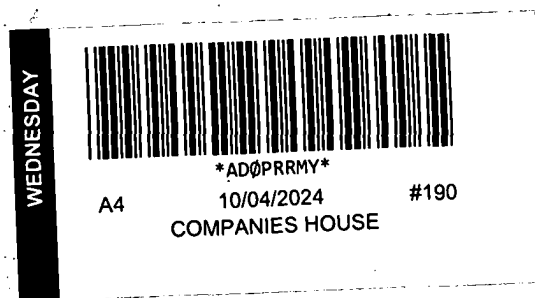


LRQA Verification Limited (formerly Lloyd's Register Verification Ltd)

Report and financial statements

31 December 2022

Company registration number: 04929226 (England and Wales)



LRQA Verification Limited

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LRQA Verification Limited

Directors and advisors

Directors

P Karim
J Pinder
N Tijou

Statutory auditor

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

Bankers

HSBC UK Bank plc
1 Centenary Square
Birmingham
B1 1QH

Registered office

1 Trinity Park
Bickenhill Lane
Birmingham
England
B37 7ES

Registered number

04929226

LRQA Verification Limited

Directors' report

The Directors present their report and audited financial statements for LRQA Verification Limited (the "Company", formerly Lloyd's Register Verification Ltd) for the 18-month period ended 31 December 2022.

On 9 November 2021, the company changed its name from Lloyd's Register Verification Ltd to LRQA Verification Limited.

The accounting reference date for LRQA Verification Limited ("the Company") has been extended from 30 June 2022 to 31 December 2022 in line with the parent company. Figures for the comparative period are for the six months to 30 June 2021.

Board of directors

The directors of the Company during the period and subsequently were:

P Karim
J Pinder
N Tijou

Sale of company by Lloyd's Register Group

On 2 December 2021, the Company was sold as part of Lloyd's Register Group's disposal of 100% of its Business Assurance & Inspection Services business line and the cyber-security business Nettitude ("the LRQA Group"), to Goldman Sachs Asset Management.

As part of the LRQA Group, the Company is consolidated in the group financial statements of Dione Topco Limited ("the Topco Group"); a Jersey registered holding company. The Topco Group's principal investment is the LRQA Group of companies.

Principal activities

LRQA Verification Limited undertakes testing and inspection of materials, structures, and the assessment of management systems for the purposes of safety.

Business review

Turnover for the 18-month period increased by £20.4 million from the previous period to £20.6 million (6 months ended 30 June 2021: £0.2 million), primarily due to:

- a longer accounting period; and
- the transfer of trade and assets relating to the inspection and certification business from a group company Lloyd's Register Inspection Limited (since renamed LRQA Group Limited) in September 2022 into the Company.

Loss after taxation for the period amounted to £2 million (6 months ended 30 June 2021: £0.01 million).

Net assets for the Company as at 31 December 2022 increased by £4.3 million from the prior period to £4.4 million (30 June 2021: £0.1 million). The increase was attributable to an increase in debtors arising from the transfer of inspection and certification business exceeding the increase in trade creditors. Trade debtors, prepayments and accrued income and other debtors increased by £3.5 million, £2.6 million and £0.4 million respectively. Amounts owed to Group undertakings have increased by £14.8 million.

Cash at bank and in hand as at 31 December 2022 was £0.2 million (30 June 2021: £nil).

Directors' indemnity

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

LRQA Verification Limited

Directors' report

Future developments

There has been no material change in the Company's activities in the 12 months from the balance sheet date.

Dividends

LRQA Verification Limited is a company limited by guarantee and thus does not make dividend declarations.

Research and development

The Company has not undertaken any research and development activity during the period.

Parent and ultimate parent

The Company's immediate parent is LRQA Group Limited (formerly Lloyd's Register Inspection Limited), a company registered in England and Wales. The ultimate parent is Dione Topco Limited, a company registered in Jersey.

Post-balance sheet events

There have been no post-balance sheet events.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

After having reviewed the current position, forecasts and prospects of the Company the Directors are satisfied that the Company has sufficient available support from its parent company to continue in operational existence for the foreseeable future. Accordingly, the Directors consider that the Company will be able to meet its liabilities as they fall due and therefore continue to adopt the going concern basis in preparing the financial statements.

