-	10,000	-	-	35,000
Total for 2023		874,179	50,000	30,000	9,833	424,537	1,388,549
Total for 2022		877,275	-	30,000	17,733	264,470	1,189,478

1 Appointed as Interim Chief Executive Officer on 13 July 2021. Appointed as Chief Executive Officer and to the Board on 7 September 2021. In addition to the above Director's remuneration, in the prior year David Beck received £40,000 remuneration prior to his appointment to the Board.

2 Appointed as Chief Financial Officer on 17 November 2021. In addition to the above Director's remuneration, in the prior year Philip Machray received £15,944 remuneration prior to his appointment to the Board.

3 Resigned as a Director on 30 November 2022.

4 Resigned as a Director on 17 November 2021.

5 Lord Ashcroft was appointed to the Board on 13 December 2022. During the year he received £nil remuneration.

6 Resigned as a Director on 31 January 2023.

7 The £30,000 (2022: £30,000) paid for the services of Angela Entwistle as a Non-Executive Director is paid to Deacon Street Partners Limited. See also related party transactions – Note 29.

8 Other benefits are health insurance, overseas living allowance, and (i) deferred cash consideration on acquisition of Meritgroup Limited in respect of Cornelius Conlon, and (ii) redundancy and compensation for loss of office payments in respect of Munira Ibrahim.

Remuneration of the highest paid Director was £427,542 (2022: £427,341). The highest paid Director received pension contributions of £3,375 (2022: £3,000).

During the year, three (2022: three) directors accrued benefits under money purchase pension schemes.

The current Directors and their interests in the share capital of the Company at 31 March 2023 are disclosed within the Directors' Report of the Annual Report & Accounts.

9. Staff costs

The average number of persons employed by the Group (including Executive Directors) during the year within each category was:

Continuing Operations⁽¹⁾	2023	2022
	Number	(restated) Number
Editorial and production staff	39	35
Sales and marketing staff	17	15
Managerial and administration staff	17	25
Technology and support staff	904	895
	977	970

Continuing Operations⁽¹⁾	2023	2022
	£'000	(restated) £'000
Wages and salaries	10,810	11,298
Social security costs	976	922
Pension and other costs	142	164
Share-based payment charge/(credit)	63	(48)
	11,991	12,336

(1) Comparative figures for the year ended 31 March 2022 have been restated to remove Discontinued Operations as outlined in Note 6.

Staff costs do not include deferred cash consideration in relation to the Meritgroup Limited acquisition. This is treated as non-recurring (see Note 5) and is included in Directors' Remuneration (see Note 8).

10. Finance income

Continuing Operations⁽¹⁾	2023	2022
	£'000	£'000
Bank interest income	77	28
Pension finance credit	8	9
Net foreign exchange gain ⁽²⁾	297	147
	382	184

(1) Comparative figures for the year ended 31 March 2022 have been restated to remove Discontinued Operations as outlined in Note 6.

(2) Includes £5k FX loss on derivative (2022: £35k gain).

11. Finance expense

Continuing Operations⁽¹⁾	2023	2022
	£'000	£'000
Bank interest expense	313	205
Pension finance charge	24	21
Lease interest expense	294	369
	631	595

(1) Comparative figures for the year ended 31 March 2022 have been restated to remove Discontinued Operations as outlined in Note 6.

12. Income tax credit

Continuing Operations⁽¹⁾	2023 £'000	2022 £'000
Current tax		
Current tax on income for the year at 19% (2022: 19%)	32	27
Adjustments in respect of prior periods	10	-
	42	27
Overseas tax		
Current tax expense on income for the year	364	318
Total current tax expense	406	345
Deferred tax (see Note 24)		
Origination and reversal of temporary differences	(416)	(286)
Effect of change in tax rate	-	95
Adjustments in respect of prior periods	(78)	(25)
Total deferred tax income	(494)	(216)
Total income tax (credit)/charge	(88)	129

⁽¹⁾ Comparative figures for the year ended 31 March 2022 have been restated to remove Discontinued Operations as outlined in Note 6.

The tax credit for the year differs from the standard rate of corporation tax in the UK of 19% (2022: 19%). A reconciliation is provided in the table below:

Continuing Operations⁽¹⁾	2023 £'000	2022 £'000
Loss before tax	(3,657)	(1,677)
Notional tax credit at standard rate of 19% (2022: 19%)	(695)	(319)
Effects of:		
Expenses not deductible for tax purposes	429	(24)
Non-qualifying depreciation	-	7
Adjustments to brought forward value	(78)	(25)
Effect of deferred tax rate changes on realisation and recognition	-	94
Deferred tax not recognised	32	46
Utilisation of losses not provided for	5	-
Tax losses carried forward	104	240
Adjustment to agree foreign tax charge	119	72
Other	(4)	38
Total income tax (credit)/charge	(88)	129

⁽¹⁾ Comparative figures for the year ended 31 March 2022 have been restated to remove Discontinued Operations as outlined in Note 6.

13. Earnings per share

Continuing Operations⁽¹⁾	2023 £'000	2022 £'000
Loss attributable to shareholders	(3,569)	(1,806)
Add: non-recurring items	3,415	1,205
Add: amortisation of intangible assets acquired through business combinations	587	588
Add: net exchange (gains)/losses (Note 10)	(297)	(147)
Add: share-based payment expense/(credit)	63	(48)
Adjusted post-tax profit/(loss) attributable to shareholders	199	(208)

⁽¹⁾ Comparative figures for the year ended 31 March 2022 have been restated to remove Discontinued Operations as outlined in Note 6.

