Independent auditor's report

To the members of GB Group Plc

Opinion

In our opinion:

- GB Group plc's group financial statements and parent company financial statements (the 'financial statements') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2022 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of GB Group plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise:

Group	Parent company
Consolidated Statement of Profit or Loss for the year then ended	Company Balance Sheet as at 31 March 2022
Consolidated Statement of Comprehensive Income for the year then ended	Company Statement of Changes in Equity for the year then ended
Consolidated Statement of Changes in Equity for the year then ended	Related notes C1 to C23 to the financial statements including a summary of significant accounting policies
Consolidated Balance Sheet as at 31 March 2022	
Consolidated Cash Flow Statement for the year then ended	
Related notes 1 to 35 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included the following procedures:

- In conjunction with our walkthrough of the group's financial statement close process, we confirmed our understanding of management's going concern assessment process and also provided feedback to management to ensure all key risk factors were considered in their assessment;
- We obtained and reviewed the going concern assessment prepared by management for the period to 30 September 2023, being the going concern assessment period. We assessed the financial forecasts of the group to consider its ability to continue to meet its liabilities as they fall due and remain in compliance with the covenants associated to the group's revolving credit facility;
- We obtained management's forecasts for the period to 30 September 2023 and performed tests over the appropriateness of the model, including the arithmetical accuracy, as well as the starting cash position as at 1 April 2022;
- We assessed past historical accuracy of management's forecasting;
- We evaluated management's assumptions applied in preparing the forecasts by corroborating to third-party data and/or by assessing changes from the prior period and considering whether there was any indication of management bias, including consideration of any contrary evidence;
- Management has modelled a number of downside scenarios in their cash flow forecast in order to assess the impact of a decline in revenue on covenant compliance and liquidity position. We evaluated the headroom under management's downside scenarios, which formed the basis of management's conclusions regarding going concern;
- We evaluated management's reverse stress testing on the forecast to understand how severe the downside scenario would have to be to result in a covenant breach and/or elimination of the liquidity headroom;
- We performed our own independent sensitivity analysis to assess the impact of changes in key assumptions, including revenue growth rates, gross margin percentage and cash conversion rate;
- We confirmed the terms of the group's revolving credit facility by reference to the signed agreement, noting expiry on 18 July 2025;
- We reperformed covenant calculations and assessed cash flow forecasts along with appropriate sensitivity analysis and reverse stress testing to assess current and projected covenant compliance by reference to the revolving credit facility agreement;
- We read board minutes for any inconsistencies with the risks considered in the going concern assessment;
- We assessed current trading performance by inspecting the April 2022 period end management accounts in addition to making inquiries of management to identify any issues with the group's current trading and profitability through to the date of our audit report;
- We enquired of management as to their knowledge of events or conditions beyond the period of their assessment that may cast significant doubt on the entity's ability to continue as a going concern and compared their response to our understanding from completion of our audit procedures; and
- We read the disclosures in the Annual Report and Accounts to confirm that they were consistent with our understanding of the going concern assessment that had been undertaken by the directors and that they appropriately reflected the risks that had been considered and were in conformity with the relevant standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period to 30 September 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group and parent company's ability to continue as a going concern.

Independent auditor's report continued

To the members of GB Group Plc

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of six components and audit procedures on specific balances for a further seven components. • The components where we performed full or specific audit procedures accounted for 93% of profit before tax and exceptional items, 98% of revenue and 100% of total assets.
Key audit matters	• Revenue recognition – cut off around the year-end and significant new contractual arrangements • Accounting for business combinations – Acuant and Cloudcheck
Materiality	• Overall group materiality of £1.31m which represents 5% of profit before tax and exceptional items.

An overview of the scope of the parent company and group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group-wide controls and changes in the business environment when assessing the level of work to be performed at each company.

In assessing the risk of material misstatement to the group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the twenty-eight reporting components of the group, we selected thirteen components, which represent the principal business units within the group.

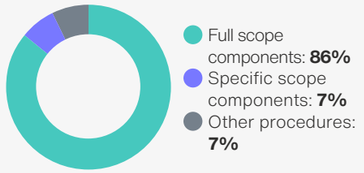
Of the thirteen components selected, we performed an audit of the complete financial information of six components ('full scope components') which were selected based on their size or risk characteristics. For the remaining seven components ('specific scope components'), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 93% (2021: 100%) of the group's profit before tax and exceptional items, 98% (2021: 99%) of the group's revenue and 100% (2021: 99%) of the group's total assets. For the current year, the full scope components contributed 86% (2021: 88%) of the group's profit before tax and exceptional items, 89% (2021: 88%) of the group's revenue and 94% (2021: 87%) of the group's total assets. The specific scope components contributed 7% (2021: 12%) of the group's profit before tax and exceptional items, 9% (2021: 11%) of the group's revenue and 6% (2021: 12%) of the group's total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the group.

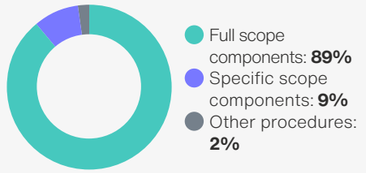
Of the remaining fifteen components that together represent 7% of the group's profit before tax and exceptional items, none are individually greater than 5% of the group's profit before tax and exceptional items. For these components, we performed other procedures, including analytical review procedures, testing of consolidation journals and intercompany eliminations and foreign currency translation recalculation procedures to respond to any potential risks of material misstatement to the group financial statements.

The charts below illustrate the coverage obtained from the work performed by our audit teams.

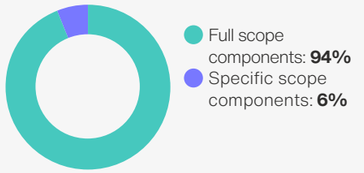
Profit before tax and exceptional items



Revenue



Total assets



Changes from the prior year

The key changes identified in the scoping for the current year relate to the acquisitions of Acuant and Cloudcheck, which took place during the financial year.

Involvement with component teams

In establishing our overall approach to the group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the six full scope components, audit procedures were performed on four of these directly by the primary audit team and two by the component audit team. Of the seven specific scope components, audit procedures were performed on four of these directly by the primary team and three by the component team. For those audits performed by component teams, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the group as a whole.

The primary team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed relevant working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at group level, gave us appropriate evidence for our opinion on the group financial statements.

The Covid-19 outbreak and lockdown restrictions have continued across the group's financial year. As a result of these measures, the site visits were held virtually through the use of video or teleconferencing facilities, including meetings with local management. Close meetings for component teams were held via video conference in May 2022 with attendance from the primary team, including the senior statutory auditor. For all components, the year-end review of relevant audit work papers was facilitated by the EY electronic audit file platform, screen sharing or the provision of copies of work papers direct to the primary team. Based upon the above approach we are satisfied that we have been able to perform sufficient and appropriate oversight of our component teams.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact the group. Given the nature of the business, the group's activities have a relatively small impact on the environment when compared to companies that operate in more resource intensive industries. The group has determined that the most significant future impacts from climate change on its operations will be from reducing the environmental impact of the business operations through management of energy, waste and greenhouse gas emissions.

These are explained on pages 92 and 93, which form part of the "Other information", rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated. As disclosed in note 2 to the financial statements, in the group's view climate change does not represent a material estimation uncertainty.

Our audit effort in considering climate change was focused on whether the effects of climate risks have been appropriately reflected in asset values and associated disclosures where values are determined through modelling future cash flows, being the impairment tests of cash generating units. We also challenged the Directors' considerations of climate change in their assessment of going concern and associated disclosures.

