

Company Registration No. SC151456 (Scotland)

**INTEGRATED ENVIRONMENTAL SOLUTIONS  
LIMITED AND SUBSIDIARIES**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 MAY 2023**



# **INTEGRATED ENVIRONMENTAL SOLUTIONS LIMITED AND SUBSIDIARIES**

## **COMPANY INFORMATION**

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<b>Directors</b>	S Finlayson Dr D McLean J Xu S Falconer Dr A C Wheatley D G McEwan R J Abbott I Pittman
<b>Secretary</b>	S Finlayson
<b>Company number</b>	SC151456
<b>Registered office</b>	Helix Building Kelvin Campus West of Scotland Science Park Glasgow G20 0SP
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants Third Floor Centenary House 69 Wellington Street Glasgow G2 6HG
<b>Bankers</b>	Royal Bank of Scotland plc 23 Sauchiehall Street Glasgow G2 3AD

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# **INTEGRATED ENVIRONMENTAL SOLUTIONS LIMITED AND SUBSIDIARIES**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 MAY 2023**

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The directors present the Strategic Report for the year ended 31 May 2023.

### **Fair review of the business**

The directors were pleased to report another year of record turnover and accelerated growth.

Contributing to this was a significant leap in sales of the Virtual Environment, the in-depth suite of integrated analysis tools for the design and retrofit of buildings.

Sales in the Intelligent Communities Lifecycle (ICL) - the digital twin technology which creates dynamic 3D models that reflect real life performance and delivers resilience, cost savings and resource-efficiency for buildings, campuses, communities, cities and countries – more than doubled in the year.

The company continues to be identified as a leader for large, global companies seeking to address their concerns in relation to the decarbonisation of their built environment and environmental, social and corporate governance.

As detailed in last year's report, the company has invested heavily to accelerate product development and build a platform for future growth, largely through an increase in staff numbers. Although the benefit can be seen in turnover growth, it resulted in a large but planned loss for the year.

The strong growth figures have continued into the 2023/24 financial year, in which a return to profitability is anticipated.

### **Principal risks and uncertainties**

The company continues to set challenging growth plans for which it will need a skilled workforce. Consequently there is a risk that the company will be unable to recruit, retain and train sufficient staff to successfully deliver on projects.

The company continues to be mindful of the threat of cyber-crime and continues to mitigate this risk.

# INTEGRATED ENVIRONMENTAL SOLUTIONS LIMITED AND SUBSIDIARIES

## STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MAY 2023

### Key performance indicators

#### Performance

We focus on a number of performance measures to ensure that our strategy successfully delivers increased value for our shareholders.

What we measure	Why we measure it	How we performed		Comment
		2023	2022	
Growth in total income	To ensure we are successful in growing group income, which is a key area of strategic focus.	23%	10%	Double digit turnover growth continues.
Growth in software sales	To ensure the core product continues to grow.	31.78%	20%	Sales of VE software grow impressively on a post COVID recovery.
Employee absence %	Employee absence impacts operational performance and provides an indication of staff engagement, a priority for IES.	1.63%	0.75%	The group continues to return impressive absence figures, significantly below the average.

On behalf of the board

*Dr. Don McLean*

Dr D McLean  
Director

Date: 22/02/24

# **INTEGRATED ENVIRONMENTAL SOLUTIONS LIMITED AND SUBSIDIARIES**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 MAY 2023**

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The directors present their annual report and financial statements for the year ended 31 May 2023.

#### **Principal activities**

The principal activity of the group during the year was that of developing and providing environmental software and consultancy. In addition the group undertakes research with respect to sustainable and environmental design for spaces, buildings, neighbourhoods and cities.

#### **Results and dividends**

The results for the year are set out on page 9.

No ordinary dividends were paid (2022 - £nil). The directors do not recommend payment of a final dividend.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

S Finlayson  
Dr D McLean  
J Xu  
S Falconer  
Dr A C Wheatley  
D G McEwan  
R J Abbott  
I Pittman

#### **Employee involvement**

The company has engaged with employees and the directors have had regard to employees interests.

This has been done through:

- Quarterly all staff updates
- Regular internal newsletter
- Mechanisms for employee feedback via staff surveys

The group has operated a Share Incentive Plan (SIP) since 2018 as it seeks to increase the number and proportion of employee shareholders. Over one hundred employees currently participate in the SIP scheme.