Discontinued Operations	2023 £'000	2022 £'000
Profit attributable to shareholders	884	234
Add: non-recurring items	(2,019)	132
Add: amortisation of intangible assets acquired through business combinations	183	274
Adjusted post-tax (loss)/profit attributable to shareholders	(952)	640

Weighted average number of shares	2023 Ordinary shares	2022 Ordinary shares
In issue during the year – basic	23,956,124	22,367,910
Adjustment for share options	-	-
In issue during the year – diluted	23,956,124	22,367,910

Performance Share Plan (PSP) options over 1,420,791 Ordinary shares have not been included in the calculation of diluted EPS for the year ended 31 March 2023 because their exercise is contingent on the satisfaction of certain criteria that had not been met at that date.

13. Earnings per share continued

Continuing Operations⁽¹⁾	2023 Pence per share	2022 Pence per share
Earnings per share – continuing operations		
Basic	(14.90)	(8.07)
Diluted	(14.90)	(8.07)
Adjusted earnings per share – continuing operations		
Basic	0.83	(0.93)
Diluted	0.83	(0.93)

⁽¹⁾ Comparative figures for the year ended 31 March 2022 have been restated to remove Discontinued Operations as outlined in Note 6.

Discontinued Operations	2023 Pence per share	2022 Pence per share
Earnings per share – continuing operations		
Basic	3.69	1.05
Diluted	3.69	1.05
Adjusted earnings per share – continuing operations		
Basic	(3.97)	2.86
Diluted	(3.97)	2.86

TOTAL	2023 Pence per share	2022 Pence per share
Earnings per share		
Basic	(11.21)	(7.03)
Diluted	(11.21)	(7.03)
Adjusted earnings per share		
Basic	(3.14)	1.93
Diluted	(3.14)	1.93

14. Goodwill

	2023 £'000	2022 £'000
Cost as at 1 April	28,911	28,911
Disposals in the year	(1,992)	-
Cost as at 31 March	26,919	28,911

Goodwill acquired in a business combination is allocated at acquisition to the cash-generating units (CGUs) that are expected to benefit from that business combination. The CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cashflows from other groups of assets. Management determined that the smallest level that they could reasonably allocate the group of assets to was MD&T CGU and Dods CGU.

Of the carrying value of goodwill, £15.6 million has been allocated to the MD&T CGU (2022: £15.6 million), and £11.3 million had been allocated to the Dods CGU (2022: £13.3 million).

Goodwill is not amortised but is tested annually for impairment.

In the prior year, the assessment for impairment was undertaken with the recoverable amount being determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rate, growth rates and forecasts of income and costs.

The Group assessed whether the carrying value of goodwill was supported by the discounted cash flow forecasts of the Group based on financial forecasts approved by management covering a five-year period, considering past performance, known developments and committed plans, and expectations for future business developments. Management selected a discount rate (10.52%) reflective of the Group's estimated weighted average cost of capital and the cost of debt financing for the Group, which it considered reflected the market assessments of the time value of money and the risks specific to each separate business.

In the current year, the assessment for impairment has been undertaken with the recoverable amount being determined as fair value less costs to sell, under Level 3 of the fair value hierarchy of IFRS 13, the key assumptions being the assessment of fair value and the estimate of costs to sell.

The Group assessed fair value using the expected recurring earnings of the CGUs, based on the Board's approved projections, and the average earnings multiples for a group of listed businesses which the Directors consider comparable to the MD&T and Dods CGUs and for which published information allowing a comparable assessment is available. The estimate of costs to sell was based on management's knowledge and experience of costs incurred on transactions to buy and sell similar assets.

The Directors have changed the basis for assessment as they consider the fair value less costs to sell method to be more applicable to the Group's circumstances and strategy.

Based on the above assessments, the Directors concluded at each year-end that the recoverable amount for each CGU was in excess of their carrying value, including the value of goodwill, for both the MD&T and Dods CGUs. Therefore no impairment charge was recognised in the year (2022: £nil).

15. Intangible assets

	Assets acquired through business combinations ¹	Software	Under construction capitalised costs	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2022	28,042	6,074	-	34,116
Transferred from tangible fixed assets (Note 16)	-	-	70	70
Additions – internally generated	-	101	74	175
Disposals	(16,833)	(3,999)	-	(20,832)
At 31 March 2023	11,209	2,176	144	13,529
Accumulated amortisation				
At 1 April 2022	20,145	4,145	-	24,290
Charge for the year	770	322	-	1,092
Disposals	(15,825)	(3,936)	-	(19,761)
At 31 March 2023	5,090	531	-	5,621
Net book value				
At 31 March 2022	7,897	1,929	-	9,826
At 31 March 2023	6,119	1,645	144	7,908

¹ Assets acquired through business combinations comprise:

	Publishing rights	Brand names	Customer Relationships and lists	Other assets	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2022	18,934	1,277	7,677	154	28,042
Disposals	(13,451)	(1,277)	(2,051)	(54)	(16,833)
At 31 March 2023	5,483	-	5,626	100	11,209
Accumulated amortisation					
At 1 April 2022	13,742	1,277	4,972	154	20,145
Charge for the year	260	-	510	-	770
Disposals	(12,443)	(1,277)	(2,051)	(54)	(15,825)
At 31 March 2023	1,559	-	3,431	100	5,090
Net book value					
At 31 March 2022	5,192	-	2,705	-	7,897
At 31 March 2023	3,924	-	2,195	-	6,119

15. Intangible assets continued

The useful economic lives of the intangible assets are as follows:

Publishing rights	20-75 years (one specific right is deemed to have a useful economic life of 75 years)
Brand names	15-20 years
Customer relationships	1-8 years
Customer list	4-8 years
Order books	1 year
Software	3-6 years

The carrying value of publishing rights with a useful economic life of 75 years is £3.9 million (2022: £4.0 million).

Included within intangible assets are internally generated assets with a net book value of £1.8 million (2022: £1.6 million).

