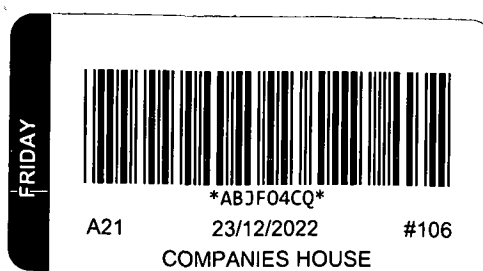


Registration number: 03974683

Daisy Holdings Limited

Annual Report and Financial Statements

for the year ended 31 March 2022



Daisy Holdings Limited

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Daisy Holdings Limited

Directors and advisors

Directors S Smith
D McGlennon
N Thompson

Registered office Lindred House
20 Lindred Road
Brierfield
Nelson
BB9 5SR
United Kingdom

Bankers Bank of Scotland
19/21 Spring Gardens
Manchester
M2 1FB

Independent auditors PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Hardman Square
Manchester
M3 3EB
United Kingdom

Daisy Holdings Limited

Strategic report for the year ended 31 March 2022

The directors present their strategic report on Daisy Holdings Limited ("the Company") for the year ended 31 March 2022.

Principal activity

The principal activity of the Company is an investment holding company, which incurs certain central overheads, some of which are recharged to other group companies.

Business review

The Company made an operating loss of £1.5 million (2021: £20.1 million) after net exceptional administrative expenses of £2.3 million (2021: £20.7 million). The Company had net assets of £194.4 million as at 31 March 2022 (2021: £197.1 million).

Key performance indicators (KPIs)

The KPIs for the Company are set out below:

| | Year ended 31 March 2022 | Year ended 31 March 2021 |
|--------------------------|-------------------------------------|-------------------------------------|
| Operating loss (£'000) | (1,462) | (20,113) |
| Adjusted EBITDA* (£'000) | 982 | 861 |

* Adjusted EBITDA is operating loss before depreciation and net exceptional administrative expenses, which the directors consider the most appropriate measure of the Company's results that they use to make decisions about the business. The reconciliation of Adjusted EBITDA to operating loss can be found on the face of the income statement set out on page 13.

For a full analysis on the movement in KPIs refer to Daisy Holdco Limited's consolidated financial statements.

Future developments

The Company is not expected to trade and will continue as an investment holding company.

Principal risks and uncertainties

The Company is exposed to limited risks due to the fact that it is principally an investment holding company. A principal risk arises from the contingent liabilities disclosed in note 20 to the financial statements. This risk is managed by the directors in their roles as statutory directors of the ultimate parent company, Daisy Holdco Limited, and by obtaining the confirmation letter referred to in the directors' report.

Brexit

Management continues to closely monitor developments in relation to Brexit and the potential consequential political and economic uncertainties in order to mitigate any risks to the business.

Covid-19

The directors have also considered the ongoing Covid-19 global pandemic and the potential impact that this may have on the Company. Based on the nature of the operations of the Company and its subsidiaries, the directors do not believe that it represents a significant ongoing risk to the Company.

Daisy Holdings Limited

Strategic report for the year ended 31 March 2022 (continued)

Section 172 statement

Under section 172 of the Companies Act 2006, the directors have a duty to promote the success of the Company for the benefit of its members as a whole. This includes having due regard to the broad range of stakeholders of the Company, such as its shareholder, the ICM Computer Group Pension & Assurance Scheme (of which the Company is the sponsoring employer) and its impact on the wider community and environment.

The Company's board is responsible for setting the strategy of and managing the Company, subject to certain approvals required from the board of Daisy Holdco Limited ('the Daisy Group'), its ultimate parent company during the financial year.

The Company engages with its shareholder on a regular basis through the presentation of monthly financial information and with the pension scheme through regular attendance at Trustee meetings throughout the year. See the directors' report for details on the Company's engagement with employees and other business relationships. There were no significant decisions taken by the board affecting the Company in the year.

Approved by the board on 21 December 2022 and signed on its behalf by:



N Thompson
Director

Daisy Holdings Limited

Directors' report for the year ended 31 March 2022

The directors present their annual report and the audited financial statements for the year ended 31 March 2022. Details of future developments can be found in the strategic report and form part of this report by cross reference, as permitted by section 414C of the Companies Act 2006.

Going concern

Under company law, the directors are required to consider whether it is appropriate to prepare financial statements on the basis that the Company is a going concern. Daisy Group Limited and Daisy Midco Limited, both fellow group companies, have debt facilities in place which are secured through fixed and floating charges over the assets of the Company along with a number of other companies within the Daisy Holdco Limited Group (see note 20). After making adequate enquiries and receiving a confirmation letter from the directors of Daisy Holdco Limited, the directors have a reasonable expectation that the Daisy Holdco Limited Group has adequate resources to continue as a going concern for the foreseeable future.