Disclosure of information to auditor

Each of the directors, listed above, in office at the time of approving the directors' report, confirms that:

- There is no relevant audit information of which the Company's auditor is unaware; and
- Each director has taken all steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

Small company exemptions

In preparing this report, the Directors have taken advantage of the small companies exemptions and from the exemption to prepare a strategic report.

Auditor

MHA have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be reappointed as auditor.

By order of the Board



J Pinder
Director

8 April 2024

Company registration number: 04929226

LRQA Verification Limited

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the Directors have prepared the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The financial reporting standard applicable in the UK and Republic of Ireland', and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

LRQA Verification Limited

Independent auditor's report to the members of LRQA Verification for the 18 months ended 31 December 2022

Opinion

We have audited the financial statements of LRQA Verification Limited (the 'company') for the period ended 31 December 2022, which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

LRQA Verification Limited

Independent auditor's report to the members of LRQA Verification for the 18 months ended 31 December 2022

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

- Testing the financial statement disclosures to supporting documentation, performing substantive testing on account balances which were considered to be of greater susceptibility to fraud;

LRQA Verification Limited

Independent auditor's report to the members of LRQA Verification for the 18 months ended 31 December 2022

- Performing targeted journal entry testing based on identified characteristics that the audit team considered to be indicative of fraud;
- Critically assessing areas of the financial statements which include judgement and estimates, as set out in Note 3 of the financial statements;
- We obtained an understanding of the legal and regulatory frameworks applicable to the company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework, the Companies Act 2006 and relevant tax compliance regulations; and
- We understood how the company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and other corroborating evidence.

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Gandell

Andrew Gandell, FCA (Senior statutory auditor)
For and on behalf of MHA, Statutory Auditor
London, United Kingdom
Date: 8 April 2024

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

LRQA Verification Limited
Statement of comprehensive income
for the 18 months ended 31 December 2022

		18 months to 31 December 2022 £'000	6 months to 30 June 2021 £'000
	Note		
Turnover	4	20,618	212
Cost of sales		(13,587)	(200)
Gross profit		7,031	12
Administrative expenses		(9,020)	—
Operating (loss)/profit before taxation	3	(1,989)	12
Taxation	5	-	(2)
(Loss)/profit for the financial period		(1,989)	10

All amounts relate to continuing activities.

During the current and preceding period there have been no gains and losses other than those recognised in the statement of comprehensive income and consequently no separate statement of comprehensive income is presented.

The accompanying notes on page 12 to page 18 are an integral part of these financial statements.

LRQA Verification Limited
Balance sheet
as at 31 December 2022

	Note	31 December 2022 £'000	30 June 2021 £'000
Current assets			
Debtors	6	21,329	89
Cash at bank and in hand		195	-
		21,524	89
Creditors: amounts falling due within one year	7	(16,310)	(2)
Net current assets		5,214	87
Provision for other liabilities	8	(824)	-
Total net assets		4,390	87
Capital and reserves			
Share capital	9	-	-
Capital contribution	9	25,154	-
Other reserve	9	(18,862)	-
Retained earnings	19	(1,902)	87
		4,390	87

The accompanying notes on page 12 to page 18 are an integral part of these financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements of LRQA Verification Limited, company number 04929226, were approved by the Board of Directors on 8 April 2024 and signed on its behalf by:



J Pinder
Director

LRQA Verification Limited
Statement of changes in equity
for the 18 months ended 31 December 2022

	Note	Retained earnings £'000	Capital Contribution £'000	Other Reserve £'000	Total £'000
At 31 December 2020		77	-	-	77
Profit for the period		10	-	-	10
At 30 June 2021		87	-	-	87
Profit for the period		(1,989)	-	-	(1,989)
Capital contribution	9	-	25,154	-	25,154
Group reconstruction	9	-	-	(18,862)	(18,862)
At 31 December 2022		(1,902)	25,154	(18,862)	4,390

The accompanying notes on page 12 to page 18 are an integral part of these financial statements.