During the period there was £nil expense to income statement for Research & Development (2022: £nil)

16. Property, plant and equipment

	Leasehold Improvements £'000	IT Equipment and Fixtures and Fittings £'000	Total £'000
Cost			
At 1 April 2022	2,037	2,521	4,558
Transferred to intangible fixed assets	-	(70)	(70)
Additions	-	69	69
Foreign exchange differences	-	(1)	(1)
Disposals	(2,037)	(1,070)	(3,107)
At 31 March 2023	-	1,449	1,449
Accumulated depreciation			
At 1 April 2022	1,128	1,623	2,751
Charge for the year	209	469	678
Disposals	(1,337)	(984)	(2,321)
At 31 March 2023	-	1,108	1,108
Net book value			
At 31 March 2022	909	898	1,807
At 31 March 2023	-	341	341

17. Subsidiaries

Company	Activity	% holding	Country of registration
Dods Group Limited ¹	Political monitoring	100	England and Wales
Le Trombinoscope SAS ²	Political monitoring	100	France
Merit Data & Technology Limited ¹	Data and technology	100	England and Wales
Merit Data and Technology Private Limited ³	Data and technology	99.99	India
European Parliamentary Communications Services SPRL ⁴	Dormant	100	Belgium
Monitoring Services Limited ¹	Dormant	100	England and Wales
Vacher Dod Publishing Limited ¹	Dormant	100	England and Wales
VDP Limited ¹	Dormant	100	England and Wales

On 30 November 2022, the Group disposed of its shareholdings in the following companies:

Company	Activity
Political Engagement Limited ⁵	Publishing
Fenman Limited	Publishing
Holyrood Communications Ltd	Publishing
Total Politics Limited	Publishing
Training Journal Limited	Holding company

On 14 March 2023, notice to strike off and dissolve three of the Group's subsidiaries - Monitoring Services Limited, Vacher Dod Publishing Limited, and VDP Limited - was published in the London Gazette. These three companies were formally dissolved on 30 May 2023.

There were no acquisitions during the current year.

1 Registered address: 9th Floor, The Shard, 32 London Bridge Street, London, SE1 9SG.

2 Registered address: Tour Voltaire, 1 place des Degrés – La Défense, 92800 Puteaux, Paris, France.

3 Registered address: SP 52, 3rd Street, Ambattur Industrial Estate, Chennai 600 058.

4 Registered address: Boulevard Charlemagne 1, 1041 Bruxelles, Belgium.

5 Incorporated on 5 July 2022.

18. Investments

Investments are presented on the balance sheet as follows:

	2023 £'000	2022 £'000
Non-current asset investments		
Investments in Associates	-	327
Other Unlisted Investments	450	450
	450	777
Current asset investments		
Investment in Associate held for resale	-	410
	450	1,187

The above balances are represented by:

	2023 £'000	2022 £'000
Investments in Associates	-	737
Other unlisted investments	450	450
	450	1,187

Investments in Associates

During the year, the Group disposed of its shareholdings in both of its former Associates, Sans Frontières Associates Ltd (SFA) and Social 360 Limited. The entities each had share capital consisting solely of ordinary shares, which were held directly by the Group prior to disposal. The Group accounted for both entities as equity-accounted Associates up to the date of disposal.

Name of entity	% ownership	Carrying Amount 2022 £'000	Share of profit before tax in year £'000	Share of tax charge £'000	Disposed in the year £'000	Carrying amount 2023 £'000
Sans Frontières Associates Ltd	40%	327	252	(32)	(547)	-
Social 360 Limited	30%	410	-	-	(410)	-
		737	252	(32)	(957)	-

Place of business/country of incorporation of both entities is England and Wales.

The total share of profit recognised from Associates during the year, which is based on the unaudited management accounts as 31 March 2023, is £220k (2022: £117k). This is the net of the Group's share of Associates' profit before tax of £252k less share of Associates' tax charge of £32k.

The Group recognised a loss on disposal of Associates of £303k during the year, having made an impairment charge of £97k against the carrying value of its investment in Social 360 Limited in the prior year (current year: £nil impairment charge).

18. Investments continued

Other unlisted Investments

Fair value	2023 £'000	2022 £'000
At 01 April	450	-
Additions	51	450
Unrealised losses recognized through profit and loss	(51)	-
At 31 March	450	450

In 2019, The Group acquired a 13.3% stake in Acolyte Resource Group Limited as part of the acquisition of Meritgroup Limited. Acolyte Resource Group Limited is an unlisted business registered in and operated from England & Wales and is engaged in the development and operation of an online recruitment platform. The Group's investment was written down to £nil on acquisition.

During the year, the Group participated in a fundraising round by Acolyte Resource Group Limited via a debt-for-equity swap and increased its shareholding to 13.5%. The £51k book cost of this investment was written off during the year.

During the prior financial year, the Group acquired a 9.2% stake in Web Data Works Limited ("DataWorks") for £450k. DataWorks is an unlisted business registered in and operated from the Republic of Ireland, engaged in the development of e-commerce data management software and applications.

After taking into account the Group's voting rights, exposure and rights to variable returns from its involvement with the investee, and its ability to use the power over the investee to affect the amount of investor's return, the Directors have concluded that the Group does not have a significant influence over DataWorks. The investment is therefore carried as a fixed asset investment at fair value through profit and loss.

The Directors' assessment of the fair value of other unlisted investments falls within Level 3 of the fair value hierarchy of IFRS 13. This assessment has been based on management's experience of investing in unlisted investments and the financial information, including financial projections, received from the investee companies. As such, the fair value can be subject to material change as the investee business develops and performs over time.