In addition and with particular reference to the PIK facility drawn by the Daisy Holdco Limited Group through its subsidiary Daisy Midco Limited at the balance sheet date of £213.6 million (including accrued interest), which was used to fund the acquisition of the XLN Group, the directors of the Group have received a letter of support from the provider of this debt, which is also a significant shareholder in the Group, confirming that they will not call in this debt for a period of at least 12 months from the date of approval of these financial statements. Although this facility expired in June 2022 and is currently rolling on a monthly basis, the conversion of this debt into the Group's existing longer term PIK with an expiry date of 2027 has been agreed with the debt provider and is currently in the process of being formally documented.

The Company is in a net asset position and recharges the majority of its costs to fellow group companies. Its net current liability position is caused by loans due to two fellow group companies. However, the directors have received a letter from the directors of the ultimate parent company, Daisy Holdco Limited, confirming that the ultimate parent company will provide sufficient support where required to enable the Company to meet its liabilities as they fall due for at least 12 months from the date of signing these financial statements. On that basis, the directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements (see note 1).

Financial risk management

The Company's operations expose it to a limited number of financial risks, namely credit risk and liquidity risk.

Credit risk

Credit risk associated with cash balances and funding to obtain leased vehicles is managed by transacting with financial institutions with high quality credit ratings. Accordingly, the Company's associated credit risk is deemed to be limited. All associated financial institutions utilised by the Company require the advance approval of the board.

Liquidity risk

The Company regularly forecasts cash flow to ensure that sufficient cash is available from intercompany recharges for future expenses and capital expenditure.

Policy on payment to suppliers

The Company's supplier payment policy is to agree terms and conditions for business transactions with suppliers. Suppliers are made aware of the Company's terms of payment. Payment is then made subject to these terms and conditions being met.

Engagement with employees and other business relationships

Regular feedback is sought from key suppliers and employees. For further details on engagement with stakeholders see the Daisy Holdco Limited consolidated financial statements.

Daisy Holdings Limited

Directors' report for the year ended 31 March 2022 (continued)

Dividends

No dividend was declared or paid during the year (2021: Interim dividend of £926.7 million to its parent company, Daisy Group Limited, £424.5 million of which was settled through the intercompany accounts and £502.2 million of which was satisfied in specie by the assignment of intercompany receivables). The directors do not recommend the payment of a final dividend.

Directors of the Company

The directors who were in office during the year and up to the date of signing the financial statements are given below:

S Smith

D McGlennon

N Thompson (appointed 7 July 2021)

Directors' and officers' liability insurance indemnity

The Group has indemnity insurance in place on behalf of its directors during the year which remains in force at the date of this report. The articles of association of certain associated companies also contain indemnification provisions in favour of Company directors to the extent permitted by law. In addition, the Company has previously made qualifying third-party indemnity provisions for the benefit of certain directors of the Company which remained in place throughout the year and continue to be in force at the date of this report.

Employment of disabled persons

Both employment policy and practice in the Company are based on non-discrimination and equal opportunities. The Company remains supportive of the employment and advancement of disabled people and provides appropriate opportunities for their training, career development and promotion. Applications for employment by disabled persons are always fully considered. Where employees have become disabled in the service of the Company, every effort is made to rehabilitate them in their former occupation or in some suitable alternative.

Employee participation

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial performance of their business units and of the Company as a whole. The directors are committed to maintaining and developing communication and consultation processes with employees, who in turn are encouraged to develop an awareness of the issues affecting the Company. The Company aims to be an employer of choice and seeks to maintain strong employee relations in all areas in which the Company operates. The directors place considerable emphasis on employees sharing in the success of the Company.

Disclosure of information to the auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- (a) so far as the directors are aware, there is no relevant information of which the Company's auditors are unaware; and
- (b) each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Daisy Holdings Limited

Directors' report for the year ended 31 March 2022 (continued)

Independent auditors

PricewaterhouseCoopers LLP were re-appointed as the Company's auditors on 20 December 2021. A resolution to re-appoint PricewaterhouseCoopers LLP as the Company's auditors will be proposed at the next directors' meeting.

Approved by the board on 21 December 2022 and signed on its behalf by:



N Thompson
Director

Daisy Holdings Limited

Statement of directors' responsibilities in respect of the financial statements

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

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

Directors' confirmations

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

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

Approved by the board on 21 December 2022 and signed on its behalf by:



N Thompson
Director

Daisy Holdings Limited

Independent auditors' report to the members of Daisy Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Daisy Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 March 2022; the Income statement, Statement of comprehensive income and Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Daisy Holdings Limited

Independent auditors' report to the members of Daisy Holdings Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Daisy Holdings Limited

Independent auditors' report to the members of Daisy Holdings Limited (continued)

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax legislation, health and safety regulations and employment legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate journal entries, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- obtaining an understanding of the legal and regulatory framework applicable to the Company and how the Company is complying with that framework
- discussions with management and General Counsel, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud
- reviewing minutes of meetings of those charged with governance, where available
- reading any key correspondence with regulatory authorities that has taken place in the period
- incorporating an element of unpredictability into our audit procedures
- identifying and testing journal entries, including those with unusual account combinations relating to the principal fraud risks set out above
- challenging assumptions and judgements made by management in their significant accounting estimates

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Daisy Holdings Limited

Independent auditors' report to the members of Daisy Holdings Limited (continued)

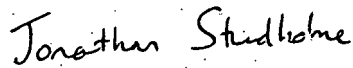
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Jonathan Studholme (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
United Kingdom

