Merit Group plc

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

AUDITED RESULTS FOR THE YEAR ENDED 31 MARCH 2022

Strong growth in both revenue and profitability

9 August 2022

Merit Group plc (AIM: MRIT), the data and intelligence business today publishes its audited results for the year ended 31 March 2022.

Financial Highlights

- Gross profit increase of 31% to £10.9 million (FY2021: £8.3 million)
- Adjusted EBITDA of £2.8 million up 39% (FY2021: £2.0 million)
- Reduced loss before tax for the year of £1.9 million (FY2020: loss before tax of £3.1 million)
- Investments in the period totalling £1.7m to drive future growth
- Net bank debt(1) at year end of £2.1 million (31 March 2021: net cash of £1.0 million)
- New five-year bank facility of £5 million agreed with Barclays
- Disposal of minority interest in Social 360 for a cash consideration of £0.42 million

	2022	2021	Change(5)
	£m	£m	
Revenue	**27.4**	**24.7**	**+11%**
Gross profit	**10.9**	**8.3**	**+31%**
Gross margin %(2)	***39.6%***	***33.6%***	***+18%***
Adjusted EBITDA(3)	**2.8**	**2.0**	**+39%**
Net margin %(4)	***10.3%***	***8.1%***	***+26%***
Loss before tax	**(1.9)**	**(3.1)**	**-40%**
Adjusted Earnings per share (pence)(6)	**1.9p**	**(2.7p)**	**+4.6p**

(1) Net bank debt / net cash comprises the aggregate of gross debt, excluding IFRS16 lease liabilities, and cash and cash equivalents
(2) Gross margin is Gross profit as a percentage of Revenue
(3) Adjusted EBITDA is calculated as earnings before tax, depreciation, amortisation of intangible assets, share based payments and non-recurring items
(4) Net margin is Adjusted EBITDA as a percentage of Revenue
(5) Year-on-year percentage change figures are calculated on unrounded numbers
(6) Adjusted EPS is calculated based on the profit/(loss) for the year before amortisation of intangible assets, share based payments and non-recurring items

Mark Smith, Chairman, commented;

“The Group is in much better shape than it has been for some time. The new management team are getting on with the job of addressing the issues that have impacted performance and are implementing the revised strategy that the Board has every confidence will deliver improvements in shareholder returns.”

Operational Highlights

Key operational highlights in the year include:

- Appointment of two new Executive Directors in the year, David Beck as CEO and Philip Machray as CFO
- Tighter cost control measures leading to significant increase in margins
- Average Employee numbers reduced by 8% despite revenue growth
- Successful re-platforming of the Dods Political Intelligence subscription service which has delivered improved coverage and a more user friendly customer experience
- Focus on revenue growth in Merit Data & Technology with appointment of new sales team
- Continued high levels of subscription and recurring revenue from Dods Political Intelligence and Merit Data & Technology

Current trading and outlook

These results demonstrate good progress in a year that was still impacted by Covid. We have grown Adjusted EBITDA to pre-Covid levels with a significant increase in Gross and Net Margins.

Although we have seen a recovery from Covid, the macro-economic conditions are forecast to provide challenges for all businesses in the coming year. Inflation, supply chain issues, labour shortages and geopolitical instability are all driving uncertainty and caution.

Against this background the Group is well positioned to build on the improvement achieved in the last year and is pleased with trading in the first quarter of FY23. The Board is anticipating another year of progress.

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Forward looking statements

This announcement has been prepared in relation to the financial results for the year ended 31 March 2022. Certain information contained in this announcement may constitute 'forward-looking statements', which can be identified by the use of terms such as 'may', 'will', 'would', 'could', 'should', 'expect', 'seek, 'anticipate', 'project', 'estimate', 'intend', 'continue', 'target', 'plan', 'goal', 'aim', 'achieve' or 'believe' (or the negatives thereof) or words of similar meaning. Forward-looking statements can be made in writing but also may be made verbally by members of management of the Company (including, without limitation, during management presentations to financial analysts) in connection with this announcement. These forward-looking statements include all matters that are not historical facts and include statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, the Company's results of operations, financial condition, changes in global or regional trade conditions, changes in tax rates, liquidity, prospects, growth and strategies. By their nature, forward-looking statements involve risks, assumptions and uncertainties that could cause actual events or results or actual performance or other financial condition or performance measures of the Company to differ materially from those reflected or contemplated in such forward-looking statements. No representation or warranty is made as to the achievement or reasonableness of and no reliance should be placed on such forward-looking statements. The forward-looking statements reflect knowledge and information available at the date of this announcement and the Company does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information or to reflect any change in circumstances or in the Company's expectations or otherwise.

Chairman's statement

Progress in another exceptional year

In a second year of Covid-19 pandemic impacted trading the Group made good progress and returned Revenue and Adjusted EBITDA to pre-pandemic levels.

Before going into further detail on the results for the year, I would like to once again pay tribute to the resilience and dedication of our staff. Both in India, where the majority of our people are based, and in Europe, the year in review saw further lockdowns and work from home instructions and many individual stories of hardship and loss. Despite this, our people have risen to the challenges and delivered for our customers. On behalf of all our shareholders I would like to record my sincere thanks to them for all their efforts.

Results for the financial year

The Group grew revenue by 11% to £27.4 million in the year (FY21 £24.7 million), with the growth being driven by stronger markets, especially in those areas of the business that were hardest hit during the pandemic. As well as delivering top line growth the Group has maintained strong cost control to be able to increase gross profit by 31% to £10.9 million (FY21 £8.3 million) and gross margins by 18% to 39.6% (FY21 33.6%).

Net margins increased by more than two percentage points and the Adjusted EBITDA of £2.8 million is 39% ahead of the previous year (FY21 £2.0 million).

	FY 2022	FY2021	Change[5]
	£m	£m	
Revenue	27.4	24.7	+11%
Gross profit	10.9	8.3	+31%
Gross margin %[1]	39.6%	33.6%	+18%
Adjusted EBITDA[2]	2.8	2.0	+39%
Net margin %[3]	10.3%	8.2%	+26%
Loss before tax	(1.9)	(3.1)	-40%
Adjusted earnings per share (pence)[4]	*1.9p*	*(2.7p)*	*+4.6p*

[1] Gross margin is Gross profit as a percentage of Revenue

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

[3] Net margin is Adjusted EBITDA as a percentage of Revenue

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

[5] Year-on-year percentage change figures are calculated on unrounded numbers

[6] Net (debt)/cash comprises the aggregate of gross debt, excluding IFRS16 lease liabilities, and cash and cash equivalents

Cash

As disclosed in our last annual report and accounts, during the year to March 2021 the Group benefited from deferring the payments of operating liabilities totalling £1.7 million, of which VAT (£1.4 million) was the most significant element. During FY22, £1.2 million of the £1.7 million deferred operating liabilities were discharged. This, along with Capex of £1.2 million and an investment of £0.45 million in DataWorks, contributed to the Group moving to a year end net debt[6] position of £2.1 million (31 March 2021: net cash of £1.0 million).

During the Covid-19 pandemic, the Group benefitted from its strong relationship with Barclays which agreed to the deferral and rescheduling of repayments on our term loan. Since the year end the Board is pleased to have agreed a new bank facility with Barclays that provides the Group with a new £3 million term loan and £2 million revolving credit facility, further detail can be found in the Financial Review section of pages 11-13.

The Group has today announced the disposal of its 30% shareholding in Social 360 for a cash consideration of £420,000.

Board Changes

On 7 September 2021 we appointed David Beck as CEO, after he had served a brief period as Interim CEO. We also announced that Simon Bullock would be stepping down from the Board and that Philip Machray would be appointed as CFO. Philip subsequently joined the Board on 17 November 2021. Cornelius Conlon, MD of our Merit Data & Technology ("MD&T") division, took on the additional role of CTO on 7 September 2021.

David and Philip's appointments have given a new energy to the business. The Board has every confidence that it has the right team in place to drive the business forward and implement its strategy.

Strategy

In April 2021 the Group changed its name from Dods Group plc to Merit Group plc to signal its intention to focus its strategy on the business and political intelligence sector through its technology-enabled data and intelligence business streams.

The Group is a leading provider of UK and European political intelligence to a subscriber base of in excess of 800 blue chip clients. Through its MD&T division, the Group also provides large volume data capture and analysis using its proprietary technology and skilled workforce based in Chennai, India. Both of these parts of the Group benefit from very high levels of recurring revenue, with the political intelligence product sold as a long term subscription service.

The Group's ongoing recovery and improved financial performance will allow us to concentrate on our strategic goal of building a strong growth company focused on technology enabled business intelligence.

Current trading and outlook

These results demonstrate good progress in a year that was still impacted by Covid. We have grown Adjusted EBITDA to pre-Covid levels with a significant increase in our Gross and Net Margins.

Although we have seen a recovery from Covid, the macro-economic conditions are forecast to provide challenges for all businesses in the coming year. Inflation, supply chain issues, labour shortages and geopolitical instability are all driving uncertainty and caution.

Against this background the Group is well positioned to build on the improvement achieved in the last year and is pleased with trading in the first quarter of FY23. The Board is anticipating another year of progress.

Mark Smith
Chairman
8 August 2022

Operational Review

Operating results

In the year under review, our operating businesses continued their recovery from the difficult trading caused by the Covid-19 pandemic. In the UK, we were able to start getting people back to our offices from the middle of the financial year. In India, where the impacts of the pandemic were felt later, it was the end of the financial year before our people could return to our offices.

Merit Data & Technology ("MD&T") revenues were up by 3.9% to £10.7 million, which together with tight cost control helped the business grow adjusted EBITDA by 27% to £1.9 million at an adjusted EBITDA margin of 18%. MD&T's marketing data business was negatively impacted by the impact of Covid-19 restrictions on our events and conferences clients, who contribute 70% of our marketing data revenues. We are now seeing a strong rebound in this market segment as the events industry moves to host more live events and refresh their marketing databases after two years of reduced activity. In FY22, we expanded our footprint in several of our clients (Haymarket, Wilmington, BiP and others) and secured new business from Hanson Wade, Intertrust, Lowry Solutions and Partnerize. Our technology resourcing segment grew revenue by 15% to over £5 million as demand for IT and digital services continues to be strong.

The MD&T business benefits from very stable and long term customer relationships based on close integration of our services into our clients' operations, giving us high levels of recurring revenue and very good visibility of future earnings. To maintain those key customer relationships, we focus on delivering very high levels of customer service, which in turn requires us to recruit exceptional, talented people.

Dods Political Intelligence revenues were stable at £6.9 million ahead of the major re-platforming that was implemented in January 2022, towards the end of the reporting period. In a subscription service, churn is a key measure of the quality of service and customer satisfaction. We are pleased to have seen a reduction in churn despite the challenge of migrating customers to the new platform. We are also taking advantage of the improvements we have made in our service to strengthen our sales and marketing initiatives, and are encouraged by the progress to date. Dods Political Intelligence reported a gross profit of £4.2 million at a gross profit margin of 61%. As well as attractive margins, the business benefits from subscription revenues from a large and stable customer base.