#### **Auditor**

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

# INTEGRATED ENVIRONMENTAL SOLUTIONS LIMITED AND SUBSIDIARIES

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

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On behalf of the board

*Dr. Don McLean*

.....  
Dr D McLean  
**Director**

Date: 22/02/24 .....

# **INTEGRATED ENVIRONMENTAL SOLUTIONS LIMITED AND SUBSIDIARIES**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

**FOR THE YEAR ENDED 31 MAY 2023**

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The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTEGRATED ENVIRONMENTAL SOLUTIONS LIMITED AND SUBSIDIARIES**

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## **Opinion**

We have audited the financial statements of Integrated Environmental Solutions Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 May 2023 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 group's and of the parent company's affairs as at 31 May 2023 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 group and parent 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 group's or the parent 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 other information comprises the 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.

## **Opinions on other matters prescribed by the Companies Act 2006**

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

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



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTEGRATED ENVIRONMENTAL SOLUTIONS LIMITED AND SUBSIDIARIES (CONTINUED)**

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### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 5, 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent 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.

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses, and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTEGRATED ENVIRONMENTAL SOLUTIONS LIMITED AND SUBSIDIARIES (CONTINUED)

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As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, tax legislation and the Companies Act 2006. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The audit engagement team identified the risk of management override of controls and revenue recognition as areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business. Audit procedures in relation to revenue recognition included but were not limited to testing that revenue was appropriately recognised in accordance with FRS102 and in line with contracts as well as testing revenue both pre and post year end to ensure it has been recorded in the correct period and was complete.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://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.

*K Morrison*

Katie Morrison BAcc CA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Third Floor  
Centenary House  
69 Wellington Street  
Glasgow  
G2 6HG  
22/02/24.....

# INTEGRATED ENVIRONMENTAL SOLUTIONS LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MAY 2023

	Notes	2023 £	2022 £
<b>Turnover</b>	<b>3</b>	19,102,353	15,535,511
Cost of sales		(6,983,423)	(4,970,225)
<b>Gross profit</b>		12,118,930	10,565,286
Administrative expenses		(14,963,647)	(10,371,087)
Other operating income	<b>3</b>	72,096	105,597
<b>Operating (loss)/profit</b>	<b>6</b>	(2,772,621)	299,796
Interest receivable and similar income	<b>3</b>	18,356	4
Interest payable and similar expenses	<b>8</b>	(62,910)	(6,380)
<b>(Loss)/profit before taxation</b>		(2,817,175)	293,420
Tax on (loss)/profit	<b>9</b>	944,139	659,354
<b>(Loss)/profit for the financial year</b>		(1,873,036)	952,774

(Loss)/profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

# INTEGRATED ENVIRONMENTAL SOLUTIONS LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MAY 2023

	Notes	2023 £	£	2022 £	£
<b>Fixed assets</b>					
Tangible assets	10		339,654		347,550
<b>Current assets</b>					
Debtors	13	8,683,031		6,004,131	
Cash at bank and in hand		3,911,770		6,136,145	
		<u>12,594,801</u>		<u>12,140,276</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(7,059,193)</u>		<u>(4,270,247)</u>	
<b>Net current assets</b>			<u>5,535,608</u>		<u>7,870,029</u>
<b>Total assets less current liabilities</b>			<u>5,875,262</u>		<u>8,217,579</u>
<b>Creditors: amounts falling due after more than one year</b>	15		(801,663)		(1,274,319)
<b>Provisions for liabilities</b>	17		-		14,949
<b>Net assets</b>			<u>5,073,599</u>		<u>6,958,209</u>
<b>Capital and reserves</b>					
Called up share capital	19		128,826		128,826
Share premium account	20		1,104,431		1,104,431
Treasury reserve	20		(258,116)		(258,116)
Capital redemption reserve	20		22,958		22,958
Own shares	20		(298,017)		(286,443)
Profit and loss reserves	20		4,373,517		6,246,553
<b>Total equity</b>			<u>5,073,599</u>		<u>6,958,209</u>

The financial statements on pages 9 to 33 were approved by the board of directors and authorised for issue on 22/02/24 and are signed on its behalf by:

*Dr. Don McLean*

Dr D McLean  
Director

# INTEGRATED ENVIRONMENTAL SOLUTIONS LIMITED AND SUBSIDIARIES

## COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MAY 2023

	Notes	2023 £	£	2022 £	£
<b>Fixed assets</b>					
Tangible assets	10	278,095		281,506	
Investments	11	35,312		33,129	
		<u>313,407</u>		<u>314,635</u>	
<b>Current assets</b>					
Debtors	13	9,450,703	6,417,122		
Cash at bank and in hand		3,032,003	5,425,945		
		<u>12,482,706</u>	<u>11,843,067</u>		
<b>Creditors: amounts falling due within one year</b>	14	<u>(7,315,077)</u>	<u>(4,609,872)</u>		
<b>Net current assets</b>		<u>5,167,629</u>		<u>7,233,195</u>	
<b>Total assets less current liabilities</b>		<u>5,481,036</u>		<u>7,547,830</u>	
<b>Creditors: amounts falling due after more than one year</b>	15	(801,663)		(1,274,319)	
<b>Net assets</b>		<u><u>4,679,373</u></u>		<u><u>6,273,511</u></u>	
<b>Capital and reserves</b>					
Called up share capital	19	128,826	128,826		
Share premium account	20	1,104,431	1,104,431		
Treasury reserve	20	(258,116)	(258,116)		
Capital redemption reserve	20	22,958	22,958		
Own shares	20	(298,017)	(286,443)		
Profit and loss reserves	20	3,979,291	5,561,855		
<b>Total equity</b>		<u><u>4,679,373</u></u>		<u><u>6,273,511</u></u>	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's loss for the year was £1,582,564 (2022 - £842,473 profit).

The financial statements were approved by the board of directors and authorised for issue on 22/02/24 and are signed on its behalf by:

*Dr. Don McLean*

Dr D McLean  
Director

# **INTEGRATED ENVIRONMENTAL SOLUTIONS LIMITED AND SUBSIDIARIES**

## **CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2023**

	Share capital £	Share premium account £	Treasury reserve £	Capital redemption reserve £	Own shares £	Profit and loss reserves £	Total £
<b>Balance at 1 June 2021</b>	128,826	1,104,431	(212,656)	22,958	(455,678)	5,293,779	5,881,660
<b>Year ended 31 May 2022:</b>							
Profit and total comprehensive income for the year	-	-	-	-	-	952,774	952,774
Repurchase of treasury shares	-	-	(51,060)	-	-	-	(51,060)
Own shares acquired	-	-	-	-	(9,620)	-	(9,620)
Disposals of own shares	-	-	5,600	-	178,855	-	184,455
<b>Balance at 31 May 2022</b>	128,826	1,104,431	(258,116)	22,958	(286,443)	6,246,553	6,958,209
<b>Year ended 31 May 2023:</b>							
Loss and total comprehensive income for the year	-	-	-	-	-	(1,873,036)	(1,873,036)
Own shares acquired	-	-	-	-	(35,640)	-	(35,640)
Disposals of own shares	-	-	-	-	24,066	-	24,066
<b>Balance at 31 May 2023</b>	128,826	1,104,431	(258,116)	22,958	(298,017)	4,373,517	5,073,599

# **INTEGRATED ENVIRONMENTAL SOLUTIONS LIMITED AND SUBSIDIARIES**

## **COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2023**

	Share capital £	Share premium account £	Treasury reserve £	Capital redemption reserve £	Own shares £	Profit and loss reserves £	Total £
<b>Balance at 1 June 2021</b>	128,826	1,104,431	(212,656)	22,958	(455,678)	4,719,382	5,307,263
<b>Year ended 31 May 2022:</b>							
Profit and total comprehensive income for the year	-	-	-	-	-	842,473	842,473
Repurchase of treasury shares	-	-	(51,060)	-	-	-	(51,060)
Own shares acquired	-	-	-	-	(9,620)	-	(9,620)
Disposals of own shares	-	-	5,600	-	178,855	-	184,455
<b>Balance at 31 May 2022</b>	128,826	1,104,431	(258,116)	22,958	(286,443)	5,561,855	6,273,511
<b>Year ended 31 May 2023:</b>							
Loss and total comprehensive income for the year	-	-	-	-	-	(1,582,564)	(1,582,564)
Own shares acquired	-	-	-	-	(35,640)	-	(35,640)
Disposals of own shares	-	-	-	-	24,066	-	24,066
<b>Balance at 31 May 2023</b>	128,826	1,104,431	(258,116)	22,958	(298,017)	3,979,291	4,679,373