22 December 2022

Daisy Holdings Limited

Income statement for the year ended 31 March 2022

| | Note | Year ended 31 March 2022 £ 000 | Year ended 31 March 2021 £ 000 |
|---|------|--------------------------------------|--------------------------------------|
| Administrative expenses | | (1,462) | (20,120) |
| Other operating income | 4 | - | 7 |
| Operating loss | 5 | (1,462) | (20,113) |
| Adjusted EBITDA* | | 982 | 861 |
| Depreciation | 12 | (190) | (235) |
| Net exceptional administrative expenses | 3 | (2,254) | (20,739) |
| Operating loss | 5 | (1,462) | (20,113) |
| Interest receivable and similar income | 9 | 199 | 285 |
| Interest payable and similar expenses | 10 | (58) | - |
| Loss before tax | | (1,321) | (19,828) |
| Tax on loss | 11 | (2,899) | (64) |
| Loss for the financial year | | (4,220) | (19,892) |

All results in the current and prior year derive from continuing activities.

*- operating loss before depreciation and net exceptional administrative expenses.

Daisy Holdings Limited

Statement of comprehensive income

| | Note | Year ended 31 March 2022 £ 000 | Year ended 31 March 2021 £ 000 |
|--|------|--------------------------------------|--------------------------------------|
| Loss for the year | | (4,220) | (19,892) |
| Other comprehensive income/(expenses): | | | |
| Actuarial gain/(loss) on defined benefit pension scheme | 19 | 1,799 | (3,518) |
| Tax on actuarial movements on defined benefit pension scheme | | (355) | 668 |
| Unrealised dividend income | 8 | - | 926,734 |
| Other comprehensive income | | 1,444 | 923,884 |
| Total comprehensive (expense)/income for the year | | (2,776) | 903,992 |

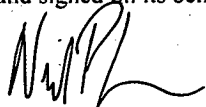
The notes on pages 17 to 35 form an integral part of these financial statements.

Daisy Holdings Limited

Balance sheet as at 31 March 2022

| | Note | 31 March 2022 £ 000 | 31 March 2021 £ 000 |
|---|------|------------------------|------------------------|
| Fixed assets | | | |
| Tangible assets | 12 | 31 | 221 |
| Investments | 13 | 799,590 | 799,590 |
| | | <u>799,621</u> | <u>799,811</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 14 | 14,488 | 16,282 |
| Cash at bank and in hand | | 1,579 | 4,850 |
| Retirement benefit assets | 19 | 11,738 | 9,288 |
| | | <u>27,805</u> | <u>30,420</u> |
| Creditors: amounts falling due within one year | 15 | <u>(630,141)</u> | <u>(631,339)</u> |
| Net current liabilities | | <u>(602,336)</u> | <u>(600,919)</u> |
| Total assets less current liabilities | | 197,285 | 198,892 |
| Provisions for liabilities | 16 | <u>(2,931)</u> | <u>(1,762)</u> |
| Net assets | | <u>194,354</u> | <u>197,130</u> |
| Capital and reserves | | | |
| Called up share capital | 17 | 30 | 30 |
| Pension reserve | | 165 | (1,279) |
| Profit and loss account | | <u>194,159</u> | <u>198,379</u> |
| Total shareholders' funds | | <u>194,354</u> | <u>197,130</u> |

The financial statements on pages 13 to 35 were approved and authorised by the board on 21 December 2022 and signed on its behalf by:



N Thompson
Director

Registered number: 03974683

The notes on pages 17 to 35 form an integral part of these financial statements.

Daisy Holdings Limited

Statement of changes in equity for the year ended 31 March 2022

| | Share capital £ 000 | Pension reserve £ 000 | Profit and loss account £ 000 | Total £ 000 |
|--|------------------------|-----------------------------|-------------------------------------|----------------|
| At 1 April 2020 | 30 | 1,571 | 218,271 | 219,872 |
| Loss for the year | - | - | (19,892) | (19,892) |
| Actuarial loss on defined benefit pension scheme | - | (3,518) | - | (3,518) |
| Tax on actuarial movements on defined benefit pension scheme | - | 668 | - | 668 |
| Unrealised dividend income | - | - | 926,734 | 926,734 |
| Total comprehensive income/(expense) | - | (2,850) | 906,842 | 903,992 |
| Dividends | - | - | (926,734) | (926,734) |
| At 31 March 2021 | 30 | (1,279) | 198,379 | 197,130 |

| | Share capital £ 000 | Pension reserve £ 000 | Profit and loss account £ 000 | Total £ 000 |
|--|------------------------|-----------------------------|-------------------------------------|----------------|
| At 1 April 2021 | 30 | (1,279) | 198,379 | 197,130 |
| Loss for the year | - | - | (4,220) | (4,220) |
| Actuarial gain on defined benefit pension scheme | - | 1,799 | - | 1,799 |
| Tax on actuarial movements on defined benefit pension scheme | - | (355) | - | (355) |
| Total comprehensive income/(expense) | - | 1,444 | (4,220) | (2,776) |
| At 31 March 2022 | 30 | 165 | 194,159 | 194,354 |

The notes on pages 17 to 35 form an integral part of these financial statements.
Page 16

Daisy Holdings Limited

Notes to the financial statements for the year ended 31 March 2022

1 Accounting policies

Basis of preparation

The Company is a private limited company, limited by shares, and is incorporated and domiciled in the UK and registered in England and Wales. The address of its registered office is Lindred House, 20 Lindred Road, Brierfield, Nelson, BB9 5SR.