GBG Annual Report and Accounts 2022

Independent auditor's report continued

To the members of GB Group Plc

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Revenue recognition – cut off around the year-end and significant new contractual arrangements Refer to the Audit & Risk Committee Report (page 73); Accounting policies (page 123); and note 3 of the Consolidated Financial Statements (page 129) The business has multiple revenue sources which can be grouped into two types of revenue stream: licence based (term-based subscription as per note 2 of the financial statements) and usage based (transactions/consumption-based/ subscription as per note 2 of the financial statements). There is a risk that revenue is recorded incorrectly around the year-end date. This cut-off risk manifests itself through the risk of management override: - by processing invalid journals to revenue as part of the year-end financial statement close consolidation process; and - within the processing of transactions if these are not in line with contractual arrangements (price, duration, classification) for licence-based revenue or if inaccurate usage data/costs are used in the recognition of usage based revenue around the year-end date. This risk also manifests itself over significant new contracts as small changes in the terms and conditions can have a significant impact on the accounting for revenue.	Our audit procedures included: • Understanding the revenue recognition processes, including identification and walkthrough of management's key controls over revenue recognition, for licence-based and usage-based revenue streams. **Licence based** • For a sample of sales recognised in March and April 2022 we recalculated the revenue recognised by inspecting the licence price, duration and classification as per the signed customer contracts and agreeing completion of performance obligations to supporting documentation. **Usage based** • For a sample of sales recognised in March and April 2022 we agreed sales prices to signed customer contracts and vouched usage data to usage reports. • We assessed the completeness and accuracy of the usage reports by vouching a sample to supplier invoices. **Procedures across both revenue streams:** • For a sample of credit notes raised in March and April 2022, we assessed their impact on the value of revenue recognised and whether the revenue in the period was fairly stated. • In addition to testing transactions around the year end, we considered consolidation adjustments and agreed any material consolidation journals affecting revenue to supporting documentation to ensure they were valid. • We identified key contracts across the group and considered and challenged whether revenue had been recognised correctly in accordance with IFRS 15 by considering performance obligations under each key contract and obtaining evidence of achievement of those obligations by the group.	Revenue has been appropriately recorded in the period, in all material respects, in accordance with the requirements of IFRS 15, Revenue from Contracts with Customers.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Accounting for business combinations – Acuant and Cloudcheck Refer to the Audit & Risk Committee Report (page 73); Accounting policies (page 116); and Note 34 of the Consolidated Financial Statements (page 162). The group completed the acquisition of Acuant (consideration US$736m), the group's largest acquisition to date in terms of consideration, as well as the acquisition of Cloudcheck (consideration NZ$28m) in the year. Accounting for business combinations under IFRS 3 is considered complex and the purchase price allocation involves estimation on the part of management, in particular in the area of intangible asset valuation. There is a risk that the methodologies and assumptions underpinning the acquisition model, including discount rates, tax rates, growth rates and attrition levels, which are highly judgemental, lead to a material error in the acquisition accounting and specifically the purchase price allocation.	Our audit procedures included: • Inspection of the sale and purchase agreements for Acuant and Cloudcheck, corroborating consideration to external support and challenging key terms per the agreements to the accounting applied. • Understanding, assessing and evaluating the procedures and methodology applied by management's specialist in assisting management in the identification and valuation of intangible assets. • Critically assessing and challenging the appropriateness of the assumptions applied within the prospective financial information by comparing to sources, such as the financial due diligence reports and consistency with internal forecasts and prior year financial statements. • Engaging EY valuation experts to assess the appropriateness of the methodology applied for valuing intangible assets, calculating an internal rate of return for the transaction to compare against the discount rate used by management as well as assessing the appropriateness of the discount rate (risk-adjusted weighted average cost of capital, 'WACC') determined by management. • Performing audit procedures over the opening balance sheets for both Acuant and Cloudcheck. • Assessing the accounting policies of the acquired businesses to ensure compliance with IFRS and consistent with the policies of the group. • Reviewing the acquisition disclosures in the Annual Report and Accounts to ensure these are in compliance with the requirements of IFRS.	We have audited the acquisition accounting of both Acuant and Cloudcheck. We are satisfied that the purchase price allocation is materially correct and that the disclosures are complete and fairly stated in accordance with IFRS 3 Business Combinations.

Independent auditor's report continued

To the members of GB Group Plc

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the group to be £1,309,000 (2021: £1,650,000), which is 5% (2021: 5%) of profit before tax and exceptional items. We believe that profit before tax and exceptional items provides us with the most appropriate financial statement measure that is important to users of the financial statements. Materiality has reduced year-on-year following the reduction in profit before tax and exceptional items.

We determined materiality for the parent company to be £1,930,000 (2021: £1,503,000), which is 5% (2021: 5%) of profit before tax and exceptional items. Materiality has reduced year-on-year following the reduction in profit before tax and exceptional items.

Starting basis	• Profit before tax £21,653,000
Adjustments	• Adjusting for exceptional items of £4,526,000 to determine profit before tax and exceptional items
Materiality	• Totals £26,179,000 • Materiality of £1,309,000 (5% of materiality basis)

During the course of our audit, we reassessed initial materiality and the actual profit before tax and exceptional items was higher than the group's initial estimates used in planning and at the commencement of our year-end audit testing. However, whilst we updated for the initial consolidated results compared to planning (where the difference was significant), we did not change our materiality assessment at year end for the final actual results, as our procedures had been performed to a lower materiality and therefore no additional procedures were required.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the group's overall control environment, our judgement was that performance materiality was 50% (2021: 50%) of our planning materiality, namely £655,000 (2021: £837,000). We have set performance materiality at this percentage due to our past experience on the audit which indicated a higher risk of misstatements, both corrected and uncorrected.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £131,000 to £491,000 (2021: £165,000 to £537,000).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £65,000 (2021: £83,000), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on page 02 to 97, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information within the annual report.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 97, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report continued

To the members of GB Group Plc

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are those that relate to data protection and privacy, the financial reporting framework (International Accounting Standards in conformity with the requirements of Companies Act 2006), AIM rules and the relevant tax compliance regulations in the jurisdictions in which the group operates.
- We understood how GB Group Plc is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of Board minutes and papers provided to the Audit Committee, as well as observation in Audit Committee meetings and consideration of the results of our audit procedures across the group. We also obtained and reviewed the latest correspondence received from the Information Commissioner's Office, the data industry regulator in the UK, to understand how the group is progressing with regards to the ongoing review, as referenced in Note 32.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by assessing the risk of fraud absent of controls, and then identifying controls which are in place at the entity level and whether the design of those controls is sufficient for the prevention and detection of fraud, utilising internal and external information to perform our fraud risk assessment. We considered the risk of fraud through management override and considered the design and implementation of controls at the financial statement level to prevent this, as well as incorporating data analytics across manual journal entries into our audit approach, which was designed to provide reasonable assurance that the financial statements were free from material fraud and error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on journals meeting our defined risk criteria based on our understanding of the business; enquiries of legal counsel and management and obtaining legal confirmations. In addition, we completed procedures to conclude on the compliance of the disclosures in the Annual Report and Accounts with the requirements of the relevant accounting standards and UK legislation.
- Specific enquiries were made with the component teams to confirm any non-compliance with laws and regulations, and this was reported through their audit deliverables based on the procedures detailed in the previous paragraph. There were no significant instances of non-compliance with laws and regulations.

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

Use of our report

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

Kate Jarman (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

Leeds

22 June 2022

Consolidated statement of profit or loss

Year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Revenue	3, 4	**242,480**	217,659
Cost of sales		**(70,549)**	(65,096)
Gross profit		**171,931**	152,563
Operating expenses		**(148,524)**	(117,060)
Group operating profit		**23,407**	35,503
Finance revenue	3, 9	**40**	120
Finance costs	10	**(1,794)**	(1,360)
Profit before tax		**21,653**	34,263
Income tax charge	11	**(6,390)**	(7,385)
Profit for the year attributable to equity holders of the parent		**15,263**	26,878
Group operating profit		**23,407**	35,503
Amortisation of acquired intangibles	15	**24,735**	17,671
Equity-settled share-based payments	29	**6,171**	5,170
Exceptional items	7	**4,526**	(448)
Adjusted operating profit		**58,839**	57,896
Earnings per share	13		
– basic earnings per share for the year		**7.1p**	13.8p
– diluted earnings per share for the year		**6.9p**	13.5p

Consolidated statement of comprehensive income

Year ended 31 March 2022

	2022 £'000	2021 £'000
Profit after tax for the period attributable to equity holders of the parent	**15,263**	26,878
Other comprehensive income:		
Exchange differences on retranslation of foreign operations (net of tax)	**18,029**	(20,559)
Total comprehensive income for the period attributable to equity holders of the parent	**33,292**	6,319