# INTEGRATED ENVIRONMENTAL SOLUTIONS LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MAY 2023

	Notes	2023 £	£	2022 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	21	(2,379,193)		(1,529,719)	
Interest paid		(62,910)		-	
Corporation tax		728,935		391,968	
<b>Net cash outflow from operating activities</b>		<b>(1,713,168)</b>		<b>(1,137,751)</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(191,800)		(298,732)	
Proceeds on disposal of tangible fixed assets		7,317		2,920	
Interest received		18,356		4	
<b>Net cash used in investing activities</b>		<b>(166,127)</b>		<b>(295,808)</b>	
<b>Financing activities</b>					
Purchase of own shares		(35,640)		(9,620)	
Sale of own shares		24,066		184,455	
Repurchase of treasury shares		-		(51,060)	
Proceeds of new bank loans		-		1,300,000	
Repayment of bank loans		(238,333)		-	
<b>Net cash (used in)/generated from financing activities</b>		<b>(249,907)</b>		<b>1,423,775</b>	
<b>Net decrease in cash and cash equivalents</b>		<b>(2,129,202)</b>		<b>(9,784)</b>	
Cash and cash equivalents at beginning of year		6,136,145		5,913,634	
Effect of foreign exchange rates		(95,173)		232,295	
<b>Cash and cash equivalents at end of year</b>		<b>3,911,770</b>		<b>6,136,145</b>	



# INTEGRATED ENVIRONMENTAL SOLUTIONS LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MAY 2023

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#### 1 Accounting policies

##### Company information

Integrated Environmental Solutions Limited and subsidiaries ("the company") is a private company limited by shares and is registered and incorporated in Scotland. The registered office is Helix Building, Kelvin Campus, West of Scotland Science Park, Glasgow, G20 0SP.

The group consists of Integrated Environmental Solutions Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

##### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

##### Basis of consolidation

The consolidated financial statements incorporate those of Integrated Environmental Solutions Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 May 2023, except Integrated Environmental Solutions India P.Ltd, whose financial year ends on 31 March 2023. No significant transactions or events occurred in the period between 31 March 2023 and 31 May 2023. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

# **INTEGRATED ENVIRONMENTAL SOLUTIONS LIMITED AND SUBSIDIARIES**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MAY 2023**

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### **1 Accounting policies (Continued)**

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

#### **Going concern**

The directors have considered the applicability of the going concern basis in the preparation of these financial statements. This included the review of internal budgets and financial results. The directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future. For this reason they have adopted the going concern basis in the preparation of the financial statements.

#### **Turnover**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business and funding for core research projects, net of discounts, VAT and other sales related taxes.

Customer support and maintenance - revenue allocable to customer support and maintenance is recognised on a straight line basis over the terms of the support and maintenance contract. Revenue not recognised in the income statement under this policy is classified as deferred income in the balance sheet.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Revenue arising from the sale of software is recognised in the accounting period in which the invoice is raised and the sale concluded. At this date the risk and rewards of ownership of the software are transferred to the purchaser.

#### **Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

# INTEGRATED ENVIRONMENTAL SOLUTIONS LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

---

### 1 Accounting policies (Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings - leasehold	over a useful life of 10 years
Fixtures, fittings and equipment	10% - 37% Straight Line
Computer equipment	33% Straight Line
Other assets	33% Straight Line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

#### Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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

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

#### Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

#### Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

# INTEGRATED ENVIRONMENTAL SOLUTIONS LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2023

---

#### 1 Accounting policies (Continued)

##### ***Basic financial assets***

Basic financial assets, which include trade and other debtors, loans due from fellow group companies and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

##### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

##### ***Basic financial liabilities***

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, that are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised costs using the effective interest method.