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The principal accounting policies, which have been applied consistently throughout the current and prior year, are set out below.

The functional currency of the Company is considered to be pounds sterling because that is the operational currency of the primary economic environment in which the Company operates.

In all cases references to Adjusted EBITDA relate to the operating loss from continuing operations before depreciation and net exceptional administrative expenses.

The Company has taken advantage of the exemption (Companies Act 2006 s401) not to prepare group financial statements on the basis that the Company is included within the consolidated group financial statements of Daisy Holdco Limited which are publicly available.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken exemptions available to it in the preparation of its financial statements. Exemptions have been taken in relation to the presentation of a cash flow statement, financial instruments disclosures, intra-group transactions and remuneration of key management personnel.

Daisy Holdings Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

1 Accounting policies (continued)

Going concern

Daisy Group Limited and Daisy Midco Limited, both fellow group companies, have debt facilities in place which are secured through fixed and floating charges over the assets of the Company along with a number of other companies within the Daisy Holdco Limited Group (see note 20). After making adequate enquiries and receiving a confirmation letter from the directors of Daisy Holdco Limited, the directors have a reasonable expectation that the Daisy Holdco Limited Group has adequate resources to continue as a going concern for the foreseeable future.

In addition and with particular reference to the PIK facility drawn by the Daisy Holdco Limited Group through its subsidiary Daisy Midco Limited at the balance sheet date of £213.6 million (including accrued interest), which was used to fund the acquisition of the XLN Group, the directors of the Group have received a letter of support from the provider of this debt, which is also a significant shareholder in the Group, confirming that they will not call in this debt for a period of at least 12 months from the date of approval of these financial statements. Although this facility expired in June 2022 and is currently rolling on a monthly basis, the conversion of this debt into the Group's existing longer term PIK with an expiry date of 2027 has been agreed with the debt provider and is currently in the process of being formally documented.

All funding is currently arranged through fellow group companies which provide working capital facilities to the rest of the Group via intercompany accounts. The Company is in a net asset position and recharges the majority of its costs to fellow group companies. Its net current liability position is caused by loans due to two fellow group companies. However, the directors have received a letter from the directors of the ultimate parent company, Daisy Holdco Limited, confirming that the ultimate parent company will provide sufficient support where required to enable the Company to meet its liabilities as they fall due for at least 12 months from the date of signing these financial statements. On that basis, the directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. The grant is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. The Company obtained government grants relating to supporting the payroll of the Company's employees. The Company had to commit to spending the assistance on payroll expenses and not reduce employee headcount below prescribed levels for a specified period of time. The Company does not have any unfulfilled obligations relating to this program. The grant income is presented separately in the income statement.

Tangible assets

Tangible assets are included in the balance sheet at historical cost, less accumulated depreciation and any impairment losses. Historical cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is charged on a straight-line basis over the estimated useful life of the asset. Freehold land is not subject to depreciation.

On disposal of tangible assets, the difference between the sale proceeds and the net book value at the date of disposal is recorded in the income statement.

The lives assigned to principal categories of assets are as follows:

| | |
|-----------------------|--------------|
| Buildings | 50 years |
| Fixtures and fittings | 3 to 5 years |

Daisy Holdings Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

1 Accounting policies (continued)

Residual values, remaining useful economic lives and depreciation methods are reviewed annually and adjusted prospectively if appropriate.

Fixed asset investments

Investments in subsidiary undertakings held as fixed assets are stated at cost less provision for any impairment. In the opinion of the directors the value of such investments is not less than shown at the balance sheet date. Impairments to investments or reversals to investments are charged to exceptional administrative expenses in the income statement. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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 Company after deducting all of its liabilities.

All financial assets and liabilities are initially measured at the transaction price (including transaction costs), except for those financial assets classified at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are offset in the balance sheet only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Daisy Holdings Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

1 Accounting policies (continued)

Taxation

Tax is recognised in the income statement other than where a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as 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 using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Daisy Holdings Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

1 Accounting policies (continued)

Leases

Leases of tangible assets where the Group has substantially all of the risks and rewards of ownership are classified as finance leases. Assets held under finance leases are capitalised at inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Capitalised leased assets are subsequently depreciated over the shorter of the lease term or the asset's useful life.

Obligations related to finance leases, net of finance charges in respect of future years, are included as appropriate under current or non-current borrowings. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the income statement.

All other leases are classified as operating leases. Lease payments made under operating leases are charged to the income statement as an expense on a straight-line basis over the term of the lease. Benefits received and receivable as an incentive to sign a lease are also spread on a straight-line basis over the term of the lease.

Interest payable and similar expenses

Interest payable and similar charges are deducted from the carrying value of debt and are recognised in the income statement over the life of the loan.