Dods Political Engagement, comprising our media, events and training segments, grew revenue by 30% to £9.8 million. All three revenue streams saw good recovery with the return to face-to-face engagements in the latter part of the year, enabling both events and training to have a strong last quarter. Our media titles performed well with good growth in both digital and print revenues as advertisers and sponsors returned to more active campaigning.

We are seeing higher demand for face-to-face events and, for the first time in three years, a return to a full schedule of in-person events at party conferences. In our Training business, we are focusing on growing our international business to pre-pandemic levels, with training already delivered to teams from India and Ethiopia. However, the war in Ukraine and uncertainty in the UK political landscape are having a negative impact on media advertising. To address this, we have put in place a more data-driven marketing strategy, are increasing our focus on higher value content deals, and are increasing our sales efforts to European customers.

The improvement in margins across the Group has come from a tighter control of costs. The Group's average number of employees during the year was 1,067, which is an 8% reduction on the prior year.

Investing for growth

The Group invests to ensure its future growth and has been able to do so even in the difficult pandemic years.

We continue to invest in people. As well as the Board appointments already referred to in the Chairman's statement, we have recently welcomed Joanna Edwards as Chief Revenue Officer of our MD&T business and Ludovica D'Angelo as Head of Sales Operations for the Dods business.

In January 2022, we moved our core Political Intelligence product to a new platform which we had developed at a cost of £1.25 million. Dods Political Intelligence is the market-leading global political intelligence service facilitating comprehensive monitoring of people, political and policy developments. The new platform reinforces our position as the market leader and has enabled us to improve the speed, choice and reliability of the service that we offer customers. The re-platforming has already helped to reduce customer churn and is enabling us to target new customers with a much improved user experience and competitively priced product.

In May 2021, we made a £0.45 million investment in DataWorks for a 9.1% equity stake and a commercial agreement allowing us to market the DataWorks product and service. DataWorks is a start-up technology company focused on the creation and deployment of a market leading web data integration engine. Web data is useful information on websites which companies collect and use to inform them about their customers and market trends, as well as giving them a competitive edge over their rivals. DataWorks' platform and technology is focused on the e-commerce market and has the ability to gather very large data sets from multiple sites and geographies in real time. Since we made our investment in DataWorks, the business has won its first revenue-generating projects and we are encouraged by the progress being made in securing customers for its services.

Merit Data & Technology ("MD&T")

Our India-based MD&T operating business is a leading data solutions provider, specialising in harvesting, aggregating & transforming data. We provide a highly bespoke service for each client, combining tech solutions, AI and manual analysis. Our areas of specialist expertise cover marketing and retail data as well as wider Industry Data Intelligence.

The business has very long standing client relationships, many of our most significant clients have been working with us for over ten years. We are very focused on operational delivery and the provision of excellent customer service which helps us enjoy very high levels of customer satisfaction and recurring revenue.

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

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

Whilst competition for talent remains tight, we are proud of the quality of the people we are able to attract and retain in the business. 97% of our developers are graduates, of whom 27% have a Master's degree or equivalent. Three quarters of our developers have at least 5 years' experience working with us.

Dods Political Intelligence

Dods Political Intelligence is a leading provider of comprehensive monitoring and analysis packages covering political and policy developments across the UK and EU. We help our clients make informed decisions and develop effective strategies to deal with a fast changing and complex political and policy environment.

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

Our monitoring service is delivered through a market leading platform that was upgraded and relaunched in January 2022 allowing customers greater control of the content and sectors that they wish to be informed about. Our technology allows us to monitor over 13,000 sources of information from 35 different sectors and provide customers with real time updates. Our premium offering gives customers access to advice from our specialist consultants and their dedicated research.

We provide political intelligence to over eight hundred customers from a wide range of sectors: corporates, charities, NGOs and even government departments. The main service covers both the EU and Westminster parliaments, and we also offer both French and German language monitoring. During the year we have won new mandates from, amongst others, Amnesty International, Centrica, Bet 365 and Bouygues.

Dods Political Engagement

Our Political Engagement business comprises our media titles, events business and training offer.

Our media titles include The House Magazine, Parliament and Holyrood, which focus on the workings and news of the parliaments in Westminster, Brussels and Holyrood respectively. Our political news website, Politics Home, now has an average of over 300,000 unique monthly users, over 122,000 Twitter followers, and 9,000 newsletter subscribers.

Civil Service World ("CSW") is a digital-only publication targeted at senior civil servants across the UK, the highly influential audience that is in charge of decision making and is a must-have audience for all those who want to engage with the public sector. Public Technology is the UK's leading provider of news, information and events, for all those who work in the digital and data landscapes across the public sector. TJ (formerly Training Journal) has been supporting the continuing professional development of all those involved in workplace training, learning and development for over 50 years. Our media portfolio performed very well in FY22, reporting revenue growth of 29.5%.

Dods Events is run by a team based across London, Brussels and Edinburgh that delivers a range of events across the political landscape, from small in-person policy briefings to large scale expo-style events. Dods is on the Government Framework and works in partnership with the Civil Service, Home Office and Ministry of Defence to deliver a number of events across the UK. It also organises awards, webinars and panel discussions for clients both at Parliament (Westminster, EU, and Holyrood) as well as at Party Conferences.

We also have our own franchises such as the Diversity & Inclusion ("D&I") series of events which is targeted at public sector employees; a particular success has been the Women in Leadership series that recently won an award for Best D&I Initiative at The British Media Awards. Our events business grew revenue by 24.3% in the year.

Dods Training specialises in providing training on Policy, Communications, Public Affairs and Media. Our Training team uses a network of specialist freelance trainers to deliver training sessions both virtually and in person.

We are a provider of Civil Service Learning courses through framework contracts with KPMG, EY and Capita. This area of the business is growing and allows us to develop and deliver new topics and sectors on a continuous basis. For international clients, we deliver training on policy, cyber and security essentials by working with the FCDO and a variety of EU Associations. In the UK, we provide training to brands as diverse as the Welsh Government and BAE Systems. After a difficult FY21, our training business recovered strongly growing revenues in FY22 of £2.3 million, an increase of 42%.

Financial Review

The Group's financial results for the year ended 31 March 2022 and its financial position at that date are presented on pages 47 to 100.

	FY 2022	FY2021
	£m	**£m**
Revenue	27.4	24.7
Gross profit	10.9	8.3
Gross margin % (1)	*39.6%*	*33.6%*
Adjusted EBITDA (2)	2.8	2.0
Statutory operating loss	(1.6)	(2.5)
Statutory loss before tax	(1.9)	(3.1)
Income tax credit	0.3	0.4
Loss for the year	(1.6)	(2.7)
Statutory EPS (pence per share)	*(7.0p)*	*(13.3p)*
Adjusted EPS (pence per share) (3)	*1.9p*	*(2.7p)*
Net (debt)/cash (4)	(2.1)	1.0

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

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

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

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

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

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

Revenue and operating results

The Group's revenue from continuing operations increased by 11% to £27.4 million (2021: £24.7 million) and gross profit increased by 31% to £10.9 million (2021: £8.3 million). Gross margin increased from 33.6% to 39.6% as Political Engagement activities returned from a pandemic-impacted period.

Adjusted EBITDA increased to £2.8 million (2021: £2.0 million), returning to pre-pandemic levels. The Group's operating loss was £1.6 million (2021: £2.5 million), after non-cash items including an amortisation charge of £0.9 million (2021: £0.9 million) for business combinations and an amortisation charge of £0.3 million (2021: £0.5 million) for intangible software assets. The depreciation charge for property, plant and equipment in the year increased slightly to £0.7 million (2021: £0.6 million) and a right-of-use depreciation charge was £1.3 million (2021: £1.3 million). Non-recurring costs, impairment expense, people-related costs and other costs were £1.3 million (20210: £1.2 million).

The statutory loss before tax for the year was reduced to £1.9 million from (2021: £3.1 million).

Taxation

The Group has a tax credit of £0.3 million for the year resulting from the current year loss (2021: tax credit of £0.4 million).

Earnings per share

Earnings per share, both basic and diluted, from continuing operations in the year were a loss of 7.03 pence (2021: loss of 13.28 pence) and were based on the loss for the year of £1.6 million (2021: loss of £2.7 million) with a basic weighted average number of shares in issue during the year of 22,367,910 (2021: 20,512,125 shares).

Adjusted earnings per share, both basic and diluted, from continuing operations in the year were 1.93 pence (2021: loss of 2.74 pence) and were based on the profit after tax for the year of £0.4 million (2021: loss of £0.6 million).

Dividend

The Board is not proposing a dividend (2021: £nil).

Assets

Non-current assets of £47.0 million comprise goodwill of £28.9 million (2021: £28.9 million), intangible assets of £9.8 million (2021: £10.4 million), property, plant and equipment of £1.8 million (2021: £2.2 million), IFRS 16 right of use assets of £5.7 million (2021: £6.7 million), and Investments of £0.8 million (2021: £0.7 million).

Non-current asset Investments have increased by £0.1 million during the year. This movement is the net of the Group's investment in the year of £0.5 million in DataWorks, plus a £0.1 million increase in the Group's carrying value in Sans Frontières Associates (SFA) reflecting its share of Associate's profits, less £0.5 million in respect of its investment in Social 360, which was impaired by £0.1 million and has been transferred to current assets held for resale.

In addition to its investment in Sans Frontières Associates (SFA), the Group has also loaned SFA £0.2 million (2021: £0.6 million). The loan is unsecured, carries no interest charge and is shown in current assets.

Trade and other receivables, excluding deferred tax, decreased by £0.4 million to £5.2 million (2021: £5.6 million).

Liabilities

Current liabilities fell by £3.1 million to £14.3 million (2021: £17.4 million) due to settlement of deferred consideration through the issue of shares, and a significant reduction in Trade and other payables, excluding deferred tax of £2.9 million. Of this reduction of £2.9 million, £1.2 million related to the payment of HMRC and rent liabilities that had been deferred at 31 March 2021 due to Covid-19. Amounts payable under the bank facility increased by £0.6 million to £2.9 million (2021: £2.3 million) in line with the bank loan repayment schedule at the year end date.

Non-Current liabilities fell by £2.2 million to £6.8 million (2021: £9.2 million). Key changes in the year were a reduction in bank debt of £0.9 million and a reduction in lease liabilities of £1.4 million.

Capital and Reserves

Total equity increased by £0.4 million to £34.4 million (2021: £34.0 million), reflecting the loss for the year offset by the issue of shares in October 2021.

Liquidity and capital resources

At 31 March 2022, the Group had bank debt of £4.4 million (2021: £4.6m), comprising amounts owed on a term loan and amounts drawn down on a revolving credit facility (RCF).