LRQA Verification Limited

Notes to the financial statements

for the 18 months ended 31 December 2022 (continued)

1. General information

LRQA Verification Limited (the "Company") is a private company limited by guarantee under the Companies Act 2006, registered in England and Wales. Its registered office is disclosed on page 2 and its principal activities are disclosed within the Director's report.

2. Accounting policies

a. Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

The functional currency of the Company is Pounds Sterling being the currency of the primary economic environment in which the Company operates. Figures within these financial statements are presented in Pounds Sterling and all values are rounded to the nearest thousand Pounds (£'000), except where otherwise indicated.

LRQA Verification Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to financial instruments, intra-group transactions, presentation of a cash flow statement and remuneration of key management personnel.

LRQA Verification Limited's results are included in the consolidated financial statements of Dione TopCo Limited, which are publicly available as noted in note 10.

b. Hybrid accounting

Where a business or trade and assets have been transferred into another entity, the resulting accounting may be a hybrid which uses the nominal value of share consideration, the actual amount of consideration where it is cash or a loan which has precise value, continues to use existing book values wherever possible, recognises that any accounting difference is not goodwill (as defined in FRS 102), and in which comparatives are not restated for the period prior to the transfer.

The Company has also elected to apply hybrid accounting on account of the criteria in FRS102 paragraph 19.27 being met insofar as (i) the use of hybrid accounting is not prohibited by company law, (ii) on acquisition, the ultimate equity holders remained the same, and the rights of each equity holder, relative to others, was unchanged and (iii) no non-controlling interest in the net assets of the wider group was altered. In applying hybrid accounting, the carrying values of the assets and liabilities of the parties to the combination have not been adjusted to fair value. Any difference between the consideration and the book value of the net assets acquired is shown as a movement on other reserves.

In applying hybrid accounting, the results of the combining entity should be brought into the financial statements of the combined entity from the date of the transaction. The comparative information is not restated.

c. Going concern

The Directors have prepared the financial statements on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future.

The Company reported a loss after tax of £2.0 million for the period ended 31 December 2022 (year ended 30 June 2021: profit -£0.01 million), and at 31 December 2022 had a cash balance of £0.2 million (2021: £nil), net current assets of £5.2 million (2022: £0.09 million) and net assets of £4.4 million (2022: £0.09 million). The Company has no third-party debt.

LRQA Verification Limited

Notes to the financial statements

for the 18 months ended 31 December 2022 (continued)

2. Accounting policies (continued)

c. Going concern

The Company currently relies on continued support, either directly or indirectly, from the ultimate parent company to ensure the Company continues as a going concern. The ultimate parent company has confirmed to the Directors that this support will continue to be provided for at least 12 months after these financial statements are signed.

Having considered the forecast cash flows of the Company for a period of at least 12 months from the date of approval of these financial statements, the Directors consider that the Company will be able to meet its liabilities as they fall due and therefore continue to adopt the going concern basis in preparing the financial statements.

d. Turnover

Turnover from the provision of inspection and certification services, the primary activities of the Company, is recognised with reference to the stage of completion of the contract activity as at the balance sheet date. This is normally measured by the proportion of contract costs incurred for work performed to date compared against the estimated total contract cost once the final outcome of the contract can be assessed with reasonable certainty. All income is recorded net of value added taxes ("VAT") and similar sales taxes. Where payments are received from customers in advance of services provided, these amounts are recorded as deferred income and included as part of creditors due within one year. Where revenue is recognised in advance of invoicing, the amounts are recorded as accrued income and included as part of debtors within prepayments and accrued income.

e. Taxation

Current tax, including UK corporation tax and foreign corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting date, where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

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

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the reporting date.

f. Foreign currencies

Foreign currencies are dealt with as follows:

- i. Foreign currency denominated assets and liabilities of LRQA Verification Limited are translated into Pounds Sterling at the rate of exchange ruling at the reporting date.
- ii. Income and expenditure for the period are translated at the appropriate rates prevailing during the period, updated on a monthly basis.
- iii. Exchange differences are shown in the statement of comprehensive income.