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

# **INTEGRATED ENVIRONMENTAL SOLUTIONS LIMITED AND SUBSIDIARIES**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MAY 2023**

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### **1 Accounting policies (Continued)**

#### **Equity instruments**

Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

#### **Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted to substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **Retirement benefits**

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

#### **Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

# INTEGRATED ENVIRONMENTAL SOLUTIONS LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2023

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#### 1 Accounting policies (Continued)

##### **Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

##### **Foreign exchange**

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

##### **Research and development costs**

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

#### 2 Judgements and key sources of estimation uncertainty

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

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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

##### **Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Revenue on contracts for services is recognised according to the stage of completion reached in the contract by measuring the proportion of costs incurred for work performed to total estimated costs. Estimating the costs to completion and therefore the total contract costs is a key estimate in respect of the revenue recognition on these contracts.

An annual bad debt review is carried out and takes into account events or changes in circumstance which indicate that the total carrying value of trade debtors may not be recoverable. The directors exercise judgement in selecting and applying such assumptions therefore the results of the review of bad debt and related provision are potentially subjective.

# INTEGRATED ENVIRONMENTAL SOLUTIONS LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2023

### 3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2023 £	2022 £
<b>Turnover analysed by class of business</b>		
Sales of goods	12,751,030	9,975,216
Sales of services	4,606,861	3,376,816
Core project funding	1,744,462	2,183,479
	<u>19,102,353</u>	<u>15,535,511</u>

	2023 £	2022 £
<b>Other revenue</b>		
Interest income	18,356	4
Grants received	42,038	2,511
Research and development tax credits	30,058	103,086
	<u>80,452</u>	<u>105,601</u>

	2023 £	2022 £
<b>Turnover analysed by geographical market</b>		
Asia	1,111,199	815,717
Australasia	872,612	850,844
Europe	5,061,449	4,858,063
North America	3,995,305	3,101,553
United Kingdom	7,138,704	5,367,404
Middle East	656,663	368,910
Rest of the world	266,421	173,020
	<u>19,102,353</u>	<u>15,535,511</u>

### 4 Employees

The average monthly number of persons (including directors) employed during the year was:

	Group 2023 Number	2022 Number	Company 2023 Number	2022 Number
Administrative staff	3	2	3	2
Operational staff	269	229	205	165
Management staff	9	8	9	8
	<u>281</u>	<u>239</u>	<u>217</u>	<u>175</u>

# INTEGRATED ENVIRONMENTAL SOLUTIONS LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2023

### 4 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2023 £	2022 £	Company 2023 £	2022 £
Wages and salaries	14,203,093	10,556,023	11,151,529	8,364,628
Social security costs	1,470,606	981,784	1,232,170	823,934
Pension costs	991,058	735,341	891,258	690,088
	<u>16,664,757</u>	<u>12,273,148</u>	<u>13,274,957</u>	<u>9,878,650</u>

### 5 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	637,428	580,869
Directors' fees	24,000	24,000
Company pension contributions to defined contribution schemes	194,819	169,917
	<u>856,247</u>	<u>774,786</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2022 - 5).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2023 £	2022 £
Remuneration for qualifying services	187,706	158,865
Company pension contributions to defined contribution schemes	55,086	47,215
	<u>242,792</u>	<u>206,080</u>

One of the directors of the company has not been remunerated during the year as they are not Key Management Personnel and is not involved in the day to day running of the business.

The directors are also considered to be the company's Key Management Personnel, and therefore no further compensation of Key Management Personnel is declared.



# INTEGRATED ENVIRONMENTAL SOLUTIONS LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2023

### 6 Operating (loss)/profit

	2023 £	2022 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	151,262	(232,295)
Research and development costs	(6,852,107)	(5,424,166)
Government grants	(42,038)	(2,511)
Depreciation of owned tangible fixed assets	192,872	168,855
Loss on disposal of tangible fixed assets	120	696
Operating lease charges	340,867	276,327

### 7 Auditor's remuneration

	2023 £	2022 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	25,000	17,250
Audit of the financial statements of the company's subsidiaries	17,575	15,625
	42,575	32,875
<b>For other services</b>		
Taxation compliance services	4,850	3,950
Other taxation services	2,000	8,250
All other non-audit services	15,800	10,250
	22,650	22,450

### 8 Interest payable and similar expenses

	2023 £	2022 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	56,530	-
Interest payable to related companies	6,380	6,380
	62,910	6,380