The Group had a term loan of £2.4 million (2021: £2.6 million) over a five-year period, with interest at 3.75% over Bank of England interest rate. The loan was taken out during FY20. In addition, the Group had a drawn RCF of £2.0 million and the full balance was outstanding at end of year (2021: £2.0 million).

The Group had a cash and cash equivalents balance of £2.3 million (2021: £5.6 million) and a net debt position of £2.1 million (2021: net cash of £1.0 million).

Updated banking facilities

On 22 July 2022, the Group agreed new secured loan facilities with Barclays which includes:

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

- Covenants: leverage covenants measured quarterly from September 2022, Cash cover measured quarterly from June 2023 and Interest cover measured quarterly from December 2023, each for the duration of the facilities. Debt service covenants measured quarterly from June 2022 to March 2023.

These revised facilities will help support the Group in the aftermath of the Covid-19 pandemic and we are appreciative for the support of Barclays throughout the pandemic and going forward.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Audited Results Announcement in accordance with applicable laws and regulations. The responsibility statement below has been prepared in connection with the Company's full Annual Report for the year ended 31 March 2022. Certain points thereof are not included within this Audited Results Announcement.

The directors confirm to the best of their knowledge:

- the consolidated financial statements, which have been prepared in accordance with both international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group; and
- the Audited Results Announcement includes a fair review of the development and performance of the business and the position of the Group together with a description of the principal risks and uncertainties that it faces.

Basis of preparation of Audit Results Announcement

The results have been extracted from the audited financial statements of the Group for the year ended 31 March 2022. The results do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Whilst the financial information included in this announcement has been computed in accordance with the prin ciples of UK-adopted international accounting standards ('IFRS'), IFRIC interpretations and the Companies Act 2006 that applies to companies reporting under IFRS, this announcement does not of itself contain sufficient information to comply with IFRS.

The Group will publish full financial statements that comply with IFRS. The auditor has reported on those accounts. Their report for the accounts of the year ended 31 March 2022 was (i) unqualified, and (ii) did not include a reference of any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006. Statutory accounts for the year ended 31 March 2021, which incorporated an unqualified auditor's report, have been filed with the Registrar of Companies.

Financial Statements

Consolidated income statement

For the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Revenue	3	**27,399**	24,690
Cost of sales		**(16,540)**	(16,402)
Gross profit		**10,859**	8,288
Administrative expenses		**(12,490)**	(11,476)
Other operating income	4	**42**	688
Operating loss		**(1,589)**	(2,500)
Memorandum:			
Adjusted EBITDA[1]		**2,821**	2,024
Depreciation of property, plant and equipment	15	**(689)**	(612)
Depreciation of right-of-use assets	25	**(1,315)**	(1,330)
Amortisation of intangible assets acquired through business combinations	14	**(862)**	(862)
Amortisation of software intangible assets	14	**(255)**	(488)
Share-based payments	26	**48**	(27)
Non-recurring items			
Impairments and asset write offs	5	**(843)**	-
People-related costs	5	**(448)**	(995)
Other non-recurring items	5	**(46)**	(210)
Operating loss		**(1,589)**	(2,500)
Net finance expense	9,10	**(419)**	(669)
Share of profit of Associate	17	**144**	56
Loss before tax	6	**(1,864)**	(3,113)
Income tax credit	11	**292**	389
Loss for the year		**(1,572)**	(2,724)

[1] Adjusted EBITDA is defined as the operating loss after adding back depreciation, amortisation, share-based payments, and non-recurring items.

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

Earnings per share (pence)		**p per share**	**p per share (Restated*)**
Basic	12	**(7.03p)**	**(13.28p)**
Diluted	12	**(7.03p)**	**(13.28p)**

* Prior period earnings per share have been restated in accordance with IAS 33 to reflect the share consolidation undertaken on 16 April 2021, as detailed in Note 24.

All amounts relate to continuing activities.

Consolidated statement of comprehensive income

For the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Loss for the year		**(1,572)**	(2,724)
Items that may be subsequently reclassified to Profit and loss:			
Exchange differences on translation of foreign operations		**31**	(19)
Remeasurement of defined benefits obligations	27	**3**	(45)
Other comprehensive income/(loss) for the year		**34**	(64)
Total comprehensive loss for the year		**(1,538)**	(2,788)

Consolidated statement of financial position

As at 31 March 2022

	Note	2022 £'000	2021 £'000
Non-current assets			
Goodwill	13	**28,911**	28,911
Intangible assets	14	**9,826**	10,449
Property, plant and equipment	15	**1,807**	2,184
Right-of-use assets	25	**5,660**	6,688
Investments	17	**777**	717
Total non-current assets		**46,981**	48,949
Current assets			
Work in progress and inventories	18	**14**	36
Trade and other receivables	20	**5,569**	5,584
Loan receivable	17	**210**	560
Cash and cash equivalents	20	**2,321**	5,565
		8,114	11,745
Assets held for resale	17	**410**	-
Total current assets		**8,524**	11,745
Total assets		**55,505**	60,694
Current liabilities			
Trade and other payables	21	**9,718**	12,582
Defined benefit pension obligation	27	**85**	73
Deferred consideration	24	**-**	1,046
Bank loan / RCF	22	**2,860**	2,253
Lease liability	25	**1,679**	1,467
Total current liabilities		**14,342**	17,421
Non-current liabilities			
Deferred tax liability	23	**-**	222
Defined benefit pension obligation	27	**197**	166
Bank Loan	22	**1,518**	2,378
Lease liability	25	**5,042**	6,469

Total non-current liabilities		**6,757**	9,235
Capital and reserves			
Issued capital	24	**6,708**	19,501
Share premium		**1,067**	20,866
Merger reserves		**-**	409
Retained profit/(loss)		**13,032**	(6,671)
Capital redemption reserve		**13,680**	-
Translation reserve		**(49)**	(80)
Other reserves		**(42)**	(45)
Share option reserve		**10**	58
Total equity		**34,406**	34,038
Total equity and liabilities		**55,505**	60,694

Consolidated statement of changes in equity

For the year ended 31 March 2022

	Share capital £'000	Share Premium reserve[1] £'000	Merger reserve[2] £'000	Retained earnings £'000	Capital redemption reserve[3] £'000	Translation reserve[4] £'000	Other reserves £'000	Share option reserve[5] £'000	**Total shareholders' funds £'000**
At 1 April 2020	**19,239**	**20,082**	**409**	**(3,991)**	**-**	**(61)**	**-**	**75**	**35,753**
Total comprehensive income									
Loss for the year	-	-	-	**(2,724)**	-	-	-	-	**(2,724)**
Currency translation differences	-	-	-	-	-	**(19)**	-	-	**(19)**
Remeasurement of defined benefits obligation	-	-	-	-	-	-	**(45)**	-	**(45)**
Lapsed Share Options	-	-	-	**44**	-	-	-	**(44)**	-
Share-based payment	-	-	-	-	-	-	-	**27**	**27**
Transactions with owners									
Issue of ordinary shares	**262**	**784**	-	-	-	-	-	-	**1,046**
At 31 March 2021	**19,501**	**20,866**	**409**	**(6,671)**	**-**	**(80)**	**(45)**	**58**	**34,038**
At 1 April 2021	**19,501**	**20,866**	**409**	**(6,671)**	**-**	**(80)**	**(45)**	**58**	**34,038**
Total comprehensive income									
Loss for the year	-	-	-	**(1,572)**	-	-	-	-	**(1,572)**
Currency translation differences	-	-	-	-	-	**31**	-	-	**31**
Remeasurement of defined benefits obligation	-	-	-	-	-	-	**3**	-	**3**
Share based payments	-	-	-	-	-	-	-	**(48)**	**(48)**
Transactions with owners:									
Share consolidation (Note 24)	**(13,680)**	**(20,866)**	**(409)**	**21,275**	**13,680**	-	-	-	-
Issue of ordinary shares (Note 24)	**887**	**1,067**	-	-	-	-	-	-	**1,954**
At 31 March 2022	**6,708**	**1,067**	**-**	**13,032**	**13,680**	**(49)**	**(42)**	**10**	**34,406**

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

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

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

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

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

Consolidated statement of cash flows

For the year ended 31 March 2022

	Note	**2022 £'000**	2021 £'000
Cash flows from operating activities			
Loss for the year		**(1,572)**	(2,724)
Depreciation of property, plant and equipment	15	**689**	612
Depreciation of right-of-use assets	25	**1,315**	1,330
Amortisation of intangible assets acquired through business combinations	14	**862**	862
Amortisation of other intangible assets	14	**255**	488
Share-based payments (credit)/charge	26	**(48)**	27
Share of profit of Associate	17	**(144)**	(56)
Lease interest expense	25	**369**	422
Loss on disposal of fixed assets	6	**2**	-
Write off of intangible assets	6,13	**746**	-
Impairment of investments in associates	6,17	**97**	-
Interest income	9	**(28)**	6
Interest expense	10	**213**	253
Income tax credit	11	**(292)**	(389)
Operating cash flows before movement in working capital		**2,464**	819
Decrease in inventories	18	**22**	237
Decrease in trade and other receivables		**430**	852
(Decrease)/increase in trade and other payables		**(2,220)**	670
Cash generated by operations		**696**	2,578
Taxation paid		**(332)**	-
Net cash generated from operating activities		**364**	2,578
Cash flows from investing activities			
Interest and similar income received	9	**28**	16
Additions to property, plant and equipment	15	**(314)**	(662)
Additions to intangible assets	14	**(1,240)**	(561)
Acquisition of investment	16	**(450)**	-
Repayment of long-term loan by Associate	17	**350**	**-**
Net cash used in investing activities		**(1,626)**	(1,207)
Cash flows from financing activities			
Proceeds from issue of share capital		**908**	-
Interest and similar expenses paid	10	**(213)**	(262)
Payment of lease liabilities	25	**(2,055)**	(1,181)
Payment of lease interest	25	**(369)**	(362)
Net drawings from bank facility	22	**-**	2,000
Repayment of bank loan		**(253)**	(369)
Net cash used in financing activities		**(1,982)**	(174)
Net (decrease)/increase in cash and cash equivalents		**(3,244)**	1,197
Opening cash and cash equivalents		**5,565**	4,368
Effect of exchange rate fluctuations on cash held		**-**	-
Closing cash at bank		**2,321**	5,565
Comprised of:			
Cash and cash equivalents		**2,321**	5,565
Closing cash at bank	20	**2,321**	5,565

Notes to the consolidated financial statements

1. Statement of significant accounting policies and judgements

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

The consolidated financial statements of Merit Group plc have been prepared and approved by the Directors in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The Company has elected to prepare its Parent Company financial statements in accordance with FRS 102; these are presented after the notes to the consolidated financial statements.

The consolidated financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The Parent Company financial statements present information about the Company as a separate entity and not about its Group.