Interest receivable and similar income

Interest income is recognised in the income statement using the effective interest method.

Pension costs

The Company operates a defined contribution pension scheme for certain employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting year.

The Company is also the sponsoring employer for one defined benefit pension scheme, the ICM Computer Group Pension & Assurance Scheme ('ICM scheme') for certain current and former employees of its subsidiary undertakings.

The costs of providing pensions under the defined benefit funded pension scheme are estimated on the basis of independent actuarial advice, with full actuarial valuations carried out on a triennial basis and updated at each balance sheet date.

The operating and finance costs of the scheme are recognised separately within the income statement. Actuarial gains and losses are recognised in full in the period in which they occur and presented in the statement of comprehensive income.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service costs, and as reduced by the fair value of scheme assets. Any asset resulting from the calculation is limited to the present value of economic benefits available on the refunds and reduction in future contributions to the plan.

Exceptional items

Items that are material and non-operating or non-recurring in nature are presented as exceptional items in the income statement, within the relevant account heading. The directors are of the opinion that the separate recording of exceptional items provides helpful information about the Company's underlying business performance.

Daisy Holdings Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

2 Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. Management continually evaluates the estimates, assumptions and judgements based on available information and experience. The critical judgements, apart from those involving estimation and assumptions (which are dealt with separately below) that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical judgements in applying the Company's accounting policies

Exceptional items

The Company applies judgement in assessing the substance of transactions to identify those that are material individually or in aggregate and non-operating or non-recurring in nature and these are presented as exceptional items in the income statement, within the relevant account heading. Items that may give rise to classification as exceptional items include, but are not limited to, significant restructuring and rationalisation programmes, asset impairments, contingent consideration and transaction fees. The directors are of the opinion that the separate recording of exceptional items provides helpful information about the Company's underlying business performance.

Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Defined-benefit pension accounting

The Company operates a defined benefit pension scheme, the valuation of which involves a number of estimates, such as the rate at which to discount the scheme's liabilities, the rate of return on the scheme's assets and how long the scheme members will live. Changes in these estimates can have a significant impact on the valuation of the scheme's assets and liabilities. See note 19 for details.

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. If any indications of impairment exist the recoverable amount is estimated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Daisy Holdings Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

3 Net exceptional administrative expenses

| | Year ended 31 March 2022 £ 000 | Year ended 31 March 2021 £ 000 |
|---|--------------------------------------|--------------------------------------|
| Reorganisation and restructuring | 2,254 | 613 |
| Costs directly relating to acquisitions | - | 30 |
| Investment impairment | - | 20,096 |
| | <u>2,254</u> | <u>20,739</u> |

Reorganisation and restructuring costs relate to professional fees incurred for various restructuring projects undertaken during the year and other integration-associated costs.

In the prior year, costs directly relating to acquisitions primarily comprised the fees relating to the acquisitions of Elder Studios Limited and Union Street Technologies Limited by Aurora Kendrick James Limited, one of the Company's indirect subsidiary undertakings.

In the prior year, the Company's investment in Daisy Intermediate Holdings Limited was impaired as a result of the demerger and sale of the Daisy Group's DWS division, together with the impact of Covid-related delays on timing of project work in the trade of the Allvotec division.

4 Other operating income

| | Year ended 31 March 2022 £ 000 | Year ended 31 March 2021 £ 000 |
|--|--------------------------------------|--------------------------------------|
| Coronavirus Job Retention Scheme ("CJRS") income | <u>-</u> | <u>7</u> |

5 Operating loss

Operating loss is stated after charging:

| | Year ended 31 March 2022 £ 000 | Year ended 31 March 2021 £ 000 |
|--|--------------------------------------|--------------------------------------|
| Depreciation | 190 | 235 |
| Operating lease expense - property | 284 | 278 |
| Operating lease expense - motor vehicles | <u>3</u> | <u>7</u> |

Audit fees for the current year amounting to £5,000 (2021: £5,000) were recharged to other group companies in both the current and prior year.

In accordance with SI 2008/489 the Company has not disclosed the fees payable to the Company's auditors for 'Other services' as this information is included in the consolidated financial statements of Daisy Holdco Limited.

Daisy Holdings Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

6 Employee information

The average monthly number of persons employed by the Company during the year, analysed by category was as follows:

| | Year ended 31 March 2022 Number | Year ended 31 March 2021 Number |
|-------------------------------|---------------------------------------|---------------------------------------|
| Administration and operations | 19 | 19 |

The aggregate payroll costs were as follows:

| | Note | Year ended 31 March 2022 £ 000 | Year ended 31 March 2021 £ 000 |
|---|------|--------------------------------------|--------------------------------------|
| Wages and salaries | | 2,234 | 1,954 |
| Social security costs | | 285 | 225 |
| Other pension costs - defined contribution scheme | | 44 | 53 |
| Other pension credit - defined benefit scheme | 19 | (399) | (83) |
| | | <u>2,164</u> | <u>2,149</u> |

These payroll costs were recharged to other group companies in both the current and prior year with the exception of the defined benefit scheme net pension credit.