# INTEGRATED ENVIRONMENTAL SOLUTIONS LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2023

### 9 Taxation

	2023 £	2022 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	(951,066)	(657,234)
Adjustments in respect of prior periods	-	818
Total UK current tax	(951,066)	(656,416)
Foreign current tax on profits for the current period	9,100	-
Total current tax	(941,966)	(656,416)
<b>Deferred tax</b>		
Foreign deferred tax	(2,173)	(2,938)
Total tax credit	(944,139)	(659,354)

The total tax credit for the year included in the income statement can be reconciled to the (loss)/profit before tax multiplied by the standard rate of tax as follows:

	2023 £	2022 £
(Loss)/profit before taxation	(2,817,175)	293,420
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 20.00% (2022: 19.00%)	(563,435)	55,750
Tax effect of expenses that are not deductible in determining taxable profit	139,584	7,184
Adjustments in respect of prior years	-	818
Depreciation on assets not qualifying for tax allowances	(334)	(13,368)
Research and development tax credit	(965,859)	(895,393)
Other permanent differences	(1,773)	(240)
Surrender of tax losses and other deductions	420,940	223,515
Foreign tax	8,863	1,264
Deferred tax not recognised	11,863	(16,881)
Profit/(loss) relating to foreign subsidiaries	6,012	(22,003)
Taxation credit	(944,139)	(659,354)

As part of the UK Budget in March 2021, changes to the UK corporation tax rates were announced including an increase in the UK corporation tax rate to 25% from 1 April 2023. This change has been reflected in the financial statements as at 31 May 2023 for deferred tax as substantively enacted at that date.

# INTEGRATED ENVIRONMENTAL SOLUTIONS LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

### 10 Tangible fixed assets

Group	Land and buildings - leasehold	Fixtures, fittings and equipment	Computer equipment	Other assets	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 June 2022	16,787	300,168	744,783	16,880	1,078,618
Additions	-	5,113	181,320	5,367	191,800
Disposals	-	(235)	(46,638)	-	(46,873)
Foreign exchange adjustments	-	412	1,360	-	1,772
At 31 May 2023	16,787	305,458	880,825	22,247	1,225,317
<b>Depreciation and impairment</b>					
At 1 June 2022	12,311	241,159	467,167	10,431	731,068
Depreciation charged in the year	1,679	19,573	169,197	2,423	192,872
Eliminated in respect of disposals	-	-	(39,436)	-	(39,436)
Foreign exchange adjustments	-	82	1,077	-	1,159
At 31 May 2023	13,990	260,814	598,005	12,854	885,663
<b>Carrying amount</b>					
At 31 May 2023	2,797	44,644	282,820	9,393	339,654
At 31 May 2022	4,476	59,009	277,616	6,449	347,550

# INTEGRATED ENVIRONMENTAL SOLUTIONS LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

### 10 Tangible fixed assets (Continued)

Company	Land and buildings - leasehold	Fixtures, fittings and equipment	Computer equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 June 2022	16,787	274,825	551,913	843,525
Additions	-	5,113	155,816	160,929
Disposals	-	(235)	(46,638)	(46,873)
Foreign exchange adjustments	-	795	1,360	2,155
At 31 May 2023	16,787	280,498	662,451	959,736
<b>Depreciation and impairment</b>				
At 1 June 2022	12,311	219,882	329,826	562,019
Depreciation charged in the year	1,679	19,573	135,964	157,216
Eliminated in respect of disposals	-	-	(39,436)	(39,436)
Foreign exchange adjustments	-	765	1,077	1,842
At 31 May 2023	13,990	240,220	427,431	681,641
<b>Carrying amount</b>				
At 31 May 2023	2,797	40,278	235,020	278,095
At 31 May 2022	4,476	54,943	222,087	281,506

### 11 Fixed asset investments

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Investments in subsidiaries	12	-	-	35,312	33,129

# INTEGRATED ENVIRONMENTAL SOLUTIONS LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2023

### 11 Fixed asset investments (Continued)

#### Movements in fixed asset investments Company

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 June 2022	33,129
Additions	2,183
At 31 May 2023	35,312
<b>Carrying amount</b>	
At 31 May 2023	35,312
At 31 May 2022	33,129

During the year the company incorporated a new subsidiary, Integrated Environmental Solutions FZ-LLC. The details of the company are included in note 12.