The accounting policies set out below have, unless otherwise stated, or as outlined in the 'Standards adopted' section below, been applied consistently to all periods presented in these Group financial statements.

Judgements made by the Directors in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 2.

Accounting developments

This report has been prepared based on the accounting policies detailed in the Group's financial statements for the year ended 31 March 2022 and is consistent with the policies applied in the previous financial year.

The following IFRS standards, amendments or interpretations became applicable during the year ended 31 March 2022 but have not had a material effect on the consolidated financial statements:

Amendment to IFRS 16	Leases (Covid-19-Related Rent Concessions)

There are no other new standards, amendments and interpretations which are effective for periods beginning on or after 1 April 2021, which had any impact on the Group's accounting policies and disclosures in these financial statements.

New and revised accounting standards in issue but not yet effective

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

Standard		Effective Date*
Amendments to IFRS 3	Reference to the Conceptual Framework	1 Jan 2022
Amendments to IAS 16	Property, Plant and Equipment (Proceeds before intended use)	1 Jan 2022

Amendments to IAS 37	Onerous Contracts (Cost of fulfilling a contract)	1 Jan 2022
Amendments to IFRS 1, 9, 16 and IAS 41	Annual improvements to IFRS Standards 2018 - 2020	1 Jan 2022
Amendments to IAS 1	Disclosure of accounting policies	1 Jan 2023
Amendments to IAS 8	Definition of accounting estimates	1 Jan 2023
Amendment to IAS 12	Deferred tax relating to assets and liabilities arising from a single transaction	1 Jan 2023

*Effective for accounting periods starting on or after this date

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules, except for: goodwill (stated at the greater of its value in use and fair value less costs to sell); forward contracts (stated at fair value at year end); and defined benefit pension obligations (stated at fair value at year end).

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

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

The following Group entities are exempt from audit by virtue of Section 479A of the Companies Act 2006. Merit Group plc has provided statutory guarantees to the following entities in accordance with Section 479C of the Companies Act 2006:

- Fenman Limited
- Total Politics Limited
- Holyrood Communications Limited
- Training Journal Limited

Going Concern

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

The Directors have approved a budget for the period of 12 months from the balance sheet date, and have additionally prepared and approved monthly-phased projections for the 24 months from the balance sheet date. The Directors consider the budget and projections to be reasonable. The Directors have assessed the future funding requirements of the Group within the budget and projections, compared them with the level of available borrowing facilities, and assessed the impact of them on the Group's cash flow, facilities and headroom within its future banking covenants. In addition, the Directors have prepared a five-year forecast, which reflects the expected trading environment over that period. The Directors consider the forecast to be reasonable.

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

In the 12 month period from the balance sheet date, capital repayments of £2.9 million were due to the bank with the remaining £1.5 million due in subsequent periods.

The Group continues to have the support of Barclays, and agreement has been reached with them on new banking facilities, including a new term loan and Revolving Credit Facility (RCF), with revised covenants through to 2027.

Basis of consolidation

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

Business combinations

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

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

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

Revenue policy

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

Our Merit Data and Technology ("MD&T") business provides services within Data and Software & Technology Resourcing. Across each of these services, the performance obligation is the delivery of the service as agreed with the client in the contract. The performance obligation is satisfied over time as the customer simultaneously receives and consumes the benefits provided by the Group. The revenue is measured using input method as the hours used relative to the total expected hours to the satisfaction of that performance obligation.

Political Intelligence is a subscription-based service; the revenue is recognised on a straight-line basis over the life of the subscription. The performance obligation is the provision and availability of the subscription platform; the obligation is deemed to be satisfied as the client has ongoing access to the subscription platform.

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

Leases

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

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

During the prior year, in response to the Covid-19 pandemic, the Group negotiated a revised payment profile relating to one of its property leases, which continued into but ended in the current year. At 31 March 2022, all rental payments have been made in accordance with the original lease terms. During the current year, a rent review was completed and agreed in respect of the remaining 5-year term of the London premises lease. As a consequence of this review, both the Rights-of-use assets and Lease liability were remeasured accordingly.

Post-retirement benefits - defined contribution

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

Defined benefits pensions

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

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

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

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

Non-recurring items

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

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

Taxation

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

Current tax is based on taxable profit for the year and any adjustment to tax payable in respect of previous years. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Group's assets and liabilities for current tax are calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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

Deferred tax liabilities are recognised for temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

Goodwill

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

Intangible assets - Impairment

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

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

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

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

Property, plant and equipment

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

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

Leasehold improvements	Over the shorter of the life of the asst or lease period
Equipment, fixtures and fittings	3-7 years

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

Inventories

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

Cash

Cash includes cash in hand and in the bank.

Foreign currencies

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

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

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

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

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

Provisions

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

Financial Instruments

<u>Financial assets</u>

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

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

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

Derivative financial instruments

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

Financial assets

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

Trade receivables

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

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

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

Cash & cash equivalents

Cash held in deposit accounts is measured at fair value.

Financial Liabilities

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

Fixed asset investments

Investments in unlisted entities which are held for long term investment purposes are held at historic cost less any provision for impairment. The carrying amount of the Group's fixed asset investments are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses.

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

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

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

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

Government grants

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

Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive income on a straight-line basis over the vesting period. Fair value is calculated using the Monte Carlo simulation model, details of which are given in Note 26.

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

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

Significant Financial Judgements

a) Going concern
Management applies judgement when determining to apply the going concern basis for preparation of the financial statements, through evaluation of financial performance and forecasts. See "Going concern" section on pages 30-31 for further details.
b) Recognition of deferred tax assets
Judgement is applied in the assessment of deferred tax assets in relation to losses to be recognised in the financial statements. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. See Note 23 for further details.
c) Capitalisation of development costs
Management applies judgement when determining the value of development costs to be capitalised as an intangible asset in respect of its product development program. Judgement includes the technical feasibility, intention and availability of resources to complete the intangible asset so that the asset will be available for use and assessment of likely future economic benefits. Details of intangible assets capitalised are available in Note 14.
d) Identification of cash generating units for goodwill impairment testing
Judgement is applied in the identification of cash-generating units (CGUs). The Directors have judged that the primary CGUs used for impairment testing should be MD&T and Dods. See Note 13 for further details.
e) Non-recurring administrative expenses
Due to the Group's significant restructuring and acquisition related activity in recent years, there are a number of items which require judgement to be applied in determining whether they are non-recurring in nature. In the current year these relate largely to restructuring and redundancy costs. See Note 5 for further details.
f) Contingent cash pay-out
The expense relating to amounts payable arising on the acquisition of Meritgroup Limited is contingent upon the continued employment of certain employees. Management believes these amounts are highly probable to be paid, and accordingly the expense is recognised over the period the payments are due.
g) Investments
The Group takes into account the power over its investee, its exposure and rights to variable returns from its involvement with the investee, and its ability to use the power over the investee to affect the amount of the investor's return to determine whether the

investment is treated as an Associate or a controlling interest. See Note 17 for further details. Where a controlling interest exists, the investee is consolidated.

Significant Financial Estimates

a) <u>Carrying value of goodwill</u>
The Group uses forecast cashflow information and estimates of future growth to assess whether goodwill is impaired. Key assumptions include the EBITDA margin allocated to each CGU, the growth rate to perpetuity and the discount rate. If the results of an operation in future years are adverse to the estimates used for impairment testing, impairment may be triggered at that point. Further details regarding impairment testing of goodwill are available in Note 13.

b) <u>Bad debt allowance</u>
Under the IFRS 9 simplified approach, a bad debt allowance is calculated by segmenting debtors into categories and estimating a credit loss risk percentage for each category. Using this approach, a bad debt allowance of £103,000 was estimated for the year (2021: £162,000). Further details are available in Note 19.

c) <u>Pensions</u>
Pension scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit credit method.
Past service cost and settlement gains are recognised immediately in the Income Statement. Remeasurements comprising of actuarial gains and losses as well as the difference between the return on plan assets and the amounts included in net interest on the net defined benefit liability/asset, are recognised in other comprehensive income (OCI), net of income taxes.
The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. Further details of the estimate are in Note 27.

d) <u>Share based payments</u>
Non-market performance and service conditions are included in the assumptions about the number of options that are expected to vest. At the end of each reporting period the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to the original estimates, if any, in the Consolidated statement of comprehensive income, with a corresponding adjustment to equity.
This requires a judgement as to how many options will meet the future vesting criteria as well as the judgements required in estimating the fair value of the options.

Adopted IFRS not yet applied

This report has been prepared based on the accounting policies detailed in the Group's financial statements for the year ended 31 March 2022 and is consistent with the policies applied in the previous financial year. There are no other new standards, amendments and interpretations which are effective for periods beginning on or after 1 April 2021, which had any impact on the Group's accounting policies and disclosures in these financial statements. None of the new standards, amendments and interpretations, which are effective for periods beginning after 1 April 2021 and which have not been adopted early, are expected to have a significant effect on the consolidated financial statements of the Group.

3. Segmental information

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

Business segments

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

In the prior period, the Group reported activity against only the two operating business segments, and therefore the prior period segmental analysis has been restated to reflect a like-for-like comparison with the 2022 disclosures.

The Merit Data & Technology business segment focuses on the provision of data, data engineering and machine learning, and on the provision of software and technology resourcing.

The Dods business segment concentrates on the provision of key information and insights into the political and public policy environments around the UK and the European Union.

The central corporate segment contains the activities and costs associated with the Group's head office functions.

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

Revenue by business segment	**2022 £'000**	2021 £'000
Merit Data & Technology	**10,696**	10,296
Dods	**16,703**	14,394
	27,399	24,690

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

Revenue by stream	**2022 £'000**	2021 (Restated*) £'000
Data	**5,567**	5,825
Software & Technology Resourcing	**5,129**	4,471
Political Intelligence	**6,866**	6,839
Political engagement	**9,837**	7,555
	27,399	24,690

* Prior period segmental analysis has been restated to reflect a like-for-like comparison with the 2022 disclosures, as outlined above.