7 Directors' remuneration

| | Year ended 31 March 2022 £ 000 | Year ended 31 March 2021 £ 000 |
|---------------|--------------------------------------|--------------------------------------|
| Salaries | 836 | 1,150 |
| Pension costs | 25 | 4 |
| | <u>861</u> | <u>1,154</u> |

The Company made contributions to defined contribution pension schemes in the year on behalf of two directors (2021: one). Emoluments of the highest paid director were £0.4 million (2021: £0.7 million). None of the directors participated in a defined benefit pension scheme in either the current or prior year. These costs were recharged to other group companies in both the current and prior year.

Daisy Holdings Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

8 Income from shares in group undertakings

| | Year ended 31 March 2022 £ 000 | Year ended 31 March 2021 £ 000 |
|---|--------------------------------------|--------------------------------------|
| Unrealised dividends received from subsidiaries | - | 926,734 |

In the prior year, on 31 March 2021, the Company received a dividend from its subsidiary, Daisy Intermediate Holdings Limited, of £926.7 million, which was satisfied in specie by the assignment of intercompany receivables to the Company and treated as an unrealised gain through other comprehensive income.

9 Interest receivable and similar income

| | Year ended 31 March 2022 £ 000 | Year ended 31 March 2021 £ 000 |
|--|--------------------------------------|--------------------------------------|
| Bank interest receivable | - | 2 |
| Expected return on defined benefit pension schemes | 199 | 283 |
| | <u>199</u> | <u>285</u> |

10 Interest payable and similar expenses

| | Year ended 31 March 2022 £ 000 | Year ended 31 March 2021 £ 000 |
|------------------------|--------------------------------------|--------------------------------------|
| Other interest payable | 58 | - |

11 Tax on loss

Analysis of the charge is as follows:

| | Year ended 31 March 2022 £ 000 | Year ended 31 March 2021 £ 000 |
|--|--------------------------------------|--------------------------------------|
| Current tax | | |
| - Adjustment in respect of previous years | 2,085 | - |
| Total current tax | <u>2,085</u> | <u>-</u> |
| Deferred tax | | |
| - Origination and reversal of timing differences | 258 | 64 |
| - Effect of tax rate change on opening balance | 556 | - |
| Total deferred tax | <u>814</u> | <u>64</u> |
| Total tax charge for the year | <u>2,899</u> | <u>64</u> |

Daisy Holdings Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

11 Tax on loss (continued)

The tax on loss before tax for the year is higher (2021: higher) than the standard rate of corporation tax in the UK of 19% (2021: 19%).

The differences are reconciled below:

| | Year ended 31 March 2022 £ 000 | Year ended 31 March 2021 £ 000 |
|---|--------------------------------------|--------------------------------------|
| Loss before tax | (1,321) | (19,828) |
| Total tax at 19% (2021: 19%) | (251) | (3,767) |
| Effects of: | | |
| Tax effect of non-deductible expenses | 363 | 3,899 |
| Group relief surrendered | 12 | - |
| Deferred tax expense relating to changes in tax rates or laws | 134 | - |
| Movement in unrecognised deferred tax | - | (68) |
| Re-measurement of deferred tax - change in UK tax rates | 556 | - |
| Adjustment in respect of previous years | 2,085 | - |
| Total tax charge for the year | 2,899 | 64 |

The Government announced in the Budget on 3 March 2021 that the UK rate of corporation tax would rise to 25% from 1 April 2023. As the increase had been substantively enacted at the balance sheet date, the deferred tax asset in these financial statements has been recognised at 19% where the balance is expected to unwind in the next financial year with the remaining balances recognised at 25%.

There is an unrecognised deferred tax asset of £693,000 (2021: £458,000). This asset relates to tax losses and has not been recognised as there is insufficient evidence that those losses will be utilised in the foreseeable future.

Daisy Holdings Limited**Notes to the financial statements for the year ended 31 March 2022 (continued)****12 Tangible assets**

| | Note | Land and buildings £ 000 | Fixtures and fittings £ 000 | Total £ 000 |
|-----------------------------------|------|--------------------------------|-----------------------------------|----------------|
| Cost | | | | |
| At 1 April 2021 and 31 March 2022 | | 8 | 1,781 | 1,789 |
| Accumulated depreciation | | | | |
| At 1 April 2021 | | 4 | 1,564 | 1,568 |
| Charge for the year | 5 | 1 | 189 | 190 |
| At 31 March 2022 | | 5 | 1,753 | 1,758 |
| Net book value | | | | |
| At 31 March 2022 | | 3 | 28 | 31 |
| At 31 March 2021 | | 4 | 217 | 221 |

Daisy Holdings Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

13 Investments

| | Shares in subsidiary undertakings £ 000 |
|-----------------------------------|--|
| Cost | |
| At 1 April 2021 and 31 March 2022 | 819,686 |
| Accumulated impairment | |
| At 1 April 2021 | 20,096 |
| Charge for the year | - |
| At 31 March 2022 | 20,096 |
| Net book amount | |
| At 1 April 2021 and 31 March 2022 | 799,590 |

At 31 March 2022, the Company's direct investments in subsidiary undertakings, registered in England and Wales, were as follows:

| Name | Percentage of issued share capital held | Principal business activity |
|-------------------------------------|---|-----------------------------|
| Daisy Intermediate Holdings Limited | 100% | Investment holding company |

The registered address for the above subsidiary is Lindred House, 20 Lindred Road, Brierfield, Nelson, BB9 5SR.