Consolidated statement of changes in equity

Year ended 31 March 2022

	Note	Equity share capital £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2020		4,855	261,648	6,575	3	3,953	67,900	344,934
Profit for the period		–	–	–	–	–	26,878	26,878
Other comprehensive income		–	–	–	–	(20,559)	–	(20,559)
Total comprehensive income for the period		–	–	–	–	(20,559)	26,878	6,319
Issue of share capital	22	53	5,979	3,343	–	–	–	9,375
Share-based payments	29	-	–	–	–	–	5,170	5,170
Tax on share options		–	–	–	–	–	1,700	1,700
Share forfeiture receipt	22	-	–	–	–	–	2,641	2,641
Equity dividend	12	-	–	–	–	–	(5,883)	(5,883)
Balance at 31 March 2021		4,908	267,627	9,918	3	(16,606)	98,406	364,256
Profit for the period		**–**	**–**	**–**	**–**	**–**	**15,263**	**15,263**
Other comprehensive income		**–**	**–**	**–**	**–**	**18,029**	**–**	**18,029**
Total comprehensive income for the period		**–**	**–**	**–**	**–**	**18,029**	**15,263**	**33,292**
Issue of share capital	22	**1,389**	**299,142**	**90,081**	**–**	**–**	**–**	**390,612**
Share-based payments	29	**–**	**–**	**–**	**–**	**–**	**6,171**	**6,171**
Tax on share options		**–**	**–**	**–**	**–**	**–**	**(498)**	**(498)**
Share forfeiture refund	22	**–**	**–**	**–**	**–**	**–**	**(29)**	**(29)**
Equity dividend	12	**–**	**–**	**–**	**–**	**–**	**(6,677)**	**(6,677)**
Balance at 31 March 2022		**6,297**	**566,769**	**99,999**	**3**	**1,423**	**112,636**	**787,127**

Consolidated balance sheet

As at 31 March 2022

	Note	2022 £'000	2021 £'000
ASSETS			
Non-current assets			
Goodwill	14	**713,631**	286,351
Other intangible assets	15	**255,930**	91,312
Property, plant and equipment	17	**4,601**	3,706
Right-of-use assets	18	**2,742**	3,231
Investments	19	**2,326**	2,288
Deferred tax asset	11	**21,860**	7,676
		1,001,090	394,564
Current assets			
Inventories		**1,196**	123
Trade and other receivables	20	**69,715**	58,617
Current tax		**7,804**	5,778
Cash and short-term deposits	21	**22,302**	21,135
		101,017	85,653
Total assets		**1,102,107**	480,217
EQUITY AND LIABILITIES			
Capital and reserves			
Equity share capital	22,30	**6,297**	4,908
Share premium	22,30	**566,769**	267,627
Merger reserve	30	**99,999**	9,918
Capital redemption reserve	30	**3**	3
Foreign currency translation reserve	30	**1,423**	(16,606)
Retained earnings		**112,636**	98,406
Total equity attributable to equity holders of the parent		**787,127**	364,256
Non-current liabilities			
Loans	23	**128,226**	–
Lease liabilities	24	**1,529**	2,286
Provisions	26	**866**	1,010
Deferred revenue		**1,805**	545
Contingent consideration	35	**1,920**	–
Deferred tax liability	11	**64,839**	22,120
		199,185	25,961
Current liabilities			
Lease liabilities	24	**1,842**	1,650
Trade and other payables	25	**49,572**	41,067
Deferred revenue		**57,018**	42,298
Contingent consideration	35	**5,856**	3,662
Current tax		**1,507**	1,323
		115,795	90,000
Total liabilities		**314,980**	115,961
Total equity and liabilities		**1,102,107**	480,217

Approved by the Board on 22 June 2022

C G Clark
Director

D M Ward
Director

Registered in England number 2415211

Consolidated cash flow statement

Year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Group profit before tax:		**21,653**	34,263
Adjustments to reconcile Group profit before tax to net cash flows			
Finance revenue	9	**(40)**	(120)
Finance costs	10	**1,794**	1,360
Depreciation of plant and equipment	17	**1,531**	1,433
Depreciation of right-of-use assets	18	**1,593**	1,838
Amortisation of intangible assets	15	**24,968**	17,914
Impairment of goodwill	14	**–**	154
Loss on disposal of plant and equipment and intangible assets	5	**34**	–
Loss/(profit) on disposal of businesses	7	**330**	(1,403)
Fair value adjustment on contingent consideration	35	**188**	245
Share-based payments	29	**6,171**	5,170
(Increase)/decrease in inventories		**(27)**	6
(Decrease)/increase in provisions		**(169)**	88
(Increase)/decrease in trade and other receivables		**(3,967)**	10,028
Increase in trade and other payables		**2,197**	1,655
Cash generated from operations		**56,256**	72,631
Income tax paid		**(11,610)**	(14,205)
Net cash generated from operating activities		**44,646**	58,426
Cash flows (used in)/from investing activities			
Acquisition of subsidiaries, net of cash acquired	34,35	**(460,383)**	(2,762)
Purchase of plant and equipment	17	**(1,611)**	(455)
Purchase of software	15	**(120)**	(283)
Net (outflow)/proceeds from disposal of businesses	34	**(101)**	5,307
Interest received	9	**10**	20
Net cash flows (used in)/from investing activities		**(462,205)**	1,827
Cash flows from/(used in) financing activities			
Finance costs paid		**(1,383)**	(1,231)
Proceeds from issue of shares	22	**305,997**	3,087
Share issue costs	22	**(5,780)**	–
(Refund)/proceeds from share forfeiture	22	**(29)**	2,641
Proceeds from new borrowings (net of arrangement fee)	23	**155,591**	–
Repayment of borrowings	23	**(30,073)**	(62,500)
Repayment of lease liabilities	24	**(1,969)**	(2,252)
Dividends paid to equity shareholders	12	**(6,677)**	(5,883)
Net cash flows from/(used in) financing activities		**415,677**	(66,138)
Net decrease in cash and cash equivalents		**(1,882)**	(5,885)
Effect of exchange rates on cash and cash equivalents		**3,049**	(479)
Cash and cash equivalents at the beginning of the period		**21,135**	27,499
Cash and cash equivalents at the end of the period	21	**22,302**	21,135

Notes to the consolidated financial statements

1. Corporate information

GB Group plc ('the Company') and its subsidiaries (together 'the Group') provide identity data intelligence products and services helping organisations recognise and verify all elements of an individual's identity at key interactions in their business processes. The nature of the Group's operations and its principal activities are set out in the Business Model.

The Company is a public company limited by shares incorporated in the United Kingdom and is listed on the London Stock Exchange with its ordinary shares traded on the Alternative Investment Market. The company registration number is 02415211. The address of its registered office is The Foundation, Herons Way, Chester Business Park, Chester, CH4 9GB. A list of the investments in subsidiaries, including the name, country of incorporation, registered office address and proportion of ownership interest is given in note 19.

These consolidated financial statements have been approved for issue by the Board of Directors on 22 June 2022.

The Company's financial statements are included in the consolidated financial statements of GB Group plc. As permitted by section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented.

The Company, GB Group plc, is the ultimate parent company of the consolidated group.

2. Accounting policies

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards, as applied in accordance with the provisions of the Companies Act 2006. The Company has taken advantage of section 408 of the Companies Act 2006 not to present the parent company profit and loss account. The financial statements have been prepared under the historical cost convention, modified in respect of the revaluation of financial assets and liabilities at fair value. A summary of the significant accounting policies is set out below.

The accounting policies that follow set out those policies that apply in preparing the financial statements for the year ended 31 March 2022 and the Group and Company have applied the same policies throughout the year.

The Company has elected to prepare its Parent Company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'). Refer to note C2.1 for further details.

In preparing the consolidated financial statements, management has considered the impact of climate change, particularly in the context of the financial statements as a whole, in addition to disclosures in the Strategic Report this year. This included an assessment of the impact on the carrying value of non-current assets and the impact on forecasts used in the impairment review and the assessments of going concern and longer-term viability.