2022 Loss before tax by business segment	**MD&T 2022 £'000**	**Dods 2022 £'000**	**Central 2022 £'000**	**Total 2022 £'000**
Adjusted EBITDA	**1,898**	**1,914**	**(991)**	**2,821**
Depreciation of property, plant and equipment	(279)	(410)	-	**(689)**
Depreciation of right-of-use assets	(531)	(451)	(333)	**(1,315)**
Amortisation of intangible assets acquired through business combinations	(511)	(351)	-	**(862)**
Amortisation of software intangible assets	-	(255)	-	**(255)**
Share based payments	-	-	48	**48**
Non-recurring items				
Impairments and asset write offs	-	(746)	(97)	**(843)**
People-related costs	-	(132)	(316)	**(448)**
Other non-recurring items	-	-	(46)	**(46)**
Operating profit/(loss)	**577**	**(431)**	**(1,735)**	**(1,589)**
Net finance expense	74	(383)	(110)	**(419)**

Share of profit of Associate	-	-	144	**144**
Loss before tax	**651**	**(814)**	**(1,701)**	**(1,864)**

2021 Loss before tax by business segment	**MD&T 2021 £'000**	**Dods 2021 (restated*) £'000**	**Central 2021 (restated*) £'000**	**Total 2021 £'000**
Adjusted EBITDA	**1,494**	**1,216**	**(686)**	**2,024**
Depreciation of property, plant and equipment	(220)	(392)	-	**(612)**
Depreciation of right-of-use assets	(577)	(441)	(312)	**(1,330)**
Amortisation of intangible assets acquired through business combinations	(511)	(351)	-	**(862)**
Amortisation of software intangible assets	-	(488)	-	**(488)**
Share based payments	-	-	(27)	**(27)**
Non-recurring items				
Impairments and asset write offs	-	-	-	**-**
People-related costs	-	(678)	(317)	**(995)**
Other non-recurring items	(42)	(126)	(42)	**(210)**
Operating profit/(loss)	**144**	**(1,260)**	**(1,384)**	**(2,500)**
Net finance expense	(245)	(304)	(120)	**(669)**
Share of profit of Associate	-	-	56	**56**
Loss before tax	**(101)**	**(1,564)**	**(1,448)**	**(3,113)**

* Prior period segmental analysis has been restated to reflect a like-for-like comparison with the 2022 disclosures, as outlined above.

Geographical segments

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

Revenue by geographical segment	**2022 £'000**	2021 £'000
UK	**21,974**	19,708
Belgium	**2,109**	1,943
USA	**424**	489
France	**796**	768
Germany	**552**	391
Rest of world	**1,544**	1,391
	27,399	24,690

Non-current assets by geographical segment	**2022 £'000**	2021 £'000
UK	**44,288**	**45,611**
Goodwill	28,911	28,911
Intangible assets	9,826	10,449
Property, plant and equipment	1,272	1,535
Right-of-use asset	3,502	3,999
Investments	777	717
India	**2,693**	**3,338**
Property, plant and equipment	535	649
Right-of-use asset	2,158	2,689
	46,981	**48,949**

Group Deferred revenue

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

Aggregate Deferred Revenue	2022 £'000	2021 £'000
Merit Date & Technology	16	46
Dods	5,244	4,749
	5,260	**4,795**

The Group expects to recognise £5.1 million over the next year ending 31 March 2023, and the remainder in the period up to 31 March 2024.

During the current year, the Group recognised £4.1 million of deferred revenue from prior period, based on the performance obligation being satisfied. The remaining £0.7 million is yet to be recognised, and is expected to be recognised in the year ending 31 March 2023. This also forms part of the current year balance.

4. Other operating income

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

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

The number of employees who were put on the CJRS varied from month to month up to a maximum of 6 (2021: 140). The total amount received during the year was £39,000 (2021: £648,000).

In August 2021, the Group also received a grant from the Scottish Government. The grant was issued by the Pivotal Event Businesses Fund (the Issuer) and was for £2,500 (2021: £40,000). The Group has accounted for this scheme using the accrual model; all amounts received are recognised as Other operating income in the Consolidated income statement.

5. Non-recurring items

	2022 £'000	2021 £'000
Impairments and asset write offs	**843**	-
People-related costs	**448**	995
Other:		
- Professional services and consultancy	**46**	85
- Other	**-**	125
	1,337	1,205

During the year the Group made an impairment charge of £97k (2021: £nil) against the carrying value of Investments in Associates and wrote off £746k (2021: £nil) of intangible fixed assets under construction.

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

Other non-recurring costs in the current year relate to one-off consultancy and professional fees associated with the rental review of the London premises. Other non-recurring costs in the prior year include branding and marketing expenses, costs relating to ongoing strategic corporate review and initiatives, various legal fees and one-off consultancy expenses. These are classified as non-recurring as they relate to the rental reviews on a long term lease, the Company name change, and the share capital restructure, and are therefore highly unlikely to arise again.

6. Loss before tax

Loss before tax has been arrived at after charging:

	Note	**2022 £'000**	2021 £'000 (Restated*)
Depreciation of property, plant and equipment	15	**689**	612
Depreciation of right-of-use assets	25	**1,315**	1,330
Amortisation of intangible assets acquired through business combinations	14	**862**	862
Amortisation of other intangible assets	14	**255**	488
Staff costs	8	**15,812**	15,706
Non-recurring items	5	**1,337**	1,205
Share of profit of Associate	17	**144**	56
Interest income	9	**(28)**	(6)
Interest expense	10	**582**	600
Net foreign exchange (gain)/loss	9,10	**(147)**	68
Loss on disposal of fixed assets	15	**2**	-

*Prior year staff costs have been restated to include £579,000 of bonuses and commissions, which were omitted in error in the 2021 disclosures.

Auditor's remuneration	**2022 £'000**	2021 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**26**	22
Fees payable to the Company's auditor and its associates for other services:		
- The audit of the Company's subsidiaries, pursuant to legislation	**125**	102
- Non-audit services in relation to review of interim accounts	**3**	-
- Non-audit services in relation to review of ERS tax returns	**7**	4
	161	128

7. Directors' remuneration

The remuneration of the Directors of the Group for the years ended 31 March 2022 and 31 March 2021 is set out below:

		Salaries /fees £	Committee fees £	Pension contributions £	Other Benefits[5] £	Total £
Executive Directors						
David Beck[1]	**2022**	**125,000**	**-**	**-**	**1,014**	**126,014**
Chief Executive Officer	2021	-	-	-	-	-
Munira Ibrahim	**2022**	**210,000**	**-**	**8,400**	**720**	**219,120**
Managing Director	2021	204,166	-	1,313	725	206,204
Cornelius Conlon	**2022**	**163,412**	**-**	**3,000**	**260,929**	**427,341**
Managing Director	2021	202,061	-	3,436	220,768	426,265
Philip Machray[2]	**2022**	**70,530**	**-**	**-**	**555**	**71,085**
Chief Financial Officer	2021	-	-	-	-	-
Simon Bullock[3]	**2022**	**158,333**	**-**	**6,333**	**1,252**	**165,918**
Former Chief Financial Officer	2021	192,487	-	1,094	1,483	195,064
Non-Executive Directors						
Richard Boon	**2022**	**25,000**	**5,000**	**-**	**-**	**30,000**
Non-Executive Director	2021	22,917	4,583	-	-	27,500
Angela Entwistle[4]	**2022**	**25,000**	**5,000**	**-**	**-**	**30,000**
Non-Executive Director	2021	22,917	4,583	-	-	27,500
Diane Lees	**2022**	**25,000**	**5,000**	**-**	**-**	**30,000**
Non-Executive Director	2021	22,917	4,583	-	-	27,500
Mark Smith	**2022**	**50,000**	**5,000**	**-**	**-**	**55,000**
Non-Executive Chairman	2021	42,917	7,500	-	-	50,417
Vijay Vaghela	**2022**	**25,000**	**10,000**	**-**	**-**	**35,000**
Non-Executive Director	2021	8,333	3,333	-	-	11,666
Total for 2022		**877,275**	**30,000**	**17,733**	**264,470**	**1,189,478**
Total for 2021		718,715	24,582	5,843	222,976	972,116

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

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

3 Resigned as a Director on 17 November 2021.

4 The £30,000 (2021: £27,500) paid for the services of Angela Entwistle as a Non-Executive Director is paid to Deacon Street Partners Limited. See also related party transactions – Note 28.

5 Other benefits are health insurance, overseas living allowance and deferred cash consideration on acquisition of Meritgroup Limited.

The current Directors and their interests in the share capital of the Company at 31 March 2022 are disclosed within the Directors' Report on page 23.

Remuneration of the highest paid Director was £427,341 (2021: £426,265).

The highest paid Director received pension contributions of £3,000 (2021: £3,436).

8. Staff costs

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

	2022 Number	2021 Number
Editorial and production staff	**109**	117
Sales and marketing staff	**33**	36
Managerial and administration staff	**30**	31
Technology and support staff	**895**	974
	1,067	1,158

	2022 £'000	2021 £'000 (Restated*)
Wages and salaries	**14,275**	14,147
Social security costs	**1,255**	1,295
Pension and other costs	**330**	237
Share-based payment (credit)/charge	**(48)**	27
	15,812	15,706

* Prior year wages and salaries have been restated to include £579,000 of bonuses and commissions, which were omitted in error in the 2021 disclosures.

Staff costs do not include deferred cash consideration in relation to the Meritgroup Limited acquisition. This is treated as non-recurring and is included in Note 7.

9. Finance income

	2022 £'000	2021 £'000
Bank interest income	**28**	6
Pension finance credit	**9**	10
Net foreign exchange gain(1)	**147**	-
	184	16

(1) Includes £35k FX gain on derivative (2021: £nil).

10. Finance expense

	2022 £'000	2021 £'000
Bank interest expense	**213**	195
Pension finance charge	**21**	17
Lease interest expense	**369**	405
Net foreign exchange loss (1)	**-**	68
	603	685

(2) Prior year includes £6k FX gain on derivative.

11. Income tax credit

	2022 £'000	2021 £'000
Current tax		
Current tax on income for the year at 19% (2021: 19%)	**27**	-
Adjustments in respect of prior periods	**-**	-
	27	-
Overseas tax		
Current tax expense on income for the year	**318**	251
Total current tax expense	**345**	251
Deferred tax (see Note 23)		
Origination and reversal of temporary differences	**(434)**	(479)
Effect of change in tax rate	**(79)**	-
Adjustments in respect of prior periods	**(124)**	(161)
Total deferred tax income	**(637)**	(640)
Total income tax credit	**(292)**	(389)

The tax credit for the year differs from the standard rate of corporation tax in the UK of 19% (2021: 19%). A reconciliation is provided in the table below:

	2022 £'000	2021 £'000
Loss before tax	**(1,864)**	(3,113)
Notional tax credit at standard rate of 19% (2021: 19%)	**(354)**	(591)
Effects of:		
Expenses not deductible for tax purposes	**(24)**	185
Non-qualifying depreciation	**7**	69
Adjustments to bought forward value	**(124)**	(161)
Effect of deferred tax rate changes on realisation and recognition	**(80)**	-
Deferred tax not recognised	**46**	39
Utilisation of losses not provided for	**-**	(97)
Tax losses carried forward	**127**	107
Adjustment to agree foreign tax charge	**72**	66
Other	**38**	(6)
Total income tax credit	**(292)**	(389)

In the Spring Budget on 3 March 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% for companies with profits of over £250,000.

As at the balance sheet date, the increase in rates has been substantively enacted and therefore deferred taxation has been recognised at 25% as it is expected that the underlying timing differences will reverse after 1 April 2023.