The Directors have determined that the fair value (FVTPL) of each investment is as follows:

Investee entity	2023 £'000	2022 £'000
Acolyte Resource Group Limited	-	-
Web Data Works Limited	450	450

£51,000 of loss in respect of these investments has been recognised in the year (2022: £nil).

19. Work in progress and inventories

	2023 £'000	2022 £'000
Work in progress and inventories	-	14
	-	14

20. Financial instruments

The carrying amount of financial assets and liabilities recognised at the balance sheet date of the reporting periods under review may also be categorised as follows:

	2023 £'000	2022 £'000
Financial assets		
Trade and other receivables (amortised cost)	4,342	4,346
Derivative Contracts (FVTPL*)	-	35
Loan receivable (amortised cost)	-	210
Deferred consideration receivable (amortised cost)	450	-
Cash and cash equivalents (amortised cost)	2,144	2,321
	6,936	6,912
Financial liabilities		
Trade and other payables (amortised cost)	(3,501)	(4,618)
Derivative Contracts (FVTPL*)	(5)	-
Lease liabilities (amortised cost)	(1,880)	(6,721)
Bank loan & RCF (amortised cost)	(4,715)	(4,378)
	(10,101)	(15,717)
Net financial assets and liabilities	(3,165)	(8,805)

*FVTPL stands for "Fair value through profit and loss".

The deferred consideration receivable is due within the next 12 months and accrues no interest. Its fair value is therefore the same as the booked value with no discounting of the outstanding amount.

Between 1 August 2022 and 30 January 2023, the Group signed forward contracts for a total value of approximately £2.1 million with maturity dates ranging from 20 April 2023 to 20 September 2023. The forward contracts are for currency pairing of GBP to INR.

The Group has exposure to several forms of risk through its use of financial instruments. Details of these risks and the Group's policies for managing these risks are included below.

20. Financial instruments continued

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's principal financial assets are trade and other receivables, and cash.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

At 31 March 2023, £422,000 of the Group's trade receivables were exposed to risk in countries other than the United Kingdom (2022: £475,000).

The ageing of trade receivables at the reporting date was:

	Gross 2023 £'000	Provided Loss Allowance 2023 £'000	Gross 2022 £'000	Provided Loss Allowance 2022 £'000
Trade Receivables	3,682	(82)	3,971	(103)
	3,682	(82)	3,971	(103)

The maximum credit risk exposure for which the Group has made provision is £82k.

	Gross carrying amount £'000	Default rate	Lifetime expected credit losses* £'000
Current	2,603	0.40%	10
1-30 days past due	827	1.00%	8
31-60 days past due	94	3.40%	3
61-90 days past due	76	34.40%	26
More than 90 days past due	82	41.90%	35
	3,682		82

* Expected credit losses = Gross carrying amount x Default rate.

The movement in allowance for doubtful accounts in respect of trade receivables during the year was as follows:

	2023 £'000	2022 £'000
Balance at the beginning of the year	103	162
Charged in the year	-	-
Released in the year	(21)	(59)
Balance at the end of the year	82	103

20. Financial instruments continued

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The contractual cash flows of each financial liability are materially the same as their carrying amount.

A reconciliation of the Group's liabilities arising from financing activities is disclosed below.

	Bank Loan and RCF £'000	Lease Liabilities £'000	Total Financing Liabilities £'000
At 1 April 2021	4,631	7,936	12,567
<i>Cash movements:</i>			
Repayments of Term Loan principal	(253)	-	(253)
Lease payments	-	(1,871)	(1,871)
<i>Non-cash movements:</i>			
Lease additions	-	287	287
Lease interest	-	369	369
At 31 March 2022	4,378	6,721	11,099
<i>Cash movements:</i>			
Repayment of 2019 Loan and RCF	(4,378)	-	(4,378)
Drawdown of 2022 Term Loan and RCF	5,000	-	5,000
Repayment and cancellation of 2022 Term Loan	(2,000)	-	(2,000)
Repayments of Term Loan principal	(85)	-	(85)
Drawdown of 2023 Property Term Loan	1,800	-	1,800
Lease payments	-	(1,897)	(1,897)
<i>Non-cash movements:</i>			
Lease disposals	-	(3,242)	(3,242)
Lease interest	-	298	298
At 31 March 2023	4,715	1,880	6,595

Banking covenants

Under the Group's bank facilities (see Note 23), the Group is subject to selected covenant compliance tests on a rolling 12 month basis and at each quarter end date. These covenant compliance tests are as follows:

Covenant	Compliance test
Leverage ratio	Gross debt shall not be more than x Adjusted EBITDA
Profit Cover Ratio	Gross financing costs (capital & interest) shall not be less than x Adjusted EBITDA
Cashflow Cover Ratio	Gross financing costs (capital & interest) shall not be less than x cashflow before financing

Adjusted EBITDA: earnings before interest, tax, depreciation & amortisation adjusted for share based payments and non-recurring items.

20. Financial instruments continued

Rolling 12 month basis, ending on:	Leverage Ratio	Profit Cover Ratio	Cashflow Cover Ratio
30 June 2023	2.0x	3.0x	n/a
30 September 2023	2.0x	1.5x	n/a
31 December 2023	2.0x	1.5x	n/a
31 March 2024	2.0x	1.5x	n/a
30 June 2024	1.5x	1.5x	n/a
30 September 2024	1.5x	1.5x	n/a
31 December 2024	1.5x	1.5x	n/a
31 March 2025	1.5x	3.0x	1.5x
30 June 2025	1.0x	3.0x	1.5x
30 September 2025	1.0x	3.0x	1.5x
31 December 2025 and thereafter	1.0x	3.0x	1.5x

The Directors have prepared and approved monthly-phased projections for the 21 months from the balance sheet date. The Directors consider the projections to be reasonable.