These considerations did not have a material impact on the financial reporting judgements and estimates, consistent with the assessment that climate change is not expected to have a significant impact on the Group's going concern assessment to 30 September 2023 nor the viability of the Group over the next five years.

In reporting financial information, the Group presents Alternative Performance Measures ('APMs') which are not defined or specified under the requirements of IFRS. The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information to reflect the underlying business and enable more meaningful comparison over time. A glossary on pages 184 and 188 provides a comprehensive list of APMs that the Group uses, including an explanation of how they are calculated, why they are used and how they can be reconciled to a statutory measure where relevant.

2.2 Going concern

The assessment of going concern relies heavily on the ability to forecast future cash flows over the going concern assessment period which covered the period through to 30 September 2023. Although GBG has a robust budgeting and forecasting process, the continued economic uncertainty caused by the macroeconomic environment means that additional sensitivities and analysis have been applied to test the going concern assumption under a range of downside and stress test scenarios. The following steps have been undertaken to allow the Directors to conclude on the appropriateness of the going concern assumption:

a) Understand what could cause GBG not to be a going concern

b) Consider the current customer and sector position, liquidity status and availability of additional funding if required

c) Board review and challenge the budget including comparison against external data sources available and a potential downside scenario

d) Perform reverse stress tests to assess under what circumstances going concern would become a risk – and assess the likelihood of whether they could occur

e) Examine what mitigating actions could be taken in the event of these stress test scenarios

f) Conclude upon the going concern assumption

2. Accounting policies continued

2.2 Going concern continued

a) Understand what could cause GBG not to be a going concern

The potential scenarios which could lead to GBG not being a going concern are considered to be:

- Not having sufficient cash to meet our liabilities as they fall due and therefore not being able to provide services to our customers, pay our employees or meet financing obligations.
- A non-remedied breach of the financial covenants within the Group Revolving Credit Facility ('RCF') agreement (detailed in note 23). Under the terms of the agreement this would lead to the outstanding balance becoming due for immediate repayment. These covenants are:
  - Leverage – consolidated net borrowings (outstanding loans less current cash balance) as a multiple of adjusted consolidated EBITDA for the last 12 months, assessed quarterly in arrears, must not exceed 3.00:1.00
  - Interest cover – adjusted consolidated EBITDA as a multiple of consolidated net finance charges, for the last 12 months, assessed quarterly in arrears, must not fall below 4.00:1.00

b) Consider the current customer and sector position, liquidity status and availability of additional funding if required

The market consensus forecast for the year to 31 March 2022 was a decline in revenue of 3.2% (£7 million). The actual performance was significantly ahead of this with revenue of £242.5 million, representing revenue growth of 11.4% (10.6% on an organic constant currency basis).

The Board of Directors are aware that there continues to be economic uncertainty, but the experience in the past year gives enhanced confidence to be able to forecast which of our products and services are positively or negatively impacted by global economic pressures and therefore what steps are needed to react to this. The overall performance has illustrated the relevance and importance of our products and services, even in a time of significant economic decline in many of our key markets.

During the prior year approximately 7% of revenue came from two customers in the United States who provided services directly related to Covid-19. As expected, the level of revenue from these customers decreased in the current year to represent only 2% of revenue. GBG does not have a high customer concentration risk since no individual customer generates more than 6% of Group revenue. The Group's customers operate in a range of different sectors which further reduces the risk of a downturn in any particular sector. The financial services sector accounts for the largest percentage of customers, particularly within the Fraud and Identity segments.

As a global company GBG operates in different countries and therefore is less exposed if particular countries are impacted at different rates. The breakdown of our revenue by country is shown in note 4. The Group has no operations or active suppliers in Russia, Belarus or Ukraine and we can confirm that business has been suspended with the small number of customers who are incorporated in Russia. Exposure to Russian customers is limited with combined revenue in the current year of less than 0.5% of Group revenue.

There are also macro dynamics supporting the increased use of GBG products and services, such as:

- Continued compliance requirements globally
- The ongoing existence of fraud globally, leading to increased cyber security risks and therefore demand for GBG anti-fraud solutions
- Continued digitisation and rise of online versus physical transactions in both consumer and business-to-business settings
- Speed and quality of customer onboarding being a key differentiator, which is enhanced through the use of GBG's software

GBG is not reliant upon any one supplier to provide critical services either to support the services we provide to our customers or to our internal infrastructure. For these critical services, such as the provision of data, contingency plans exist in the event of a supplier failure to be able to move to an alternative supplier with minimal disruption to customers or to the wider business.

Notes to the consolidated financial statements continued

2. Accounting policies continued

2.2 Going concern continued

b) Consider the current customer and sector position, liquidity status and availability of additional funding if required continued

Liquidity

	31 March 2022 £'000	31 March 2021 £'000	Variance £'000
Operating cash flow before tax and exceptional items paid	**59,532**	73,385	(13,853)
Adjusted EBITDA	**62,196**	61,410	786
Cash conversion %	**95.7%**	119.5%	(23.8%)
Cash and cash equivalents (note 21)	**22,302**	21,135	1,167
Loans (excluding unamortised loan fees) (note 23)	**(129,254)**	–	(129,254)
Net (Debt)/Cash	**(106,952)**	21,135	(128,087)
Leverage	**1.72**	Positive Cash	1.72

At 31 March 2022, GBG was in a net debt position of £107.0 million, a decline of £128.1 million since 31 March 2021 following the acquisition of Acuant where the RCF facility was refinanced and partially drawn down to fund the acquisition (see note 23).

During the year to 31 March 2022, GBG's operating cash to EBITDA ratio ('cash conversion') was 95.7%, a decrease of 23.8% on the prior year. The decrease in the cash conversion was partly attributable to cash receipts in the first half of the prior year related to large multi-year deals where the profit was recognised at the end of the year to 31 March 2020. Notwithstanding this, the current year level is a strong indicator of GBG's ability to convert profit into cash.

The refinanced RCF facility has a maximum level of £175 million which could be drawn down for working capital purposes if required. As at 31 March 2022, the available undrawn facility was £45.7 million. The expiry of this facility is not until July 2025 with two one-year extension options available (subject to approval from the bank syndicate).

At 31 March 2022 the Group was in a net current liabilities position of £14.8 million (2021: net current liabilities of £4.3 million). However, within current liabilities is deferred revenue of £57.0 million (2021: £42.3 million) which represents a liability to provide a future service rather than a direct cash liability. Whilst there is a cash cost to providing these services (principally related data costs or employee wages) these costs would be lower than the value of the deferred revenue liability, and will unwind over the course of the year rather than being a liability settled on demand. On this basis the net current liabilities position is not considered to be a risk from a going concern perspective.

c) Board review and challenge of the budget including comparison against external data sources available and a potential downside scenario

The annual budget setting process utilises a detailed bottom-up approach which is then subject to review and challenge by the Executive Team and Board of Directors. Management use both the internal and external information available in addition to their industry knowledge to produce the base case forecast.

Management note that analysts' forecasts published after the trading update in April 2022 estimate an overall revenue growth in the year to 31 March 2023 due to the impact of the acquired businesses and organic growth. These estimates range from growth of 23.0% to 32.0%, with the consensus position being growth of 26% which would be revenue of £299 million on a constant currency basis. The budget for the year to 31 March 2023 is within the range of the analyst estimates.

This budget showed continued significant headroom in the covenant compliance tests and sufficient liquidity to maintain operations. The budget model was then adjusted to reflect a realistic downside scenario by incorporating both reductions in revenue and increases in costs and interest rates. Under these downside scenarios, the covenant compliance and liquidity position did not result in any risk to going concern. Relative to the budget produced by management, there have not been any adverse variances in the overall trading performance since the year-end.

2. Accounting policies continued

2.2 Going concern continued

d) Perform reverse stress tests to assess under what circumstances going concern would become a risk – and assess the likelihood of whether they could occur

The budget model was then further adjusted to establish at what point a covenant breach would occur without further mitigating actions. A covenant breach would occur before the available cash resources of the Group are fully exhausted and therefore the focus of the reverse stress test was on covenant compliance. In making this assessment it was assumed that management had reduced operating expenses by 20% which is the level that is considered possible without causing significant disruption to business operations. These savings would primarily be linked to people costs, net of any related redundancy costs.