12. Earnings per share

	2022 £'000	2021 £'000
Loss attributable to shareholders	**(1,572)**	(2,724)
Add: non-recurring items	**1,337**	1,205
Add: amortisation of intangible assets acquired through business combinations	**862**	862
Add: net exchange (gains)/losses (Notes 9,10)	**(147)**	68
Add: share-based payment (credit)/expense	**(48)**	27
Adjusted post-tax profit/(loss) attributable to shareholders	**432**	(562)

	2022 Ordinary shares	2021 Ordinary shares (Restated*)
Weighted average number of shares		
In issue during the year – basic	**22,367,910**	**20,512,125**
Adjustment for share options	-	57,870
In issue during the year – diluted	**22,367,910**	**20,569,995**

Performance Share Plan (PSP) options over 1,420,791 Ordinary shares have not been included in the calculation of diluted EPS because their exercise is contingent on the satisfaction of certain criteria that had not been met at 31 March 2022.

	2022 Pence per share	2021 Pence per share (Restated*)
Earnings per share – continuing operations		
Basic	**(7.03)**	(13.28)
Diluted	**(7.03)**	(13.28)
Adjusted earnings per share – continuing operations		
Basic	**1.93**	(2.74)
Diluted	**1.93**	(2.74)

*Prior period figures for number of ordinary shares and earnings per share have been restated in accordance with IAS 33 to reflect the share consolidation undertaken on 16 April 2021, as detailed in Note 24.

13. Goodwill

	2022 £'000	2021 £'000
Cost and net book value		
As at 31 March	**28,911**	28,911

Goodwill acquired in a business combination is allocated at acquisition to the cash-generating units (CGUs) that are expected to benefit from that business combination. Of the carrying value of goodwill, £15.6 million has been allocated to the MD&T CGU (2021: £15.6 million), and £13.3 million had been allocated to the Dods CGU (2021: £13.3 million).

Goodwill is not amortised but is tested annually for impairment with the recoverable amount being determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rate, growth rates and forecasts of income and costs.

The Group assessed whether the carrying value of goodwill was supported by the discounted cash flow forecasts of the Group based on financial forecasts approved by management covering a three-year period, considering both past performance and expectations for future market developments. Management estimates the discount rate using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to each separate business.

The impairment charge in the year was £nil (2021: £nil).

Cash generating units (CGUs)

The recoverable amount of each CGU is determined from value in use calculations. The CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other group of assets. Management determined that the smallest level they could reasonably allocate the group of assets to was MD&T CGU and Dods CGU, the MD&T CGU being the assets from prior year acquisition and the Dods CGU being the historical element of the Group.

Value in use was determined by discounting future cash flows generated from the continuing use of the assets and was based on the following most sensitive assumptions:

- cash flows for year ended 31 March 2023 were projected based on the budget of the CGUs for the year;
- cash flows for years ending 31 March 2024 were projected based on the forecasts of the CGUs, which reflect management's view on likely revenues, costs and trading conditions for that year;
- cash flows for years ending 31 March 2025 to 2027 were projected based on the Group five-year projections, which assume revenue and cost growth rates, and underlying working capital assumptions based on management's view on likely growth for those years;
- cash flows beyond 2027 are extrapolated using a 2% growth rate for both MD&T and Dods;
- cash flows were discounted using the CGU's pre-tax discount rate of 10.52% for MD&T and Dods.

Based on the above sensitivity assumptions, the calculations disclosed headroom against the carrying value of goodwill for both the MD&T and Dods CGUs.

14. Intangible assets

	Assets acquired through business combinations[1]	Software	Under construction capitalised costs	Total
	£'000	**£'000**	**£'000**	**£'000**
Cost				
At 1 April 2021	28,042	4,834	746	33,622
Additions – internally generated	-	1,240	-	1,240
Asset write off	-	-	(746)	(746)
At 31 March 2022	**28,042**	**6,074**	**-**	**34,116**
Accumulated amortisation				
At 1 April 2021	19,283	3,890	-	23,173
Charge for the year	862	255	-	1,117
At 31 March 2022	**20,145**	**4,145**	**-**	**24,290**
Net book value				
At 31 March 2021	8,759	944	746	10,449
At 31 March 2022	**7,897**	**1,929**	**-**	**9,826**

[1] Assets acquired through business combinations comprise:

	Publishing rights	Brand names	Customer Relationships and lists	Other assets	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Cost					
At 1 April 2021	18,934	1,277	7,677	154	28,042
At 31 March 2022	**18,934**	**1,277**	**7,677**	**154**	**28,042**
Accumulated amortisation					
At 1 April 2021	13,390	1,277	4,462	154	19,283
Charge for the year	352	-	510	-	862
At 31 March 2022	**13,742**	**1,277**	**4,972**	**154**	**20,145**
Net book value					
At 31 March 2021	5,544	-	3,215	-	8,759
At 31 March 2022	**5,192**	**-**	**2,705**	**-**	**7,897**

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

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

The carrying value of publishing rights with a useful economic life of 75 years is £4.0 million (2021: £4.1 million).

Included within intangible assets are internally generated assets with a net book value of £1.6 million (2021: £0.5 million).

During the period there was £nil expenses to income statement for Research & Development (2021: £nil)

15. Property, plant and equipment

	Leasehold Improvements £'000	IT Equipment and Fixtures and Fittings £'000	Total £'000
Cost			
At 1 April 2021	2,037	2,255	4,292
Additions	-	314	314
Disposals	-	(48)	(48)
At 31 March 2022	**2,037**	**2,521**	**4,558**
Accumulated depreciation			
At 1 April 2021	918	1,190	2,108
Charge for the year	210	479	689
Disposals	-	(46)	(46)
At 31 March 2022	**1,128**	**1,623**	**2,751**
Net book value			
At 31 March 2021	1,119	1,065	2,184
At 31 March 2022	**909**	**898**	**1,807**

IT equipment additions include £nil (2021: £77,000) of leased equipment. Lease liabilities are recognised in Note 25.

16. Subsidiaries

Company	Activity	% holding	Country of registration
Dods Group Limited[1]	Publishing	100	England and Wales
Fenman Limited[1]	Publishing	100	England and Wales
Holyrood Communications Ltd[2]	Publishing	100	Scotland
Le Trombinoscope SAS[3]	Publishing	100	France
Total Politics Limited[1]	Publishing	100	England and Wales
Training Journal Limited[1]	Holding company	100	England and Wales
Merit Data & Technology Limited[1]	Data and technology	100	England and Wales
Merit Data and Technology Private Limited[4] (formerly Letrim Intelligence Services Private Limited)	Data and technology	99.99	India
Merit Processes Limited[1]	Dormant	100	England and Wales
European Parliamentary Communications Services SPRL[5]	Dormant	100	Belgium
Monitoring Services Limited[1]	Dormant	100	England and Wales
Vacher Dod Publishing Limited[1]	Dormant	100	England and Wales
VDP Limited[1]	Dormant	100	England and Wales
Subsidiaries dissolved during the year:			
Merit Processes Limited[6]	n/a	n/a	n/a

1 Registered address: 11th Floor, The Shard, 32 London Bridge Street, London, SE1 9SG.

2 Registered address: Panmure Court, 32 Calton Road, Edinburgh, EH8 8DP.

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

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

5 Registered address: Boulevard Carlemagne 1, 1041 Bruxelles, Belgium

6 Dissolved on 27 July 2021

During the current year the Group has elected to provide a parental guarantee to Fenman Limited, Total Politics Limited, Holyrood Communications Limited and Training Journal Limited in accordance with section 479C of the Companies Act 2006, meaning that they are exempt from the requirement to have a statutory audit.

There were no acquisitions during the current year.

17. Investments

Investments are presented on the balance sheet as follows:

	2022 £'000	2021 £'000
Non-current asset investments		
Investments in Associates	**327**	717
Other Unlisted Investments	**450**	-
	777	717
Current asset investments		
Investment in Associate held for resale	**410**	-
	1,187	**717**

The above balances are represented by:

	2022 £'000	2021 £'000
Investments in Associates	**737**	**717**
Other unlisted investments	**450**	**-**
	1,187	**717**

Investments in Associates

Set out below are the Associates of the Group as at 31 March 2022 which, in the opinion of the Directors, are individually not material to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	% ownership	Carrying Amount 2021 £'000	Share of profit before tax in year £'000	Share of tax charge £'000	Impairment in the year £'000	**Carrying amount 2022 £'000**
Sans Frontières Associates Ltd[1]	40	229	125	(27)	-	**327**
Social 360 Limited[2]	30	488	19	-	(97)	**410**
		717	144	(27)	(97)	**737**

Place of business/country of incorporation of both entities is England and Wales. The Group accounts for both entities as equity-accounted Associates.

(1) On 16 February 2017, the Group purchased 40% of the issued share capital of Sans Frontières Associates Limited (SFA), a company registered in England and Wales, for £40.

SFA's objective is to redefine the approach taken to international geopolitical and crisis communications consulting.

As at the year end the Group had loaned SFA £210,000 (2021: £560,000). The unsecured loan of £210,000 carries no interest rate charge and is repayable during the 2022 calendar year. Recoverability is reviewed on an annual basis.

After taking into account the Group's power over its investee, its exposure and rights to variable returns from its involvement with the investee, and its ability to use the power over the investee to affect the amount of investor's return, the Directors have concluded that the Group does not have a controlling interest in SFA as it is not able to direct the activities of SFA. Therefore SFA has been accounted for as an Associate in these financial statements.

No dividend was received for the year (2021: £nil)

As required by IFRS12, the financial information from the unaudited abridged accounts of SFA dated 30 November 2021 is as follows: Current Assets £1,148k of which £1,011k is cash and cash equivalents, non-current assets £6k, current liabilities £90k, non-current liabilities £626k. The depreciation recorded was £3k.

(2) On 16 November 2017, the Group purchased 30% of the enlarged share capital of Social 360 Limited (Social360), a company registered in England and Wales, for £1.68 million in cash including acquisition costs. Social360 provides intelligent digital media monitoring and analysis.

No dividend was received for the year (2021: £nil)

As required by IFRS12, the financial information from the unaudited filleted abridged accounts of Social360 dated 31 August 2021 is as follows: Current Assets £959k of which £413k is cash and cash equivalents, non-current assets £1k, current liabilities £198k, non-current liabilities £285k. The depreciation recorded was £4k.

The total share of profit recognised from Associates which is based on the unaudited management accounts as 31 March 2022 is £117k (2021: £56k). This is the net of the Group's share of Associates' profit before tax of £144k less share of Associates' tax charge of £27k.

During the year, the Group made an impairment charge of £97k (2021: £nil) against the carrying value of its investment in Social 360 Limited.

Other unlisted Investments

Cost and NBV	**£'000**
At 1 April 2021	**-**
Acquisitions in the year	**450**
At 31 March 2022	**450**

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

During the year, the Group acquired a 9.1% stake in Web Data Works Limited ("DataWorks") for £450k.