In agreeing to the above covenants, the projections were sensitised to ensure suitable headroom to enable compliance with the covenant tests.

Based on this work the Directors are satisfied that the Group is unlikely to breach any of the above covenants.

Maturity of financial liabilities:

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities as at 31 March 2023. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Due within 1 year £'000	Due 2-5 years £'000	Due after 5 years £'000	Total £'000
Trade and other payables	3,501	-	-	3,501
Derivative contracts	5	-	-	5
Bank loan/RCF	3,373	1,342	-	4,715
Lease liabilities	769	1,501	37	2,307

The Group has a long standing and supportive relationship with Barclays, having agreed secured loan facilities for a five-year period to 2027 in July 2022. The Group has recently agreed an additional 18-month facility to part fund the disposal of the Group's lease of premises in The Shard, London. The Group has a five-year plan that has been shared with Barclays and formed the basis of the banking arrangements that have been put in place.

20. Financial instruments continued

The Group has a strong track record on cash and working capital management and carefully monitors its aged debtors to ensure its cash receipts are as expected. The Group does not anticipate paying dividends to shareholders at this time.

Currency risk

The Group is exposed to currency risk on transactions denominated in Euros, US Dollars and Indian Rupees; see Notes 21 and 22.

Share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. For further details of share capital, see Note 25.

Sensitivity analysis

In managing interest rate and currency risks, the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer term, however, changes in foreign exchange and interest rates would have an impact on consolidated earnings. The balances of the financial assets and liabilities exposed to these sensitivities are £184,000 Trade receivables, £821,000 Cash and cash equivalents and £263,000 Trade payables for the year.

At 31 March 2023, it is estimated that a general increase of one percentage point in interest rates would have decreased the Group's profit before tax from Continuing Operations by approximately £47,000 (2022: £50,000).

It is estimated that a general increase of one percentage point in the value of the Euro and Dollar against Sterling would have increased the Group's profit before tax from Continuing Operations by approximately £23,000 (2022: £14,000).

It is estimated that a general increase of one percentage point in the value of the Rupee against Sterling would have decreased the Group's profit before tax from Continuing Operations by approximately £84,000 (2022: £72,000).

Fair values

The Directors consider that the fair value of financial instruments is materially the same as their carrying amounts.

Capital management

The Group manages its capital to ensure that all entities will be able to continue as a going concern while maximising return to stakeholders, as well as sustaining the future development of the business. The capital structure of the Group consists of cash and cash equivalents and equity attributable to the owners of the parent, comprising issued share capital, other reserves and retained earnings.

20. Financial instruments continued

Capital Management	2023 £'000	2022 £'000
Cash & cash equivalents	2,144	2,321
Share Capital	6,708	6,708
Other reserves	14,699	14,666
Retained Earnings	10,976	13,032
	34,527	36,727

21. Other financial assets

Trade and other receivables	2023 £'000	2022 (restated*) £'000
Trade receivables	3,600	3,868
Other receivables	742	513
Deferred consideration receivable	450	-
Prepayments and accrued income	710	773
	5,502	5,154

*comparative figures for the year ended 31 March 2022 have been restated to present deferred tax assets within non-current assets, as outlined in Note 30.

Trade and other receivables denominated in currencies other than Sterling comprise £137,000 (2022: £339,000) denominated in Euros, £24,000 (2022: £49,000) denominated in USD and £23,000 (2022: £87,000) denominated in Indian Rupees.

The Group had a balance of £56,000 of accrued income relating to contract assets (2022: £421,000).

Cash related	2023 £'000	2022 £'000
Cash and cash equivalents	2,144	2,321
	2,144	2,321

Cash includes £251,000 (2022: £141,000) denominated in Euros, £29,000 (2022: £126,000) denominated in USD and £541,000 (2022: £311,000) denominated in Indian Rupees.

22. Trade and other payables

Current	2023 £'000	2022 £'000
Trade creditors	490	396
Other creditors including tax and social security	1,058	2,876
Accruals and deferred income	5,100	6,446
	6,648	9,718

Current liabilities denominated in currencies other than Sterling comprise £21,000 (2022: £24,000) denominated in Euros, £7,000 (2022: £nil) denominated in USD and £235,000 (2022: £21,000) denominated in Indian Rupees.

The Group had a balance of £3.1 million of deferred revenue relating to contract liabilities (2022: £5.1 million).

23. Net debt

	2023 £'000	2022 £'000
Bank loan / RCF due within one year	3,373	2,860
Bank loan due after more than one year	1,342	1,518
	4,715	4,378
Cash and cash equivalents	(2,144)	(2,321)
Net debt	2,571	2,057

Interest-bearing loans and borrowings

On 22 July 2022, the Company agreed new secured loan facilities with Barclays which include:

- Term Loan: a £3 million, five-year term loan, amortising on a straight-line basis at £150,000 per quarter;
- RCF: a £2 million non-amortising, revolving credit facility for the five-year duration of the Term Loan;
- Both the Term Loan and RCF accruing interest at 4.75% above Bank of England base rate.

On 1 December 2022, the Company repaid and cancelled £2 million of the Term Loan following receipt of the proceeds of disposals.

On 22 March 2023, the Company secured a further £1.8 million 18-month Term Loan, amortising on a straight-line basis at £300,000 per quarter, in order to fund the disposal of the Company's Shard lease.

23. Net debt continued

At 31 March 2023, the balances outstanding on the Company's loan and RCF facilities were as follows:

Facility	Outstanding at 31 March 2023 £'000
£1 million Term Loan:	915
£1.8 million Term Loan:	1,800
RCF	2,000
Total Term Loans and RCF	4,715

See Note 20 for the maturity analysis of the bank loan.

24. Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the Group, and movements thereon during the current year and prior year:

	Liabilities		Assets		Total £'000
	Intangible assets arising on consolidation £'000	Other timing differences £'000	Accelerated capital allowances £'000	Tax losses £'000	
At 31 March 2021	(959)	24	25	688	(222)
(Charge)/credit	(99)	62	37	637	637
At 31 March 2022	(1,058)	86	62	1,325	415
(Charge)/credit	165	(83)	119	352	553
Derecognised on disposal	252	-	-	(1,036)	(784)
At 31 March 2023	(641)	3	181	641	184

Deferred tax assets and liabilities have been offset in both the current year and preceding year as the current tax assets and liabilities can be legally offset against each other, and they relate to taxes levied by the same taxation authority or the Group intends to settle its current tax assets and liabilities on a net basis.

At the balance sheet date, the Group has total carried forward tax losses of £9.6 million (2022: £13.6 million) available to offset against future taxable profits. Of these, the Group has recognised deferred tax assets of £641,000 (2022: £1,325k) in respect of carried forward tax losses of £2.2 million (2022: £5.3 million) as it is probable that these assets shall be recovered against the taxable profits over the foreseeable period. On the remaining £7.4 million (2022: £8.3 million) carried forward taxable losses, the Group has not recognised a deferred tax asset as it is less probable that the potential asset would be utilised.

25. Issued capital

	9p deferred shares Number	1p ordinary shares Number	28p ordinary shares Number	Total £'000
Issued share capital as at 31 March 2022	-	-	23,956,124	6,708
Issued share capital as at 31 March 2023	-	-	23,956,124	6,708

On 16 April 2021, shareholders approved a reorganisation of the parent company's share capital. This reorganisation included cancellation of the 151,998,453 Deferred Shares and the consolidation and sub-division of the parent company's Ordinary Shares (including the purchase of certain of the parent company's shares), having the impact of reducing the total number of Ordinary Shares by a factor of 28 and to increase the nominal value by a factor of 28 (from 1 penny to 28 pence nominal).

On 1 October 2021, the parent company issued 1,675,749 ordinary shares due as contingent consideration on the acquisition of Meritgroup Limited in 2019.

On 1 October 2021, the parent company issued 1,492,000 ordinary shares in a fundraising subscription at 62.4 pence per share, raising £908,000, net of costs.

26. Leases

	Right-of-use assets £'000	Lease liabilities £'000
As at 1 April 2021	6,688	(7,936)
Additions	287	(287)
Depreciation	(1,315)	-
Lease Interest	-	(369)
Lease payments ¹	-	1,871
As at 31 March 2022	5,660	(6,721)
Depreciation	(1,338)	-
Lease Interest	-	(298)
Lease payments ¹	-	1,897
Disposals	(2,448)	3,242
As at 31 March 2023	1,874	(1,880)
Current		(678)
Non-current		(1,202)

¹ Total lease payments in the year amounted to £1,901k (2022: £2,424k), of which £4k (2022: £553k) was in settlement of trade creditors and accruals at 31 March 2021.

26. Leases continued

The Consolidated income statement includes the following amounts relating to leases:

	2023 £'000	2022 £'000
Depreciation charge of right-of-use assets	1,338	1,315
Interest expense (included in finance cost)	298	370

The right-of-use assets relate to office space in four locations and at the balance sheet date have remaining terms ranging up to 7 years.

There were £nil of expenses relating to diminutive payments not included in the measurement of lease liabilities (2022: £nil).

Lease liabilities includes liabilities in respect of IT equipment with a cost of £77,000 (2022: £77,000). These assets are capitalised within IT equipment (see Note 16).

27. Share-based payments

Performance Share Plan (PSP)

During the prior year, the Company granted a conditional award to two executive Directors under a performance share plan as below. No awards were made in the current year.

Date of grant	Director	Outstanding Options at 1 April 2022	Granted during the year	Lapsed During the year	Outstanding options at 31 March 2023
28 January 2022	Chief Executive Officer	762,376	-	-	762,376
28 January 2022	Chief Financial Officer	658,415	-	-	658,415
		1,420,791	-	-	1,420,791

The options become exercisable on the third anniversary of the date of announcement of the intention to grant (17 November 2021). The performance condition for full vesting of these options is for the share price of the Company to increase by 100% from the closing share price on the day prior to approval of intention to grant the options, which was 50.5 pence.

27. Share-based payments continued

A Monte Carlo Arithmetic Brownian Motion simulation model has been used to determine the fair value of the share options on the date of grant. The fair value is expensed to the income statement on a straight-line basis over the vesting period. The model assesses a number of factors in calculating the fair value. These include the market price on the day of grant, the exercise price of the share options, the expected share price volatility of the Company's share price, the expected life of the options, the risk-free rate of interest and the expected level of dividends in future periods. The inputs into the model were as follows:

Date of grant	Risk free rate	Share price volatility	Share price at date of grant
28 January 2022	2.3%	40.0%	50.5p

Expected volatility was determined by calculating the historical volatility of the Company's share price for three years prior to the date of grant. The expected life used in the model is the term of the options. The PSP share options outstanding during the year were as follows:

	Number of Ordinary shares	Weighted average exercise price (pence)
As at 31 March 2022	1,420,791	n/a
Granted during the year	-	n/a
As at 31 March 2023	1,420,791	n/a

The following options were outstanding under the Company's PSP scheme as at 31 March 2023:

Date of grant	Number of Ordinary shares	Exercise price per share (pence)	Exercise period
28 January 2022	1,420,791	nil	Nov 2024
	1,420,791		

The income statement charge in respect of the PSP for the year was £63,000 (2022: £10,000 charge in respect of PSP and £58,000 credit in respect of historic lapsed schemes).