With a 20% operating expenses saving introduced in Q1 of FY23 it would take a revenue decline of 40% from acquired revenue and 18% from organic revenue for a covenant breach (leverage) to occur. This breach would be as at 30 September 2023 although even at this point it would only take an EBITDA increase of £200,000 to remedy this breach.

Based on the prior year trading performance, performance in the period since the year end and through reference to external market data a decline of anywhere near 18% in organic revenue is considered by the Directors to be remote. If this became even a possibility, then deeper cost cutting measures would be implemented well in advance of a covenant breach as well as consideration of a range of other mitigation actions detailed in the next section.

e) Look at what mitigating actions could be taken in the event of these reverse stress test scenarios

In the unlikely event of the reverse stress test case scenario above occurring, a breach of covenants would occur on 30 September 2023 unless further mitigation steps were taken. Detailed below are the principal steps that would be taken (prior to the breach taking place) to avoid such a breach occurring:

- Make deeper cuts to overheads, primarily within the sales function if the market opportunities had declined to this extent. It would only take a reduction of 1% of overheads (based on the 31 March 2022 level) to increase EBITDA to remedy a covenant breach of £200,000
- Take similar cash conservation measures to those that were implemented in the early stages of the pandemic in 2020. These included not declaring a final dividend, pay and recruitment freezes and a deferral of Director bonus payments
- Request a delay to UK Corporation Tax, Employment Tax or Sales Tax payments under the HMRC 'Time to Pay' scheme. In the year to 31 March 2022 Corporation Tax payments averaged £500,000 per quarter, Employment Tax payments (including employee taxes) were approximately £1.6 million per month and Sales Tax payments were £2.0 million per quarter
- Request a covenant waiver or covenant reset from our Bank Syndicate. Whilst this is not entirely within the Group's control, the business would still be EBITDA positive on a rolling 12-month basis at this point and the Directors believe they would have a reasonable expectation of achieving a temporary covenant waiver from the banks if needed
- Raise cash through an equity placing. Under the Articles of Association GBG has the right to raise cash through an equity placing up to 10% of its market valuation at the date of the placing
- Disposal of part of the business

f) Conclude upon the going concern assumption

Following consideration of the budget, reverse stress test scenarios and future outlook, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Therefore, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Notes to the consolidated financial statements continued

2. Accounting policies continued

2.3 Significant accounting policies

The Group and Company financial statements are presented in pounds Sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March each year.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income ('OCI') are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Business combinations

The Group uses the acquisition method of accounting to account for business combinations of entities not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as a financial liability within the scope of IFRS 9 'Financial Instruments: Recognition and Measurement' is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

If a business combination is achieved in stages, the acquisition date fair value of the Group's previously held investment in the acquiree is remeasured to fair value at the acquisition date with any resultant gain or loss recognised through profit or loss.

2. Accounting policies continued

2.3 Significant accounting policies continued

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into pounds Sterling at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at average exchange rates for the period. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Foreign currencies

The Group's consolidated financial statements are presented in pounds Sterling, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ('CGU's) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. Impairment losses of continuing operations are recognised in the Consolidated Statement of Profit or Loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only on assets other than goodwill if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Notes to the consolidated financial statements continued

2. Accounting policies continued

2.3 Significant accounting policies continued

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated to write off cost less estimated residual value based on prices prevailing at the balance sheet date on a straight-line basis over the estimated useful life of each asset as follows:

Plant and equipment	– over 3 to 10 years
Freehold buildings	– over 50 years

Freehold land is not depreciated.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Consolidated Statement of Profit or Loss in the year the item is derecognised.

Residual values and estimated remaining lives are reviewed annually.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made on or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Intangible assets

Goodwill

Goodwill on acquisition is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill already carried in the balance sheet at 1 April 2004 or relating to acquisitions after that date is not amortised. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill is allocated to the CGU expected to benefit from the synergies. Impairment is determined by assessing the recoverable amount of the CGU, including the related goodwill. Where the recoverable amount of the CGU is less than the carrying amount, including goodwill, an impairment loss is recognised in the Consolidated Statement of Profit or Loss. The carrying amount of goodwill allocated to a CGU is taken into account when determining the gain or loss on disposal of the unit, or an operation within it. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the CGU retained.

Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an individual project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the availability to measure reliably the expenditure during the development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure capitalised is amortised on a straight-line basis over 2 to 4 years.

2. Accounting policies continued

2.3 Significant accounting policies continued

Acquired intangibles

Separately identifiable intangible assets such as patent fees, licence fees, trademarks and customer lists and relationships are capitalised on the balance sheet only when the value can be measured reliably, or the intangible asset is purchased as part of the acquisition of a business. Such intangible assets are amortised over their useful economic lives on a straight-line basis.

Separately identified intangible assets acquired in a business combination are initially recognised at their fair value. Intangible assets are subsequently stated at fair value or cost less accumulated amortisation and any accumulated impairment losses. Amortisation is recognised in the Consolidated Statement of Comprehensive Income on a straight-line basis over the estimated useful life of the asset. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Estimated useful lives typically applied are as follows:

Software technology assets	– over 2 to 8 years
Brands and trademarks	– over 2 to 5 years
Non-compete agreements	– over 3 to 5 years
Customer relationships	– over 10 years

Computer software licences

Acquired computer software licences comprise computer software licences purchased from third parties, and also the cost of internally developed software. Acquired computer software licences are initially capitalised at cost, which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditure including employee costs, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is added to the original cost of the software.

Costs associated with maintaining the computer software are recognised as an expense when incurred. Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 3 to 5 years.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Inventories

Inventories comprise identity scanning hardware that is available for sale to customers. These are valued at the lower of cost or net realisable value (net selling price less further costs to completion), after making due allowance for obsolete and slow moving items.

Cost is determined by the first in first out ('FIFO') cost method.

Financial assets

Initial recognition and measurement

Financial assets are classified at initial recognition and subsequently as measured at amortised cost, fair value through OCI, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component, or for which the Group has applied the practical expedient, are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Notes to the consolidated financial statements continued

2. Accounting policies continued

2.3 Significant accounting policies continued

Financial assets continued

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at fair value through profit or loss

The Group only has financial assets falling into the first two categories above and as such has only included the policy for these two below.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest rate ('EIR') method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 'Financial Instruments: Presentation' and are not held for trading.

The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the Statement of Profit or Loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's Consolidated Statement of Financial Position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

2. Accounting policies continued

2.3 Significant accounting policies continued

Financial assets continued

Impairment of financial assets

The Group recognises an allowance for expected credit losses ('ECLs') for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group recognises loss allowances for ECL on financial assets measured at amortised cost. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL. ECLs are a probability-weighted estimate of credit losses. An assessment of ECL is calculated using a provision matrix model to estimate the loss rates to be applied to each trade receivable category. ECLs are discounted at the effective interest rate of the financial asset. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

As detailed in note 27, in previous years, an additional management overlay to the ECL calculation was applied to recognise the uncertainty over the ultimate impact of the Covid-19 pandemic.

Trade and other receivables

Trade receivables, which generally have 14 to 60-day terms, are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. A provision is made against a trade receivable only when there is objective evidence that the Group may not be able to recover the entire amount due under the original terms of the invoice. The carrying amount of the receivable is reduced through the use of a provision for doubtful debts account. Impaired debts are derecognised when they are assessed as uncollectable.

Cash and short-term deposits

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity date of three months or less.

For the purpose of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts.

Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit or Loss.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently recorded at amortised cost using the EIR method.

Notes to the consolidated financial statements continued

2. Accounting policies continued

2.3 Significant accounting policies continued

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e. below £5,000). Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Consolidated Statement of Profit or Loss net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Dilapidation provisions

A dilapidation provision is recognised when there is an obligation to restore property to its original state at the end of the leasehold period. The provision is estimated as the cost of restoration at the balance sheet date, with the corresponding entry recognised in property plant and equipment. Depreciation is charged in line with the remaining leasehold period.