The directors believe that the remaining carrying value of the investment is supported by the underlying net assets and the forecast future cash flows of the business and that of its subsidiary undertakings.

14 Debtors: amounts falling due within one year

| | 31 March 2022 £ 000 | 31 March 2021 £ 000 |
|------------------------------------|---------------------------|---------------------------|
| Amounts owed by group undertakings | 11,184 | 9,138 |
| Other debtors | 355 | 419 |
| Corporation tax | 2,309 | 5,330 |
| Prepayments and accrued income | 640 | 1,395 |
| | <u>14,488</u> | <u>16,282</u> |

Amounts owed by group undertakings are unsecured, interest-free, have no fixed date of repayment and are repayable on demand.

Daisy Holdings Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

15 Creditors: amounts falling due within one year

| | 31 March 2022 £ 000 | 31 March 2021 £ 000 |
|------------------------------------|------------------------------------|------------------------------------|
| Trade creditors | 625 | 733 |
| Amounts owed to group undertakings | 628,164 | 627,626 |
| Other creditors | 18 | 34 |
| Taxation and social security | 94 | 1,710 |
| Accruals and deferred income | <u>1,240</u> | <u>1,236</u> |
| | <u>630,141</u> | <u>631,339</u> |

The amounts owed to group undertakings are unsecured, interest-free, have no fixed date of repayment and are repayable on demand.

16 Provisions for liabilities

| | Deferred tax £ 000 |
|---|-------------------------------|
| At 1 April 2021 | 1,762 |
| Deferred tax charged to the income statement | 814 |
| Deferred tax charged to statement of comprehensive income | <u>355</u> |
| At 31 March 2022 | <u>2,931</u> |

Daisy Holdings Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

16 Provisions for liabilities (continued)

Deferred tax

The deferred tax liability comprises:

| | Net liability £ 000 |
|--------------------------------|------------------------|
| 2022 | |
| Short term timing differences | 2,933 |
| Accelerated capital allowances | (2) |
| | <u>2,931</u> |
| 2021 | |
| Short term timing differences | 1,764 |
| Accelerated capital allowances | (2) |
| | <u>1,762</u> |

17 Called up share capital and reserves

Allotted, called up and fully paid shares

| | 2022 | | 2021 | |
|------------------------------------|-----------------------|---------------|-----------------------|---------------|
| | Number | £ | Number | £ |
| Ordinary shares of £0.000002(each) | <u>15,211,917,587</u> | <u>30,424</u> | <u>15,211,917,587</u> | <u>30,424</u> |

The pension reserve relates to the cumulative actuarial movements on the defined benefit pension scheme asset/(liability).

The profit and loss account represents cumulative profits and losses, net of dividends paid, capital contribution and other adjustments.

18 Dividends

| | Year ended 31 March 2022 £ 000 | Year ended 31 March 2021 £ 000 |
|---|--------------------------------------|--------------------------------------|
| Equity-ordinary | | |
| £nil (2021: Interim dividend of £0.06 per ordinary share) | <u>-</u> | <u>926,734</u> |

No dividend has been declared in the current year. The directors do not recommend the payment of a final dividend.

Daisy Holdings Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

19 Retirement benefit assets

Defined contribution pension scheme

From 1 April 2018, the Company became the sponsoring employer of the ICM Computer Group Pension and Assurance Scheme ("ICM scheme"), a multi-employer defined benefit pension scheme.

The ICM scheme is administered by a separate fund that is legally distinct from the Company. The trustees of the pension fund are required by law to act in the interest of the fund and of all relevant stakeholders in the scheme. The trustees of the pension fund are responsible for the investment policy with regard to the assets of the fund. Under the ICM scheme the employees are entitled to retirement benefits varying between 1.25% and 1.67% of final salary, multiplied by number of years of pensionable service, on attainment of retirement age of 65.

The most recent full actuarial valuation of the scheme's defined benefit obligations was carried out at 6 April 2018. As the results of the 2021 triennial valuation have not yet been finalised, a qualified independent actuary has used the results of the 2018 valuation and updated these to 31 March 2022 for FRS 102 purposes. The projected unit method was used in the valuation and assets were taken into account using market values. The scheme duration of 22 years is an indicator of the weighted-average time until benefit payments are expected to be made. The trustees insure certain benefits payable on death before retirement.

As at 31 March 2022, a net surplus of £11,738,000 (2021: £9,288,000) was recognised in respect of the ICM scheme. The total net pension credit in the income statement in the year to the Company under the ICM scheme was £399,000 (2021: £83,000).