LRQA Verification Limited

Notes to the financial statements

for the 18 months ended 31 December 2022 (continued)

2 Accounting policies (continued)

g. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Provision is made on a case-by-case basis in respect of the cost of defending claims and, where appropriate, the estimated cost of settling claims. Provisions for employee benefits arising on termination of employment, are recognised when a company is demonstrably committed to a formal plan for termination and is without realistic possibility of withdrawal from the plan.

h. Operating leases

The costs of operating lease rentals are charged to the statement of comprehensive income in the period to which they relate.

i. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs).

The Company's financial assets consist of trade debtors, amounts due from group undertakings, other debtors and accrued income (note 8). The company's financial liabilities consist of trade creditors, amounts owed to group undertakings, accruals and other creditors (note 7).

j. Employee benefits

Short-term employee benefits are recognised as an expense in the period in which they relate.

2. Critical accounting judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Hybrid accounting

Judgement is required in assessment of the use of hybrid accounting in respect of the group reconstruction. In using hybrid accounting, the directors have to determine whether the transaction meets the requirements of UK law. As set out in the statement of changes in equity, the directors are satisfied that the transaction complies with UK law.

LRQA Verification Limited

Notes to the financial statements

for the 18 months ended 31 December 2022 (continued)

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

b. Key sources of estimation uncertainty

Recoverability of aged trade receivables and accrued income

Judgement is required in evaluating the likelihood of collection of customer debt after revenue has been recognised. This evaluation requires estimates to be made including the level of provision to be made for amounts with uncertain recovery profiles. Provisions are based on historical trends in the percentage of debts which are not recovered, or on more detailed reviews of individually significant balances. To the extent that actual recovery experience differs significantly from the historical trends of the Company or from the assumptions on recovery following the detailed reviews of individually significant balances, the statement of comprehensive income of the Company in future periods may be materially affected.

2. Turnover

Turnover is attributable to providing inspection and certification services. All income is recorded net of VAT and similar sales taxes. A geographical analysis of turnover is not included as the Directors consider it would be prejudicial to the interests of the Company.

3. Operating profit

Operating profit is stated after charging:

	18 months to 31 December 2022 £'000	6 months to 30 June 2021 £'000
Auditor's remuneration:		
Fees payable to Company's auditor for the audit of the Company's annual financial statements	10	10
Charge for bad and doubtful debts	678	-
Operating lease rentals:		
Leasehold property	38	-
Foreign exchange losses	111	-
WIP written off	16	-

4. Staff costs

	18 months to 31 December 2022 £'000	6 months to 30 June 2021 £'000
Wages and salaries	8,745	-
Social security costs	947	-
Other pension costs	1,108	-
	<u>10,800</u>	<u>-</u>

Average number of employees for the period:

	Number	Number
Management systems and inspection services	100	-

Directors' remuneration

The remuneration of Directors is borne by other entities within the TopCo Limited Group. None of the Directors received any emoluments from the Company during the period (2021: £nil).

Key management personnel are deemed to be the Directors.

LRQA Verification Limited

Notes to the financial statements

for the 18 months ended 31 December 2022 (continued)

5. Taxation

	18 months to 31 December 2022 £'000	6 months to 30 June 2021 £'000
Current tax		
UK corporation tax on profits for the period	-	2
Total tax (credit)/charge	<u>-</u>	<u>2</u>
Deferred tax (credit) / charge		
Tax losses carried forward	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Total tax (credit)/charge	<u>-</u>	<u>2</u>

The standard rate of tax applied to the reported profit is 19% (2021: 19%). On 3 March 2021, new measures to increase the main corporation tax rates to 25% from 1 April 2023 were announced in the UK budget 2021. On 24 May 2021, these new measures were substantively enacted. Deferred tax is recognised at the rate of 25%.

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

Factors affecting the charge for the period	18 months to 31 December 2022 £'000	6 months to 30 June 2021 £'000
Loss / (profit) before taxation	(2,251)	12
Loss / (profit) multiplied by average standard rate of United Kingdom corporation tax of 19% (2021: 19%)	(428)	2
Effects of:		
Expenses non deductible	-	-
Tax rate change	427	-
Total tax (credit)/charge for the period	<u>-</u>	<u>2</u>

Deferred tax liabilities on short-term timing differences are recognised whenever the treatment for tax purposes has enabled deductions to be taken in advance of the financial statements. Deferred tax assets on short-term timing differences have not been recognised unless the asset is expected to be recovered in the foreseeable future.