Pensions

The Group does not have a group contributory pension scheme. Payments are made to individual private defined contribution pension arrangements. Contributions are charged in the Consolidated Statement of Profit or Loss as they become payable.

2. Accounting policies continued

2.3 Significant accounting policies continued

Revenue recognition

During the year ended 31 March 2022, the Group has changed the presentation and disclosure of its fee types and revenue streams in order to disaggregate revenue recognised from contracts with customers into recurring and non-recurring revenue streams. Management believes that the revised disaggregation best depicts how the nature, amount, timing and uncertainty of the Group's revenue and cash flows are affected by economic factors and is therefore most relevant and useful to users of the accounts.

Aggregation as previously reported	Updated aggregation
Licence	Term-based subscription
Transactional	Consumption Consumption-based subscription
Services	Term-based subscription Consumption Consumption-based subscription Other

The Company's revenue recognition policy for each type of revenue is unchanged from the previous period. The description of those revenue recognition policies for each of the new revenue type descriptors is as follows:

Revenue is stated net of value-added tax, rebates and discounts and after the elimination of intercompany transactions within the Group. The Group operates a number of different businesses offering a range of products and services and accordingly applies a variety of methods for revenue recognition, based on the principles set out in IFRS 15.

Revenue is recognised to represent the transfer of promised services to customers in a way that reflects the consideration expected to be received in return. Consideration from contracts with customers is allocated to performance obligations identified based on their standalone selling price and is recognised when those performance obligations are satisfied and the control of goods or services is transferred to the customer, either over time or at a point in time.

In determining the amount of revenue and profits to record, and related balance sheet items (such as contract assets, contract liabilities, accrued income and deferred income) to recognise in the period, management is required to form a number of judgements and assumptions. These may include an assessment of the costs the Group incurs to deliver the contractual commitments and whether such costs should be expensed as incurred or capitalised. These judgements are inherently subjective and may cover future events such as the achievement of contractual milestones. Please see Judgements – Revenue Recognition below for further detail.

a) Term-based subscriptions (previously: software licences)

Revenue from term-based subscriptions is recognised when control is considered to have passed to the customer. Control can pass either at a point in time or over time depending on the performance obligations under the contract as further described below.

Web-service hosted software solutions

The performance obligation is to provide the customer a right to access the software throughout the subscription period for which revenue is recognised over the subscription period.

On-premise installation

The performance obligations can include the provision of a software subscription, data sets, updates to those data sets during the subscription period and support and maintenance. There also are instances where customers are provided a data set to use with their own software rather than the Group's.

The Group's software has no standalone value to the customer without the data as there is nothing upon which to apply the algorithms. The data file cannot be accessed outside of the software so has no standalone value (unless under the circumstance where it has been subscribed for use on the customer's system). As a result, the software and the data are considered one performance obligation as the customer cannot benefit from one without the other.

Customers are given a right-to-use the software and data as it exists at the point in time the subscription is granted, for which revenue is recognised at the point in time the customer can first use and benefit from it.

A proportion of the transaction price is allocated to the provision of data updates and support and maintenance, which are considered separate performance obligations. This is either based on the standalone selling price for those services or, where the Group does not have a history of standalone selling prices for a particular software subscription, a cost-plus mark-up approach is applied.

Notes to the consolidated financial statements continued

2. Accounting policies continued

2.3 Significant accounting policies continued

Revenue recognition continued

a) Term-based subscriptions (previously: software licences) continued

Data disk

The performance obligations can include the subscription to use specific data sets, updates to those data sets during the subscription period and support and maintenance.

The performance obligations over the period of the subscription are satisfied by the provision of disk files to the customer in the same format on a monthly basis to ensure that the customer has access to the most relevant information throughout the contract period. This meets the series guidance under IFRS 15 paragraph 22: "a promise to transfer to the customer a series of distinct goods or services that are substantially the same and that have the same pattern of transfer". Accordingly, the revenue for the full subscription period is recognised over the contractual term.

b) Consumption (previously: transactional)

A number of GBG SaaS solutions provide for the provision of consumed data intelligence services with customers paying only for the number of searches they perform. The performance obligation is to provide this check and revenue in respect of those solutions is recognised based on usage. Customers are either invoiced in arrears for searches performed ('consumption') or make a prepayment giving them the right to a specific number of searches ('consumption-based subscription').

Where customers make a prepayment, which entitles them to perform a specific number of transactions over an agreed contract period, once this period has expired any unused transactions are forfeited. Based on a review of historic forfeitures, an estimate is made of the expected percentage of transactions that will remain unused over their contracted life. This percentage is applied such that revenue for expected forfeiture is recognised in proportion to the pattern of transactions performed by the customer.

c) Other (previously: rendering of services)

Other revenue such as development charges, set-up, hardware, support and maintenance fees are recognised over time by reference to the stage of completion. Stage of completion of the specific transaction is assessed on the basis of the actual services provided as a proportion of the total services to be provided. Where the services consist of the delivery of support and maintenance on software licence agreements, it is generally considered to be a separate performance obligation and revenue is recognised on a straight-line basis over the term of the support period.

d) Perpetual licences

Revenue is recognised at a point in time when the contract is agreed, and the software is made available to the customer. Customers are charged an initial or perpetual licence fee for on-premise or hosted software which is usually limited by a set number of users or seats. Initial and perpetual licences provide the customer with the right to use the software and are distinct from other services.

e) Contract assets and contract liabilities

Costs to obtain a contract in the Group typically include sales commissions and, under IFRS 15, certain costs such as these are deferred as Contract Assets and are amortised on a systematic basis consistent with the pattern of transfer of the goods or services to which the asset relates. As a practical expedient, these costs are expensed if the amortisation period to which they relate is one year or less.

Where the Group completes performance obligations under a contract with a customer in advance of invoicing the customer, the value of the accrued revenue is initially recognised as a contract asset.

Any contract assets are disclosed within the trade and other receivables in the Consolidated Balance Sheet.

Where the Group receives a short-term prepayment or advance of consideration prior to completion of performance obligations under a contract with a customer, the value of the advance consideration received is initially recognised as a contract liability in liabilities. Revenue is subsequently recognised as the performance obligations are completed over the period of the contract (i.e. as control is passed to the customer). Contract liabilities are presented in deferred income within trade and other payables in the Consolidated Balance Sheet.

2. Accounting policies continued

2.3 Significant accounting policies continued

Revenue recognition continued

f) Principal versus agent

The Group has arrangements with some of its customers whereby it needs to determine if it acts as a principal or an agent as more than one party is involved in providing the goods and services to the customer.

The Group is an agent if its role is to arrange for another entity to provide the goods or services. Factors considered in making this assessment are most notably the discretion the Group has in establishing the price for the specified good or service, whether the Group has inventory risk and whether the Group bears the responsibility for fulfilling the promise to deliver the service or good. Where the Group is acting as an agent revenue is recorded at a net amount reflecting the margin earned.

The Group acts as a principal if it controls a promised good or service before transferring that good or service to the customer. Where the Group is acting as a principal, revenue is recorded on a gross basis.

This assessment of control requires some judgement in particular in relation to certain service contracts. An example is the provision of certain employment screening services where the Group may be assessed to be agent or principal dependent upon the facts and circumstances of the arrangement and the nature of the services being delivered.

g) Contract modifications

Although infrequent, contracts may be modified for changes in contract terms or requirements. These modifications and amendments to contracts are always undertaken via an agreed formal process. Contract modifications exist when the amendment either creates new or changes the existing enforceable rights and obligations. The effect of a contract modification on the transaction price and the Group's measure of progress for the performance obligation to which it relates, is recognised as an adjustment to revenue in one of the following ways:

a. Prospectively as an additional separate contract

b. Prospectively as a termination of the existing contract and creation of a new contract

c. As part of the original contract using a cumulative catch-up

d. As a combination of b) and c).

For contracts for which the Group has decided there is a series of distinct goods and services that are substantially the same and have the same pattern of transfer where revenue is recognised over time, the modification will always be treated under either a) or b). However, d) may arise when a contract has a part termination and a modification of the remaining performance obligations.