DataWorks is an unlisted business registered in and operated from the Republic of Ireland, engaged in the development of e-commerce data management software and applications.

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

18. Work in progress and inventories

	2022 £'000	2021 £'000
Work in progress and inventories	**14**	36
	14	36

19. Financial instruments

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

	2022 £'000	2021 £'000
Financial assets		
Trade and other receivables (amortised cost)	**4,346**	3,996
Derivative Contracts (FVTPL*)	**35**	6
Loan receivable (amortised cost)	**210**	560
Cash and cash equivalents (amortised cost)	**2,321**	5,565
	6,912	10,127
Financial liabilities		
Trade and other payables (amortised cost)	**(4,618)**	(9,926)
Lease liabilities (amortised cost)	**(6,721)**	(7,936)
Bank loan & RCF (amortised cost)	**(4,378)**	(4,631)
	(15,717)	(22,493)
Net financial assets and liabilities	**(8,805)**	(12,366)

*FVTPL stands for "Fair value through profit and loss"
The loan receivable has no discount rate. The fair value of the loan is the same as the booked value and therefore there is no discounting on the outstanding amount. During the financial year there were no repayments on the loan.

On 14 February 2022, the Group signed five forward contracts of total value approximately £1.2 million with a maturity date ranging from 21 April 2022 to 23 May 2022. The forward contracts are for currency pairing of GBP to INR.

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

Credit risk

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

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

At 31 March 2022, £475,000 of the Group's trade receivables were exposed to risk in countries other than the United Kingdom (2021: £350,000).

The ageing of trade receivables at the reporting date was:

	Gross 2022 £'000	Provided Loss Allowance 2022 £'000	Gross 2021 £'000	Provided Loss Allowance 2021 £'000
Trade Receivables	3,971	(103)	3,882	(162)
	3,971	(103)	3,882	(162)

The maximum credit risk exposure for which the Group has made provision is £103,000.

	Gross carrying amount £'000	Default rate	Lifetime expected credit losses* £'000
Current	2,977	1.11%	33
1-30 days past due	785	1.62%	13
31-60 days past due	60	4.56%	3
61-90 days past due	46	9.98%	5
More than 90 days past due	103	47.93%	49
	3,971		**103**

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

The loan receivable has not been assessed for credit losses as the Group believes that the expectation for default is not probable given the subsequent repayment and SFA's declaration to continue repaying. SFA is also currently in a strong cash position.

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

	2022 £'000	2021 £'000
Balance at the beginning of the year	**162**	64
Charged in the year	**-**	98
Released in the year	**(59)**	-
Balance at the end of the year	**103**	162

Liquidity risk

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

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

	2022 £'000	2021 £'000
Loan and RCF balance at the beginning of the year	**4,631**	3,000
Drawdown of RCF	**-**	2,000
Repayments of principal	**(253)**	(369)
Loan and RCF Balance at the end of the year	**4,378**	4,631

Banking covenants

Under the Group's new bank facilities agreed on 22 July 2022 (see Note 22), the Group is subject to selected covenant compliance tests on a rolling 12 month basis and at each quarter end date. These covenant compliance tests are as follows:

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

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

Rolling 12 month basis, ending on	Leverage Ratio	Profit Cover Ratio	Interest Cover Ratio	Cashflow Cover Ratio
30 June 2022	2.5x	3.0x	n/a	n/a
30 September 2022	2.5x	3.0x	n/a	n/a
31 December 2022	2.0x	3.0x	n/a	n/a
31 March 2023	2.0x	3.0x	n/a	n/a
30 June 2023	1.5x	n/a	n/a	n/a
30 September 2023	1.5x	n/a	n/a	n/a
31 December 2023	1.5x	n/a	3.0x	1.5x
31 March 2024	1.5x	n/a	3.0x	1.5x
30 June 2024	1.5x	n/a	3.0x	1.5x
30 September 2024	1.5x	n/a	3.0x	1.5x
31 December 2024	1.5x	n/a	3.0x	1.5x
31 March 2025	1.5x	n/a	3.0x	1.5x
30 June 2025	1.0x	n/a	3.0x	1.5x
30 September 2025	1.0x	n/a	3.0x	1.5x
31 December 2025 and thereafter	1.0x	n/a	3.0x	1.5x

The Directors have approved a budget for a period of 12 months from the balance sheet date and have additionally prepared and approved monthly-phased projections for the 24 months from the balance sheet date and a five-year annual forecast. The Directors consider the budget, projections and forecasts to be reasonable.

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

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

Maturity of financial liabilities:

The tables below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities as at 31 March 2022. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Due within 1 year £'000	**Due 2-5 years £'000**	**Total £'000**
Trade and other payables	4,623	-	**4,623**
Lease liability	1,679	5,042	**6,721**
Bank loan/RCF	2,860	1,518	**4,378**

The Group has a long standing and supportive relationship with Barclays and has recently agreed new secured loan facilities for a five-year period to 2027 to give it further headroom for development of the Group. The Group has a five-year plan that has been shared with Barclays and formed the basis of the new banking arrangements that were put in place.

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

Currency risk

The Group is exposed to currency risk on transactions denominated in Euros, US Dollars and Indian Rupees.

Share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. For further details of share capital, see Note 24.

Sensitivity analysis

In managing interest rate and currency risks, the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer-term, however, changes in foreign exchange and interest rates would have an impact on consolidated earnings. The balances of the financial assets and liabilities exposed to these sensitivities are £349,000 Trade receivables, £578,000 Cash and cash equivalents and £45,000 Trade payables for the year.
At 31 March 2022, it is estimated that a general increase of one percentage point in interest rates would have decreased the Group's profit before tax by approximately £50,000 (2021: £34,000).

It is estimated that a general increase of one percentage point in the value of the Euro and Dollar against Sterling would have decreased the Group's profit before tax by approximately £14,000 (2021: £13,000).

It is estimated that a general increase of one percentage point in the value of the Rupee against Sterling would have increased the Group's profit before tax by approximately £72,000 (2021: £1,000).

Fair values

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

Capital management

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

Capital Management	**2022 £'000**	2021 £'000
Cash & cash equivalents	**2,321**	5,565
Share Capital	**6,708**	19,501
Other reserves	**14,666**	21,208
Retained Earnings	**13,032**	(6,671)
	36,727	39,603

20. Other financial assets

Trade and other receivables	**2022 £'000**	2021 £'000
Trade receivables	**3,868**	3,720
Other receivables	**513**	281
Deferred tax asset (Note 23)	**415**	-
Prepayments and accrued income	**773**	1,583
	5,569	5,584

Trade and other receivables denominated in currencies other than Sterling comprise £339,000 (2021: £336,000) denominated in Euros, £49,000 (2021: £13,000) denominated in USD and £87,000 (2021: £nil) denominated in Indian Rupees.

The Group had a balance of £421,000 of accrued income relating to contract assets (2021: £146,000).

Cash related	**2022 £'000**	2021 £'000
Cash and cash equivalents	**2,321**	5,565
	2,321	5,565

Cash includes £141,000 (2021: £618,000) denominated in Euros, £126,000 (2021: £480,000) denominated in USD and £311,000 (2021: £438,000) denominated in Indian Rupees.

21. Trade and other payables

Current	2022 £'000	2021 £'000
Trade creditors	**396**	2,663
Other creditors including tax and social security	**2,876**	2,895
Accruals and deferred income	**6,446**	7,024
	9,718	12,582

Current liabilities denominated in currencies other than Sterling compromise £24,000 (2021: £24,000) denominated in Euros, £nil (2021: £8,000) denominated in USD and £21,000 (2021: £113,000) denominated in Indian Rupees.

The Group had a balance of £5.1 million of deferred revenue relating to contract liabilities (2021: £4.8 million).

22. Interest-bearing loans and borrowings

Throughout the year, the Company had a term loan facility of £3 million, borrowed in 2020 and amortising over a 5-year period, incurring an interest rate (at the year-end) of 3.75% above Bank of England interest rate (2021: 3.25% over LIBOR). The Company also held throughout the year a revolving credit facility (RCF) of £2 million (2021: £2 million) incurring a rate of 4.0% above Bank of England interest rate (2021: 3.5% over LIBOR).

As at 31 March 2022, the balance outstanding on the term loan was £2.4 million and on the RCF was £2.0 million. Of the total £4.4 million outstanding with the bank at 31 March 2022, £2.9 million was due to be repaid within a 12 month period with the remaining £1.5 million due in subsequent periods.

See Note 19 for the maturity analysis of the bank loan.

On 22 July 2022, the Group agreed new secured loan facilities with Barclays which includes:

- Term Loan: a £3 million, five-year term loan, amortising on a straight-line basis at £150,000 per quarter;
- RCF: a £2 million non-amortising, revolving credit facility for the five-year duration of the Term Loan;
- Both the Term Loan and RCF accruing interest at 4.75% above Bank of England base rate;
- Covenants: leverage covenants measured quarterly from September 2022, Cash cover measured quarterly from June 2023 and Interest cover measured quarterly from December 2023, each for the duration of the facilities. Debt service covenants measured quarterly from June 2022 to March 2023.

These revised facilities and covenants will help support the Group in the aftermath of the Covid-19 pandemic and we are appreciative for the support of Barclays throughout the pandemic and going forward.

23. Deferred taxation

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

	Liabilities	Assets			
	Intangible assets arising on consolidation £'000	Other timing differences £'000	Accelerated capital allowances £'000	Tax losses £'000	**Total £'000**
At 31 March 2020	(1,111)	(41)	40	250	**(862)**
Charge/(credit)	152	65	(15)	438	**640**
At 31 March 2021	(959)	24	25	688	**(222)**
Charge/(credit)	(99)	62	37	637	**637**
At 31 March 2022	(1,058)	86	62	1,325	**415**

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

At the balance sheet date, the Group has total carried forward tax losses of £13.6 million (2021: £10.5 million) available to offset against future taxable profits. Of these, the Group has recognised deferred tax assets of £1,325,000 (2021: £688,000) in respect of carried forward tax losses of £5.3 million (2021: £3.5 million) as it is probable that these assets shall be recovered against the taxable profits over the foreseeable period. On the remaining £8.3 million (2021: £7.0 million) carried forward taxable losses, the Group has not recognised a deferred tax asset as it is less probable that the potential asset would be utilised.