Deferred tax assets not recognised amount to £0.55m (2021: £nil). Unrecognised assets will potentially become recoverable against future profits generated in the Company.

LRQA Verification Limited
Notes to the financial statements
for the 18 months ended 31 December 2022 (continued)

6. Debtors

	2022	2021
	£'000	£'000
Trade debtors	3,563	89
Amounts due from Group undertakings	14,798	-
Other debtors	373	-
Prepayments and accrued income	2,595	-
	21,329	89

All financial assets (including cash) are carried at amortised cost.

Trade debtors are stated net of a provision of £2.6 million (2021: £ Nil).

Amounts due from Group undertakings are due on demand and unsecured. The Directors have performed an assessment over the recoverability of these amounts and are satisfied that no provision is required.

7. Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Trade creditors	188	2
Amounts owed to Group undertakings	11,185	-
Other creditors	213	-
Other taxation and social security	2,881	-
Accruals and deferred income	1,843	-
	16,310	2

All financial liabilities are carried at amortised cost.

Amounts owed to Group undertakings are unsecured, non-interest bearing and repayable on demand.

8. Provisions

The Company had the following provisions during the year:

	2022	2021
	£'000	£'000
Opening balance	-	-
Pending litigation charged through profit and loss	824	-
	824	-

Provisions relate to estimates of amounts due in relation to litigation, ongoing at the period end.

LRQA Verification Limited

Notes to the financial statements

for the 18 months ended 31 December 2022 (continued)

9. Reserves

Share Capital

The Company is limited by guarantee and therefore does not have share capital.

The Company's immediate holding company is LRQA Group Limited (formerly Lloyd's Register Inspection Limited), a company registered in England and Wales, which is ultimately owned by Dione TopCo Limited. Shares in Dione TopCo Limited are principally held by investment partnerships, of which Goldman Sachs & Co. LLC, an affiliate of The Goldman Sachs Group, Inc., is the investment manager. No single natural person holds a 10% or greater interest in any of the investment partnerships which hold shares in Dione TopCo Limited.

Other reserve

As set out in the director's report, the Company was the recipient of a transfer of trade and assets from a fellow group company, during the period. The transaction has been accounted under the hybrid accounting rules, applicable to group reconstructions, between wholly owned group companies. As set out in the accounting policies, under hybrid accounting, goodwill is not recognised and the excess of the consideration over the book value of assets and liabilities transferred is recognised in reserves. In adopting hybrid accounting the directors are required to assess the legality of the transaction and following legal advice are satisfied that, taking account of the capital contribution during the period, the transaction was legal.

On 31 August 2021, the Company acquired the Inspection business from Lloyd's Register EMEA for £22.8 million. The book value of the net assets of the business as at 31 August 2021 amounted to £3.9 million, giving rise to an excess of the consideration over the net assets of £18.9 million. Under hybrid accounting (see note 2b) this is recorded in other reserves.

Retained earnings

Retained earnings relates to cumulative profits and losses, net adjustments.

10. Related party transactions and parent entities

The ultimate parent is Dione TopCo Limited, a company registered in Jersey. The immediate parent is LRQA Group Limited, a company registered in England and Wales.

The Company has taken advantage of the exemption in Financial Reporting Standard 102, whereby transactions with fellow subsidiary companies ultimately 100% owned by the same parent are not required to be disclosed.

The parent of the smallest group for which consolidated accounts are prepared of which this Company is a part is Dione TopCo Limited, whose financial statements are available from its registered office 2 Grenville Street, St Helier, Jersey, JE4 8PX.

No compensation is provided to the key management personnel defined as the directors of this Company in respect of services provided to this entity.

11. Contingent liabilities, capital and financial commitments

There are no contingent liabilities, capital or other financial commitments as at 31 December 2022 (2021: £nil).

12. Post balance sheet events

There have been no post balance sheet events.