The facts and circumstances of any contract modification are considered individually as the types of modifications will vary contract by contract and may result in different accounting outcomes.

h) Interest income

Revenue is recognised as interest accrues using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

i) Presentation and disclosure requirements

The Group has disaggregated revenue recognised from contracts into contract type (Term-based subscription, Consumption-based subscription, Consumption and Other) as management believe this best depicts how the nature, amount, timing and uncertainty of the Group's revenue and cash flows are affected by economic factors. The Group has also disclosed information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment. Refer to note 4 for the disclosure on disaggregated revenue.

Operating Profit

Operating profit is profits after amortisation of acquired intangibles, equity-settled share-based payments and exceptional items but before finance revenue, finance costs and tax.

Non-GAAP Measures

The Group presents the non-GAAP performance measure 'adjusted operating profit' on the face of the Consolidated Income Statement. Adjusted operating profit is not defined by IFRSs and therefore may not be directly comparable with the adjusted operating profit measures of other companies.

The business is managed and measured on a day-to-day basis using adjusted results. To arrive at adjusted results, certain adjustments are made for normalised and exceptional items that are individually significant and which could, if included, not be reflective of the underlying performance of the Group for the year and the comparability between periods.

Notes to the consolidated financial statements continued

2. Accounting policies continued

2.3 Significant accounting policies continued

Normalised items

These are recurring items which management considers could affect the underlying results of the Group.

These items relate to:

- amortisation of acquired intangibles; and
- equity-settled share-based payments charges.

Other types of recurring items may arise; however, no others were identified in either the current or prior year. Recurring items are adjusted each year irrespective of materiality to ensure consistent treatment.

Management consider these items to not reflect the underlying performance of the Group.

Exceptional items

The Group presents as exceptional items those significant items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance. Such items may include, but are not restricted to, significant acquisition, restructuring and integration-related costs, adjustments to contingent consideration, profits or losses on disposal of businesses and significant impairment of assets. Exceptional costs are discussed further in note 7.

Redundancy costs are only classified within exceptional items if they are linked to a reorganisation of part of the business, including when as a result of a business integration.

Management consider these significant and/or non-recurring-items to be inherently not reflective of the future or underlying performance of the Group.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

Share-based payment transactions

Employees (including Executive Directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuation specialist using a binomial model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of GB Group plc ('market conditions') and non-vesting conditions, if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The Consolidated Statement of Profit or Loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting conditions were satisfied, provided that all other vesting conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised over the remainder of the new vesting period for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it was granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected in the computation of earnings per share (note 13).

2. Accounting policies continued

2.3 Significant accounting policies continued

Finance costs

Finance costs consist of interest and other costs that are incurred in connection with the borrowing of funds. Finance costs are expensed in the period in which they are incurred.

Finance costs also include the amortisation of bank loan arrangement fees, interest on long-service award liabilities and interest on lease liabilities.

Taxes

Current tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income.

Deferred income tax

Deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities included in the financial statements and the amounts used for tax purposes that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- No provision is made where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction which is not a business combination that at the time of the transaction affects neither accounting nor taxable profit
- No provision is made for deferred tax that would arise on all taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future
- Deferred tax assets are recognised only to the extent that the Directors consider that it is probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences and unused tax losses and credits can be deducted
- Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the asset is realised or liability settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date

New accounting standards and interpretations

The following standards and amendments were effective for periods beginning on or after 1 January 2021 or 1 April 2021 and as such have been applied in these financial statements. The Group has not early adopted any other standard or interpretation that is issued but not yet effective.

The following standards and amendments had no impact on the financial statements of the Group:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2
- Amendments to IFRS 16 – Covid-19-Related Rent Concessions beyond 30 June 2021

New accounting standards and interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current – effective for annual reporting periods beginning on or after 1 January 2023
- Reference to the Conceptual Framework – Amendments to IFRS 3 – effective for annual reporting periods beginning on or after 1 January 2022
- Annual Improvements 2018-2020
- Amendments to IAS 8: Definition of Accounting Estimates
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

None of the amendments are expected to have a significant impact to the Group, however the Group will continue to consider these and any additional amendments, interpretations and new standards to identity potential future impact.

Notes to the consolidated financial statements continued

2. Accounting policies continued

2.4 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Estimates

Impairment of goodwill

The Group and Company tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated earlier in note 2.3. Determining whether goodwill is impaired requires an estimation of the value in use and/or the estimated recoverable amount of the asset derived from the business, or part of the business, CGU, to which the goodwill has been allocated. The value in use calculation requires an estimate of the present value of future cash flows expected to arise from the CGU, by applying an appropriate discount rate to the timing and amount of future cash flows.

Management are required to make judgements regarding the timing and amount of future cash flows applicable to the CGU, based on current budgets and forecasts, and extrapolated for an appropriate period taking into account growth rates and expected changes to sales and operating costs. In making these estimates management have assessed the sensitivity of the assets to a wider range of changes in the key inputs to consider if an impairment would arise within these ranges.

Management estimate the appropriate discount rate using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the business or the individual CGU.

An analysis of the Group goodwill and the assumptions used to test for impairment are set out in note 16. As explained in note 16, in the current period, management has determined that there are no reasonably possible changes to key assumptions in the impairment model that would result in the impairment of goodwill.

Allowance for impairment losses on credit exposures

The Group applies the IFRS 9 simplified lifetime expected credit loss approach in calculating expected credit losses ('ECL'). Under this method ECL provisions are determined using a combination of historical experience and forward-looking information based on management judgement. In the prior year, due to the Covid-19 pandemic the unprecedented economic uncertainty increased the likelihood of a higher level of ECL, but there was no historical comparative evidence to draw upon to build the impact of this pandemic into the normal ECL model used. The Group responded by calculating an additional level of provision to overlay the normal ECL calculation. This overlay was based on management estimates taking into account an analysis of trade receivables broken down into customer sectors, using internal and external forecasts to assess the sectors which were expected to see the biggest impact of the pandemic.

For the current year this additional overlay has been released as it is now over 24 months since the pandemic began, and the Group has not experienced any significant increase in credit losses during this period even after the cessation of the majority of government economic support packages, such as furlough in the UK. The past 24 months is considered to be a fair representation of the potential risk profile for the coming year due to the Covid-19 pandemic. The impact of the release of this overlay is detailed in note 20 and 27.

An increase of 100bps in all ECL rates would increase the provision for impairment of trade receivables by £596,000. A decrease of 100bps across all ECL rates would reduce the provision for impairment of trade receivables by £596,000.

Judgements

Revenue recognition

For contracts with multiple components to be delivered, management may have to apply judgement to consider whether those promised goods and services are (i) distinct – to be accounted for as separate performance obligations; (ii) not distinct – to be combined with other promised goods or services until a bundle is identified that is distinct; or (iii) part of a series of distinct goods and services that are substantially the same and have the same pattern of transfer to the customer.

At contract inception the total transaction price is determined, and the Group allocates this to the identified performance obligations in proportion to their relative standalone selling prices and recognises revenue when (or as) those performance obligations are satisfied. Because of the bespoke nature of some solutions, judgement is sometimes required to determine and estimate an appropriate standalone selling price.

2. Accounting policies continued

2.4 Judgements and key sources of estimation uncertainty continued

Judgements continued

Deferred tax assets (both judgement and estimate)

The amount of the deferred tax asset included in the balance sheet of the Group is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. A deferred tax asset is recognised when it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Recognition, therefore, involves management judgement regarding the prudent forecasting of future taxable profits of the business including considering appropriate levels of risk.

At the balance sheet date, management has forecast that the Group would generate future taxable profits against which certain decelerated capital allowances, tax losses and other temporary differences could be relieved. Within that forecast, management considered the total amount of tax losses available across the Group and the relative restrictions in place for loss streaming and made a judgement not to recognise deferred tax assets on losses of £17,828,000 (2021: £13,705,000). The carrying value of the recognised deferred tax asset at 31 March 2022 was £21,049,000 (2021: £7,676,000) and the unrecognised deferred tax asset at 31 March 2022 was £4,840,000 (2021: £839,000). Further details are contained in note 11.