28. Pensions

Defined benefit pension

The Group operates a defined benefit pension scheme for qualifying employees based in India known as Gratuity Benefits which is classified as Post-Retirement Benefits under IAS19 (revised). Under the scheme, the eligible employees are entitled to a retirement benefit in cash based on final salary on attainment of retirement age (or earlier withdrawal/resignment or death) after 5 years of continual service. The assets of the scheme are held separately to the assets of the Group in a trustee administered fund.

The Group employed an independent actuary to update the Gratuity Benefits valuation to measure the scheme's liabilities.

The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method. The projected unit credit method is based on the plan's accrual formula and upon services as of the beginning or end of the year, but using a member's final compensation, projected to the age at which the employee is assumed to leave active service. The plan liability is the actuarial present value of the "projected accrued benefits" as of the beginning of the year for active members.

The scheme's costs are borne by the Group. Any surplus or deficits in the scheme may affect the Group through periodic adjustments to the Group's contribution rate as determined by the actuary.

The plan exposes the Group to actuarial risks such as interest rate risk, investment risk, longevity risk and inflation risk.

- Interest rate risk – The present value of the defined benefit liability is calculated using a discount rate determined by reference to market yields of high quality corporate bonds.
- Investment risk – The entire plan assets at 31 March 2023 comprise an insurance policy. The value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases the present value of the asset is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the valuation period.
- Longevity risk – The Group is required to provide benefits for the members in the gratuity scheme. Increases in the continual tenure of employment will increase the defined benefit liability.
- Inflation risk – A significant proportion of the defined benefit liability is linked to inflation. An increase in the inflation rate will increase the Group's liability. High salary growths will lead to higher level of benefits to be paid by the Group.

The significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, the salary growth rate, and the withdrawal rates. The assumptions used for the valuation of the defined benefits obligation are as follows in the table "Principal actuarial assumptions".

28. Pensions continued

Funded status of the plan	2023	2022
	£'000	£'000
Present value of funded defined benefit obligations	(374)	(392)
Fair value of plan assets	49	110
Present value of unfunded defined benefit obligations	(325)	(282)
Current	(76)	(85)
Non-current	(249)	(197)
Net Deficit	(325)	(282)
Net Liability	(325)	(282)

Movement in present value of obligation	2023	2022
	£'000	£'000
At 1 April	(392)	(371)
Current service cost	(83)	(73)
Interest cost	(24)	(21)
Remeasurement losses (gains) (OCI)		
Due to changes in financial assumptions	41	11
Due to experience adjustments	28	(7)
Benefits paid from fund	50	72
FX revaluation	6	(3)
At 31 March	(374)	(392)

Movement in fair value of plan assets	2023	2022
	£'000	£'000
At 1 April	110	132
Net interest Income	8	9
Return on plan assets	(24)	(1)
Contribution by employer	6	41
Benefits paid	(50)	(72)
FX revaluation	(1)	1
At 31 March	49	110

The plan asset relates 100% to an insurance policy. The plan assets are all based geographically in India.

28. Pensions continued

The amounts included in the Consolidated income statement, Consolidated statement of other comprehensive income and Consolidated statement of financial position arising from the Group's obligations in respect of its defined benefit pension scheme are as follows:

Amounts recognised in Consolidated income statement	2023	2022
	£'000	£'000
Service cost	83	73
Interest cost	24	21
Interest Income	(8)	(9)
FX Revaluation	(5)	2
Total expense recognised in Consolidated income statement	94	87

Amounts recognised in Consolidated statement of OCI	2023	2022
	£'000	£'000
Actuarial changes in financial assumptions	(41)	(11)
Actuarial experience adjustments	(28)	7
Return on plan assets	24	1
Total credit recognised in Consolidated statement of OCI	(45)	(3)

Movement in pension scheme net deficit	2023	2022
	£'000	£'000
Opening pension scheme net deficit	(282)	(239)
Contributions by employer	6	41
Consolidated income statement	(94)	(87)
Consolidated statement of OCI	45	3
Closing pension scheme net deficit	(325)	(282)

Principal actuarial assumptions (expressed as weighted averages) are as follows:

Principal Actuarial assumptions	2023	2022
	p.a.	p.a.
Discount rate	7.35%	6.70%
Salary growth rate	7.00%	8.50%
Withdrawal rates by age		
Below 35	25.00%	25.00%
35 to 45	15.00%	15.00%
Above 45	10.00%	10.00%
Rate of return on plan assets	7.35%	6.70%

28. Pensions continued

In valuing the liabilities of the pension fund, mortality assumptions have been made as indicated below.

Mortality rates		
Age (in years)	2023	2022
20	0.09%	0.09%
30	0.10%	0.10%
40	0.17%	0.17%
50	0.44%	0.44%
60	1.12%	1.12%

At 31 March 2023 the mortality rates were derived from the Indian Assured Lives Mortality (2012-2014) report.

The Group expects to contribute approximately £76,000 in the next financial year.

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 6.15 years (2022: 6.13 years).

The calculation of the defined benefit obligation (DBO) is sensitive to the assumptions set out above. The following table summarises how the defined benefit obligation at the end of the reporting period would have been because of a change in the respective assumptions.