### 12 Subsidiaries

Details of the company's subsidiaries at 31 May 2023 are as follows:

Name of undertaking	Registered office key	Nature of business	Class of shares held	% Held	
				Direct	Indirect
IES R & D Limited	1	Research services	Ordinary	100.00	-
Integrated Environmental Solutions India Private Ltd	2	Environmental software and consultancy	Ordinary	100.00	-
IESVE Singapore Pte. Ltd	3	Environmental software and consultancy	Ordinary	100.00	-
Integrated Environmental Solutions FZ-LLC	4	Software trading	Ordinary	100.00	-

#### Registered Office addresses:

- 1 Castleforbes House, Castleforbes Road, North Wall, Dublin 1
- 2 2nd Floor, Dhananjay Plaza, Survey No.21, Nr Lalani, Quantum, Bavdhan-Bk, Off Mumbai - Bypass Road, Pune. 411021
- 3 30, Cecil Street, 19-08, Prudential Tower, Singapore 049712
- 4 SBAM0380, Compass Building, Al Shohada Road, Al Hamra Industrial Zone-FZ, Ras Al Khaimah, United Arab Emirates

# INTEGRATED ENVIRONMENTAL SOLUTIONS LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

### 13 Debtors

	Group 2023	2022	Company 2023	2022
	£	£	£	£
<b>Amounts falling due within one year:</b>				
Trade debtors	4,242,127	3,158,511	4,199,801	3,097,230
Corporation tax recoverable	981,588	768,557	949,266	761,414
Amounts owed by group undertakings	-	-	1,006,958	609,293
Other debtors	586,705	786,770	477,338	689,711
Prepayments and accrued income	2,855,489	1,290,293	2,817,340	1,259,474
	<u>8,665,909</u>	<u>6,004,131</u>	<u>9,450,703</u>	<u>6,417,122</u>
<b>Amounts falling due after more than one year:</b>				
Deferred tax asset (note 17)	17,122	-	-	-
	<u>17,122</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total debtors</b>	<u>8,683,031</u>	<u>6,004,131</u>	<u>9,450,703</u>	<u>6,417,122</u>

### 14 Creditors: amounts falling due within one year

		Group 2023	2022	Company 2023	2022
	Notes	£	£	£	£
Bank loans and overdrafts	16	260,004	238,337	260,004	238,337
Trade creditors		542,970	357,301	528,026	305,417
Amounts owed to group undertakings		-	-	794,249	657,835
Other taxation and social security		660,707	731,715	601,132	669,149
Deferred income		1,835,145	1,273,319	1,810,385	1,266,516
Other creditors		1,246,347	585,840	928,815	551,474
Accruals		2,514,020	1,083,735	2,392,466	921,144
		<u>7,059,193</u>	<u>4,270,247</u>	<u>7,315,077</u>	<u>4,609,872</u>

Amounts due to group undertakings are repayable on demand and are interest free.

The company's bankers hold a floating charge over undertaking and all property and assets present and future of the company including uncalled capital.

# INTEGRATED ENVIRONMENTAL SOLUTIONS LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

### 15 Creditors: amounts falling due after more than one year

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans and overdrafts	16	801,663	1,061,663	801,663	1,061,663
Other creditors		-	212,656	-	212,656
		<u>801,663</u>	<u>1,274,319</u>	<u>801,663</u>	<u>1,274,319</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	-	21,667	-	21,667
	<u>-</u>	<u>21,667</u>	<u>-</u>	<u>21,667</u>

### 16 Borrowings

	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans	1,061,667	1,300,000	1,061,667	1,300,000
	<u>1,061,667</u>	<u>1,300,000</u>	<u>1,061,667</u>	<u>1,300,000</u>
Payable within one year	260,004	238,337	260,004	238,337
Payable after one year	801,663	1,061,663	801,663	1,061,663
	<u>1,061,667</u>	<u>1,300,000</u>	<u>1,061,667</u>	<u>1,300,000</u>

The long-term loans accrue interest at 2.34% over Base Rate and are secured by a floating charge over the assets of the company and its subsidiaries.