24. Issued capital

	9p deferred shares Number	1p ordinary shares Number	28p ordinary shares Number	**Total £'000**
Issued share capital as at 1 April 2021	151,998,453	582,071,380	-	19,501
Shares cancelled during the year	(151,998,453)	-	-	(13,680)
Share consolidation during the year	-	582,071,380	20,788,375	-
Shares issued during the year	-	-	3,167,749	887
Issued share capital as at 31 March 2022	**-**	**-**	**23,956,124**	**6,708**

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

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

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

25. Leases

	Right-of-use assets £'000	Lease liabilities £'000
As at 1 April 2020	7,926	(9,216)
Additions	713	(765)
Depreciation	(1,330)	-
Lease Interest	-	(422)
Lease payments[1]	-	1,846
Disposals	(89)	72
Translation	(532)	549
As at 31 March 2021	**6,688**	**(7,936)**
Additions	**287**	**(287)**
Depreciation	**(1,315)**	**-**
Lease Interest	**-**	**(369)**
Lease payments[1]	**-**	**1,871**
As at 31 March 2022	**5,660**	**(6,721)**
Current		**(1,679)**
Non-current		**(5,042)**

[1] Total lease payments in the year amounted to £2,424k, of which £553k was in settlement of trade creditors and accruals at 31 March 2021.

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

	2022 £'000	2021 £'000
Depreciation charge of right-of-use assets	**1,315**	**1,330**
Interest expense (included in finance cost)	**370**	**422**

The right-of-use assets relate to office space in five locations and at the balance sheet date have remaining terms ranging up to 8 years.
There were £nil of expenses relating to diminutive payments not included in the measurement of lease liabilities (2021: £nil).
Lease liabilities includes £77,000 of IT equipment. These assets are capitalised within IT equipment (see Note 15).

26. Share-based payments

Long-Term Incentive Plan (LTIP)

On 21 September 2018, the Company granted the former Chief Executive Officer a conditional award under a new long-term incentive plan. No more awards will be made under this scheme.

Grant date	Outstanding options at 1 April 2021 (Restated*)	Granted during the year	Lapsed During the year	**Outstanding options at 31 March 2022**
21 September 2018	55,786	-	(55,786)	**-**
	55,786	-	(55,786)	**-**

* Outstanding options in the prior period have been restated to reflect the share consolidation on 16 April 2021, as detailed in Note 24.

To become exercisable, the options were dependent on the market capitalisation of the Group. The options had a contractual life of 3 years and lapsed, unexercised, on 21 September 2021.

Details of the LTIP share options outstanding during the year are as follows.

	Number of Ordinary shares (Restated*)	Weighted average exercise price (pence)
As at 1 April 2020	59,357	n/a
Lapsed during the year	(3,571)	n/a
As at 31 March 2021	**55,786**	**n/a**
Lapsed during the year	**(55,786)**	**n/a**
As at 31 March 2022	**-**	**n/a**

There were no options outstanding under the Company's LTIP as at 31 March 2022.

The income statement credit in respect of the LTIP for the year was £58,000 (2021: charge of £27,000).

Performance Share Plan (PSP)

During the year, the Company granted a conditional award to two executive Directors under a new performance share plan as follows:

Grant date	**Director**	Outstanding Options at 1 April 2021	Granted during the year	Lapsed During the year	**Outstanding options at 31 March 2022**
28 January 2022	Chief Executive Officer	-	762,376	-	**762,376**
28 January 2022	Chief Financial Officer	-	658,415	-	**658,415**
		-	1,420,791	-	**1,420,791**

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

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

The inputs into the model were as follows:

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

Expected volatility was determined by calculating the historical volatility of the Company's share price for three years prior to the date of grant. The expected life used in the model is the term of the options.

Details of the PSP share options outstanding during the year are as follows.

	Number of Ordinary shares	Weighted average exercise price (pence)
As at 31 March 2021	**-**	**n/a**
Granted during the year	**1,420,791**	**n/a**
As at 31 March 2022	**1,420,791**	**n/a**

The following options were outstanding under the Company's PSP scheme as at 31 March 2022:

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

The income statement charge in respect of the PSP for the year was £10,000 (2021: £nil).

26. Pensions

Defined benefit pension

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

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

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

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

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

- Interest rate risk – The present value of the defined benefit liability is calculated using a discount rate determined by reference to market yields of high quality corporate bonds.

- Investment risk – The entire plan assets at 31 March 2022 comprise an insurance policy. The value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases the present value of the asset is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the valuation period.
- Longevity risk – The Group is required to provide benefits for the members in the gratuity scheme. Increases in the continual tenure of employment will increase the defined benefit liability.
- Inflation risk – A significant proportion of the defined benefit liability is linked to inflation. An increase in the inflation rate will increase the Group's liability. High salary growths will lead to higher level of benefits to be paid by the Group.

The significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, the salary growth rate, and the withdrawal rates. The assumptions used for the valuation of the defined benefits obligation are as follows in the table "Principal actuarial assumptions" on page 97.

Funded status of the plan

	2022	2021
	£'000	£'000
Present value of funded defined benefit obligations	(392)	(371)
Fair value of plan Assets	110	132
Present value of unfunded defined benefit obligations	(282)	(239)
Current	(85)	(73)
Non-current	(197)	(166)
Net Deficit	(282)	(239)
Net Liability	**(282)**	**(239)**

Movement in present value of obligation	**2022**	**2021**
	£'000	£'000
At 1 April	(371)	(294)
Current service cost	(73)	(70)
Interest cost	(21)	(17)
Remeasurement losses (gains) (OCI)		
Due to changes in financial assumptions	11	(48)
Due to experience adjustments	(7)	4
Benefits paid from fund	72	33
FX revaluation	(3)	21
At 31 March	**(392)**	**(371)**

Movement in fair value of plan assets	2022	2021
	£'000	£'000
At 1 April	132	156
Net interest Income	9	10
Return on plan assets	(1)	(1)
Contribution by employer	41	11
Benefits paid	(72)	(33)
FX revaluation	1	(11)
At 31 March	**110**	**132**

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

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

Amounts recognised in Consolidated income statement	2022	2021
	£'000	£'000
Service cost	73	70
Interest cost	21	17
Interest Income	(9)	(10)
FX Revaluation	2	(10)
Total expense recognised in Consolidated income statement	**87**	**67**

Amounts recognised in Consolidated statement of OCI	2022	2021
	£'000	£'000
Actuarial changes in financial assumptions	(11)	48
Actuarial experience adjustments	7	(4)
Return on plan assets	1	1
Total (credit)/expense recognised in Consolidated statement of OCI	**(3)**	**45**

Movement in pension scheme net deficit	2022	2021
	£'000	£'000
Opening pension scheme net deficit	(239)	(138)
Contributions by employer	41	11
Consolidated income statement	(87)	(67)
Consolidated statement of OCI	3	(45)

Closing pension scheme net deficit	(282)	(239)

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

Principal Actuarial assumptions	**2022**	**2021**
	p.a	p.a
Discount rate	6.70%	6.25%
Salary growth rate	8.50%	8.50%
Withdrawal rates by age		
Below 35	25.00%	25.00%
35 to 45	15.00%	15.00%
Above 45	10.00%	10.00%
Rate of return on plan assets	6.70%	6.25%

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

Mortality rates

Age (in years)	**2022**	**2021**
20	0.09%	0.09%
30	0.10%	0.10%
40	0.17%	0.17%
50	0.44%	0.44%
60	1.12%	1.12%

At 31 March 2022 the mortality rates were derived from the Indian Assured Lives Mortality (2012-2014) report.

The Group expects to contribute approximately £85,000 in the next financial year.

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 6.13 years (2021: 5.90 years).

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

Sensitivity to key assumptions	**2022**	**2021**
	£'000	£'000
	p.a	p.a
Discount rate		
Increase by 0.5%	381	360

Decrease by 0.5%	405	382
Salary growth rate		
Increase by 0.5%	402	379
Decrease by 0.5%	384	362
Withdrawal rate (W.R)		
W.R x 110%	388	365
W.R x 90%	398	376

27. Related party transactions

During the year, the Group received a repayment of £350,000 (2021: £nil) on its interest free loan to its Associate Sans Frontières Associates (SFA). At 31 March 2022, the balance outstanding was £210,000 (2021: £560,000).

During the year, an amount of £62,945 (2021: £69,493) was payable to an Associate, Social 360 Limited, in relation to profit-share for monitoring services provided. At 31 March 2022, £16,973 (2021: £nil) of this balance was outstanding.

On acquisition of Meritgroup Limited, an arm's length non-repairing 7-year lease was entered into between a Merit subsidiary (Letrim Intelligence Services Private Limited) and Merit Software Services Private Limited. Cornelius Conlon, a Director of the Group, is the beneficial owner of Merit Software Services Private Limited. The lease relates to the Chennai office of MD&T. During the year, payments of £781,000 (2021: £752,000) were made to Merit Software Services Private Limited in relation to the lease and other property-related costs.

Cornelius Conlon, a Director of the Group, is entitled to shares and a cash consideration on the first three anniversaries of the Meritgroup Limited acquisition in 2019. During the year, Cornelius Conlon was issued 854,732 ordinary shares of value of £533,352, and was paid cash consideration of £220,000.

During the year, an amount of £105,000 (2021: £nil) was recognised in the profit and loss account in relation to licence fees to software charged by Web Data Works Limited, a company in which the Group has a 9.2% investment, and of which Cornelius Conlon is a Director. At 31 March 2022, there was a balance of £105,000 (2021: £nil) outstanding.

During the year, an amount of £56,000 (2021: £nil) was billed in relation to recruitment services charged by Acolyte Resource Group Limited, a company in which the Group has a 13.3% investment, and of which Cornelius Conlon is a Director. At 31 March 2022, there was a balance of £nil (2021: £nil) outstanding.

Acolyte Resource Group Limited is also a customer of MD&T and was billed £290,000 (2021: £303,000) for Software and Technology Resourcing services. At 31 March 2022, there was a balance of £104,000 (2021: £78,000) due.

During the current and previous years, Deacon Street Partners Limited, a company related by virtue of Angela Entwistle, a Director of the Company also being a Director, invoiced £30,000 (2021: £27,500) to the Company for the services of Angela Entwistle as a Non-Executive Director. At 31 March 2022 the balance outstanding was £2,500 (2021: £2,000).

The Executive Directors of the Group are considered key management personnel. See Note 7 for details of Directors' remuneration.

29. Events occurring after the reporting date

On 7-8 July 2022, the Company received loan repayments totalling £70k from its Associate, Sans Frontières Associates Limited.

On 8 August 2022, the Company completed the sale of its 30% stake in Social 360 Limited for cash consideration of £420,000.

On 22 July 2022, the Group agreed new secured loan facilities with Barclays which includes:

- Term Loan: a £3 million, five-year term loan, amortising on a straight-line basis at £150,000 per quarter;
- RCF: a £2 million non-amortising, revolving credit facility for the five-year duration of the Term Loan;
- Both the Term Loan and RCF accruing interest at 4.75% above Bank of England base rate;
- Covenants: leverage covenants measured quarterly from September 2022, Cash cover measured quarterly from June 2023 and Interest cover measured quarterly from December 2023, each for the duration of the facilities. Debt service covenants measured quarterly from June 2022 to March 2023.

These revised facilities and covenants will help support the Group in the aftermath of the Covid-19 pandemic and we are appreciative for the support of Barclays throughout the pandemic and going forward.

END