Amounts recognised in the income statement in respect of the defined benefit scheme are as follows:

| | Year ended 31 March 2022 | Year ended 31 March 2021 |
|--|-------------------------------------|-------------------------------------|
| | £000 | £000 |
| Past service cost | - | 200 |
| Settlement gain | (200) | |
| Net interest on defined benefit assets | (199) | (283) |
| | <u>(399)</u> | <u>(83)</u> |

Daisy Holdings Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

19 Retirement benefit assets (continued)

Amounts recognised in other comprehensive income for the year in respect of the defined benefit scheme are as follows:

| | Year ended 31 March 2022 | Year ended 31 March 2021 |
|--|-----------------------------|-----------------------------|
| | £000 | £000 |
| Re-measurement gains/(losses) | 2,315 | (5,416) |
| Return on assets (lower than)/in excess of that recognised in net income | (516) | 1,898 |
| Actuarial gain/(loss) on defined benefit pension scheme | <u>1,799</u> | <u>(3,518)</u> |

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the balance sheet are as follows:

| | 31 March 2022 | 31 March 2021 |
|-------------------------------------|------------------|------------------|
| | £ 000 | £ 000 |
| Fair value of scheme assets | 42,948 | 46,890 |
| Present value of scheme liabilities | <u>(31,210)</u> | <u>(37,602)</u> |
| Net surplus in the balance sheet | <u>11,738</u> | <u>9,288</u> |

Defined benefit obligation

Changes in the present value of scheme liabilities are as follows:

| | 31 March 2022 |
|--------------------------------|------------------|
| | £ 000 |
| Present value at start of year | (37,602) |
| Interest cost | (734) |
| Actuarial gains | 2,315 |
| Benefits paid | 854 |
| Settlements | <u>3,957</u> |
| Present value at end of year | <u>(31,210)</u> |

Daisy Holdings Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

19 Retirement benefit assets (continued)

Fair value of scheme assets

Changes in the fair value of scheme assets are as follows:

| | 31 March 2022 £ 000 |
|-----------------------------|---------------------------|
| Fair value at start of year | 46,890 |
| Interest income | 933 |
| Actuarial losses | (516) |
| Employer contributions | 252 |
| Benefits paid | (854) |
| Settlements | (3,757) |
| Fair value at end of year | <u>42,948</u> |

Analysis of assets

The major categories of scheme assets are as follows:

| | 31 March 2022 £ 000 | 31 March 2021 £ 000 |
|---------------------------|---------------------------|---------------------------|
| Cash and cash equivalents | 1,548 | 990 |
| Debt instruments | <u>41,400</u> | <u>45,900</u> |
| | <u>42,948</u> | <u>46,890</u> |

Actual return on scheme assets

| | 31 March 2022 £ 000 | 31 March 2021 £ 000 |
|--------------------------------|---------------------------|---------------------------|
| Actual return on scheme assets | <u>417</u> | <u>2,896</u> |

The pension scheme has not invested in any of the Company's own financial instruments or in properties or other assets used by the Company.

The overall expected return on assets assumption is derived as the weighted average of the expected returns from each of the main asset classes.

Daisy Holdings Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

19 Retirement benefit assets (continued)

The principal assumptions used by the actuary were:

| | 31 March 2022 | 31 March 2021 |
|-----------------------------------|--------------------------------|--------------------------------|
| | % | % |
| Discount rate | 2.70 | 2.10 |
| Expected rate of salary increases | 2.75 | 2.55 |
| Future pension increases | | |
| -RPI max 5% p.a | 3.30 | 3.00 |
| -RPI max 2.5% p.a | 2.20 | 2.15 |
| -CPI max 5% p.a | 2.25 | 2.10 |
| Inflation (RPI) | 3.45 | 3.15 |
| Inflation (CPI) | 2.75 | 2.55 |
| Mortality tables used | 100% SAPS 2 "All" tables | 100% SAPS 2 "All" tables |
| | Long-term improvement of 1.25% | Long-term improvement of 1.25% |
| | 100% of SAPS 2 "All" tables | 100% of SAPS 2 "All" tables |

20 Contingent liabilities

Daisy Group Limited, a fellow group company, has debt facilities in place which are secured through fixed and floating charges over the assets of the Company and its subsidiary undertakings. The total indebtedness against these senior and revolving facilities at 31 March 2022 was £424.0 million (2021: £416.0 million).

Another fellow group company, Daisy Midco Limited, has a payment in kind facility in place which is also secured through fixed and floating charges over the assets of the Group. The total indebtedness of this facility at 31 March 2022 was £434.3 million (2021: £195.3 million) including capitalised interest of £73.4 million (2021: £49.3 million).

The directors do not expect any material loss to arise in respect of the group security arrangements in place.

21 Commitments

Total future minimum lease payments commitments under non-cancellable operating leases are as follows:

| | 31 March 2022 | 31 March 2021 |
|-----------------|---------------|---------------|
| | £ 000 | £ 000 |
| Within one year | <u>-</u> | <u>278</u> |

Daisy Holdings Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

22 Related undertakings

The ultimate parent undertaking and controlling party is Daisy Holdco Limited which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the consolidated financial statements can be obtained from the Companies House website.

The Company's immediate parent undertaking is Daisy Group Limited, a company registered in England and Wales.

The Company's direct subsidiaries have been detailed in note 13.

The registered address for all of the above companies is Lindred House, 20 Lindred Road, Brierfield, Nelson, BB9 5SR.

23 Related party transactions

See note 7 for disclosure of the directors' remuneration. The Company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Daisy Holdco Limited group.