### 17 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2023 £	Assets 2022 £
Group		
Accelerated capital allowances	17,122	14,949
	<u>17,122</u>	<u>14,949</u>

# INTEGRATED ENVIRONMENTAL SOLUTIONS LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2023

### 17 Deferred taxation (Continued)

	Group 2023 £	Company 2023 £
<b>Movements in the year:</b>		
Asset at 1 June 2022	(14,949)	-
Credit to profit or loss	(2,173)	-
	<u>          </u>	<u>          </u>
Asset at 31 May 2023	<u>(17,122)</u>	<u>-</u>

The deferred tax asset set out above is expected to reverse over the life of the asset and relates to accelerated capital allowances that are expected to mature within the same period.

The company has accelerated capital allowances of £270,137 (2022 - £271,470) which have been offset by short-term timing differences of £131,447 (2022 - £58,547) and unused losses of £77,292 (2022 - £166,633) in the year, leaving a deferred tax asset of £61,398 (2022 - £46,290) which has not been recognised in these accounts due to uncertainty over its recoverability.



# INTEGRATED ENVIRONMENTAL SOLUTIONS LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

### 18 Retirement benefit schemes

	2023	2022
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	991,058	735,341

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

As at the reporting date contributions totalling £87,052 (2022: £88,228) remained due to the pension provider and are included within other creditors.

### 19 Share capital

	Group and Company			
	2023	2022	2023	2022
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of 25p each	515,303	515,303	128,826	128,826

#### Ordinary share rights

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

### 20 Reserves

#### Own shares

This relates to the cost of acquiring own shares purchased by the IES Shares Scheme Trust.

#### Share premium account

Consideration received for shares issued above their nominal value net of transaction costs.

#### Capital redemption reserve

The nominal value of shares repurchased and still held at the end of the reporting period.

#### Treasury reserves

This represents the shares repurchased by the company.

#### Profit and loss reserve

Cumulative profit and loss net of distributions to owners.

# INTEGRATED ENVIRONMENTAL SOLUTIONS LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

### 21 Cash absorbed by group operations

	2023 £	2022 £
(Loss)/profit for the year after tax	(1,873,036)	952,774
<b>Adjustments for:</b>		
Taxation credited	(944,139)	(659,354)
Finance costs	62,910	6,380
Investment income	(18,356)	(4)
Loss on disposal of tangible fixed assets	120	696
Depreciation and impairment of tangible fixed assets	192,872	168,855
Foreign exchange losses/(gains) on cash equivalents	95,173	(232,295)
<b>Movements in working capital:</b>		
Increase in debtors	(2,449,150)	(971,779)
Increase/(decrease) in creditors	1,992,587	(1,020,826)
Increase in deferred income	561,826	225,834
<b>Cash absorbed by operations</b>	<b>(2,379,193)</b>	<b>(1,529,719)</b>

### 22 Analysis of changes in net funds - group

	1 June 2022 £	Cash flows £	Exchange rate movements £	31 May 2023 £
Cash at bank and in hand	6,136,145	(2,129,202)	(95,173)	3,911,770
Borrowings excluding overdrafts	(1,300,000)	238,333	-	(1,061,667)
	<u>4,836,145</u>	<u>(1,890,869)</u>	<u>(95,173)</u>	<u>2,850,103</u>

### 23 Operating lease commitments

#### Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2023 £	2022 £	Company 2023 £	2022 £
Within one year	303,708	341,744	303,708	341,744
Between one and five years	250,585	594,080	250,585	594,080
	<u>554,293</u>	<u>935,824</u>	<u>554,293</u>	<u>935,824</u>

# **INTEGRATED ENVIRONMENTAL SOLUTIONS LIMITED AND SUBSIDIARIES**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MAY 2023**

### **24 Related party transactions**

#### **Transactions with related parties**

	<b>Interest payable</b>	
	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Company</b>		
Entities with common directorship	6,380	6,380

The following amounts were outstanding at the reporting end date:

<b>Amounts due to related parties</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Group</b>		
Entities with common directorship	453,070	446,690
<b>Company</b>		
Entities with common directorship	453,070	446,690

Included within other creditors are loans due to a related party which accrue interest at 3% during the first four years before becoming repayable on demand. These loans were moved to short term other creditors at the balance sheet date as they were settled in June 2023. The loan settlement was netted against consideration due from the related party for the exercise of call options on a share purchase.