Sensitivity to key assumptions	2023	2022
	£'000	£'000
	p.a.	p.a.
Discount rate		
Increase by 0.5%	364	381
Decrease by 0.5%	385	405
Salary growth rate		
Increase by 0.5%	383	402
Decrease by 0.5%	366	384
Withdrawal rate (W.R)		
W.R x 110%	373	388
W.R x 90%	375	398

29. Related party transactions

MET operations

On 30 November 2022, the Group completed the disposal of the Media, Events and Training operations of its Dods Political Engagement business (together, the "MET Operations") to Political Holdings Limited, for a cash consideration of £4.5 million. Political Holdings Limited is a private company owned by Lord Ashcroft KCMG PC, a substantial shareholder in the Company as defined by the AIM Rules. Further, Angela Entwistle, a non-executive director of the Company, is a director of Political Holdings Limited. The Disposal therefore constitutes a related party transaction under Rule 13 of the AIM Rules. The Independent Directors of the Company (being all Directors save for Angela Entwistle) consulted with Canaccord Genuity Limited in its capacity as the Company's nominated adviser for the purposes of the AIM Rules and concluded following this consultation that the terms of the Disposal to be fair and reasonable insofar as the Group's shareholders are concerned. At the year-end, 10% of the cash consideration (£450,000) remains outstanding and is due for payment in October 2023.

As part of the disposal of the MET Operations, the Group agreed to provide transitional services to the Political Holdings Limited group of companies covering areas such as occupancy, IT systems and support and finance and accounting services. In total, the group charged £416,000 for these services during the year, which has been recognised as Other Operating Income within the Income Statement. At 31 March 2023, a balance of £145,991 was outstanding in respect of invoicing for these services.

Since its acquisition of the MET operations, the Political Holdings Limited group has been a customer of MD&T and was billed £35,336 during the year for marketing and data services. At 31 March 2023, there was a balance of £16,094 due.

Further, as part of the disposal, the Group has continued to act as agent for the political Holdings Limited group, invoicing customers, collecting book debts and paying for services under contracts which were pending legal novation to Political Holdings Limited group companies. During the year, revenue of £7,722,749 was invoiced, cash of £5,010,321 was collected and payments for purchases and payroll amounting to £3,776,250 were made by the Group on behalf of Political Holdings Limited group companies. None of these revenues or costs, all of which arises post disposal are recognised within the Income Statement of the Group. At 31 March 2023, £233,053 of funds were held on trust for Political Holdings Limited group companies.

Investments and Associates

During the year, the Group received a repayment of £210,000 (2022: £350,000) of its interest free loan to its then Associate, Sans Frontières Associates (SFA), reducing the balance outstanding to £nil (2022: £210,000).

On 3 March 2023, the Company disposed of its 40% equity stake in SFA for cash consideration of £250,000 via a share repurchase by SFA.

29. Related party transactions continued

Investments and Associates continued

During the prior year, an amount of £62,945 was payable to the Company's then Associate, Social 360 Limited, in relation to profit-share for monitoring services provided. The balance outstanding at 31 March 2022 of £16,973 was paid prior to disposal of the Company's shares in Social 360 Limited for cash consideration of £420,000 on 8 August 2022.

During the year, an amount of £nil (2022: £105,000) was payable to Web Data Works Limited, a company in which the Group has a 9.2% investment, and of which Cornelius Conlon is a Director. At 31 March 2023, there was a balance of £105,000 (2022: £105,000) outstanding.

During the year, an amount of £18,000 (2022: £56,000) was billed in relation to recruitment services charged by Acolyte Resource Group Limited, a company in which the Group has a 13.5% investment, and of which Cornelius Conlon is a Director. At 31 March 2023, there was a balance of £nil (2022: £nil) outstanding.

Acolyte Resource Group Limited is also a customer of MD&T and was billed £237,201 (2022: £290,000) for Software and Technology Resourcing services. At 31 March 2023, there was a balance of £63,989 (2022: £104,000) due.

Meritgroup Limited acquisition

Cornelius Conlon, a Director of the Company was entitled to shares and a cash consideration on the first 3 anniversaries of the Meritgroup Limited acquisition in 2019. During the year, Cornelius Conlon received cash consideration of £220,000, In the prior year, he received cash consideration of £220,00 plus 854,732 ordinary shares having a value of £533,352.

On acquisition of Meritgroup Limited, an arm's length non-repairing 7-year lease was entered into between a Merit subsidiary (Letrim Intelligence Services Private Limited) and Merit Software Services Private Limited. Cornelius Conlon, a Director of the Group, is the beneficial owner of Merit Software Services Private Limited. The lease relates to the Chennai office of MD&T. During the year, payments of £726,000 (2022: £781,000) were made to Merit Software Services Private Limited in relation to the lease and other property-related costs.

Other related party transactions

During the year, an amount of £141,181 (2022: £nil) was billed for Software and Technology Resourcing services to System1 Group plc, a company of which Philip Machray is a Non-Executive Director and shareholder. At 31 March 2023, there was a balance of £44,423 (2022: £nil) outstanding.

During the current and previous years, Deacon Street Partners Limited, a company related by virtue of Angela Entwistle, a Director of the Company also being a Director, invoiced £30,000 (2022: £30,000) to the Company for the services of Angela Entwistle as a Non-Executive Director. At 31 March 2023, the balance outstanding was £2,500 (2022: £2,500).

The Spouse of Con Conlon, a Director of the Company, is employed by a subsidiary of the Company and received £44,873 remuneration in the year (2022: £35,897).

The Executive Directors of the Group are considered key management personnel. See Note 8 for details of Directors' remuneration.

30. Prior period restatement

The consolidated statement of financial position for the year ended 31 March 2022 has been restated to correctly classify deferred tax assets of £415,000 as non-current assets. These were previously included within Current assets as part of Trade and other receivables.

The reclassification has no impact on Total assets, Total equity and liabilities or Capital and reserves as at the 31 March 2022, nor the Comprehensive income for the year ended 31 March 2022.

The impact of the reclassification on items within the Consolidated statement of financial position is as follows:

At 31 March 2022	As previously reported £'000	Change £,000	As restated £'000
Total non-current assets	46,981	415	47,396
Current assets	8,114	(415)	7,699
Assets held for resale	410	-	410
Total assets	55,505	-	55,505

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