Valuation and asset lives of separately identifiable intangible assets (both judgement and estimate)

In accounting for acquisitions management are required to make judgements in relation to the identification of separately identifiable intangible assets and the methodologies used to fair value these assets. The key inputs used in the models require significant estimation and management are required to make judgements regarding the timing and amount of future cash flows applicable to the businesses being acquired as well as a suitable discount rate in order to calculate the present value.

Such estimates are based on current budgets and forecasts, extrapolated for an appropriate period taking into account growth rates and expected changes to selling prices and operating costs. During the year, the Group acquired Acuant and Cloudcheck and in valuing the separately identifiable intangible assets made specific judgements as to the value and useful lives of those assets. Judgements were made with reference to both historical indicators within the acquired business such as customer or technology lifecycles along with estimates of the impact on such lives that convergence of technology and relationships would have over time.

Future results are impacted by the amortisation periods adopted and changes to the estimated useful lives would result in different effects on the income statement. If the estimated useful lives of the intangible assets recognised on acquisition of Acuant and Cloudcheck were reduced by one year, the annual amortisation would increase by £3,357,000. If they were increased by one year, the annual amortisation would reduce by £2,573,000.

3. Revenue

Revenue disclosed in the Consolidated Statement of Profit or Loss is analysed as follows:

	2022 £'000	(Re-presented)[1] 2021 £'000
Subscription revenues:		
Consumption-based	**35,830**	32,750
Term-based	**76,465**	62,244
Total subscription revenues	**112,295**	94,994
Consumption	**115,212**	111,265
Other	**14,973**	11,400
Revenue	**242,480**	217,659
Finance revenue	**40**	120
Total revenue	**242,520**	217,779

1 As disclosed in note 2 and 4, during the current year, the Group has changed the presentation and disclosure of its fee types and revenue streams in order to disaggregate revenue recognised from contracts with customers into recurring and non-recurring revenue streams. As a result, the disaggregation of revenue has been re-presented from the previous year.

Notes to the consolidated financial statements continued

3. Revenue continued

Significant changes in contract balances

Contract assets predominantly relate to software licence services, where revenue recognition for on-premise arrangements occurs as the solution is transferred to the customer, whereas the invoicing pattern is often annually over the contract period. Contract assets recognised during the year totalled £3,793,000 (2021: £4,877,000). The contract asset balance for work completed but not invoiced on satisfaction of a performance obligation, unwinds over the contract term. Contract assets are transferred to receivables when the right to consideration becomes unconditional, or conditional over the passage of time.

Revenue recognised in the year of £42,298,000 (2021: £37,701,000) was included in the opening contract liability.

4. Segmental information

The Group's operating segments are internally reported to the Group's Chief Executive Officer as three operating segments: Location, Identity and Fraud. Included within 'Other' (previously disclosed as 'Unallocated' as at 31 March 2021) is the revenue and profit of the marketing services business (which was disposed of in January 2021).

'Central overheads' represents Group operating costs such as technology, compliance, finance, legal, people team, information security, premises, Directors' remuneration and PLC costs.

The measure of performance of those segments that is reported to the Group's Chief Executive Officer is adjusted operating profit, being profits before amortisation of acquired intangibles, equity-settled share-based payments, exceptional items, net finance costs and tax, as shown below.

Information on segment assets and liabilities is not regularly provided to the Group's Chief Executive Officer and is therefore not disclosed below.

The acquisitions of Acuant and Cloudcheck have been included within the Identity segment.

Changes to segmental analysis for 31 March 2022 disclosure

The implementation of a new group-wide finance system in the prior year has enabled transactions to be analysed in more detail internally. As a result, during the year to 31 March 2022, the presentation of the segmental information that is reported to the Group's Chief Executive Officer and the categories revenue is grouped into, has continued to evolve and has been updated to better reflect the nature of how customers consume our services. Note 2 'Revenue recognition' details how the previous categories used for the disaggregation of revenue, map to the new categories that have subsequently been adopted.

Previously the Group has presented an 'Unallocated' column in the segment disclosure, which represented both the revenue and profit of the Marketing Services business as well as Group operating costs. However, following the disposal of part of its Marketing Services division in the prior year, the Group has now incorporated the remaining portion of the Marketing Services division within the Fraud operating segment. Due to these changes in the presentation of the segmental analysis during the year ended 31 March 2022, the segmental information for the year ended 31 March 2021 has been re-presented on the same basis. The value that has been re-presented in the year to 31 March 2021 for revenue is £1,952,000. The disposed part of the Group's Marketing Services division for the year to 31 March 2021 is now disclosed within 'Other' and Group operating costs are disclosed within the 'Central overheads' line.

Historically a portion of Group operating costs were attributed to the operating segments using a variety of allocation methods. However, in order to better reflect the underlying trading performance of the operating segments without distortion from changes in corporate costs, from 1 April 2021 Group operating costs are no longer allocated and instead are included fully within 'Central overheads'. The removal of allocated Group operating costs from operating segment results ensures that performance is measured against costs that can be directly controlled or influenced by individual segments.

Due to the variety of allocation methods used historically, often at a granular transaction level, changes from analysing by cost centre to business unit, as well as the use of different systems across the Group at various times during the comparative periods, it was not practical to restate the prior periods (being the year ended 31 March 2021) to remove allocated Group operating costs out of the operating segment results. Had the prior year information been updated then the adjusted operating profit of the individual segments would have increased because fewer central overheads would have been allocated to them.

4. Segmental information continued

Changes to segmental analysis for 31 March 2022 disclosure continued

Year ended 31 March 2022	Location £'000	Identity £'000	Fraud £'000	Other £'000	Total £'000
Subscription revenues:					
Consumption-based	18,648	16,271	911	–	35,830
Term-based	43,129	9,465	23,871	–	76,465
Total subscription revenues	61,777	25,736	24,782	–	112,295
Consumption	3,877	109,842	1,493	–	115,212
Other	675	7,218	7,042	38	14,973
Total revenue	66,329	142,796	33,317	38	242,480
Contribution	24,601	57,030	8,025	(106)	89,550
Central overheads					(30,711)
Adjusted operating profit					58,839
Amortisation of acquired intangibles					(24,735)
Share-based payments charge					(6,171)
Exceptional items					(4,526)
Operating profit					23,407
Finance revenue					40
Finance costs					(1,794)
Income tax expense					(6,390)
Profit for the year					15,263

Year ended 31 March 2021	(Re-presented) Location £'000	(Re-presented) Identity £'000	(Re-presented) Fraud £'000	(Re-presented) Other £'000	Total £'000
Subscription revenues:					
Consumption-based	18,384	13,718	648	–	32,750
Term-based	37,399	4,938	19,907	–	62,244
Total subscription revenues	55,783	18,656	20,555	–	94,994
Consumption	2,970	107,173	1,122	–	111,265
Other	916	2,256	6,767	1,461	11,400
Total revenue	59,669	128,085	28,444	1,461	217,659
Contribution	19,472	47,746	5,332	(954)	71,596
Central overheads					(13,700)
Adjusted operating profit					57,896
Amortisation of acquired intangibles					(17,671)
Share-based payments charge					(5,170
Exceptional items					448
Operating profit					35,503
Finance revenue					120
Finance costs					(1,360)
Income tax expense					(7,385)
Profit for the year					26,878

Notes to the consolidated financial statements continued

4. Segmental information continued

Geographical information

	Revenues from external customers		Non-current assets	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
United Kingdom	**82,874**	77,302	**117,533**	123,338
United States of America	**87,996**	78,998	**807,092**	223,843
Australia	**27,501**	23,636	**54,559**	39,695
Others	**44,109**	37,723	**46**	12
	242,480	217,659	**979,230**	386,888

The geographical revenue information above is based on the location of the customer.

Non-current assets for this purpose consist of plant and equipment and intangible assets and excludes the deferred tax asset.

5. Operating profit

This is stated after charging/(crediting):

	2022 £'000	2021 £'000
Research and development costs recognised as an operating expense	**16,225**	14,970
Other technology related costs recognised as an operating expense	**17,218**	12,968
Total technology related costs recognised as an operating expense	**33,443**	27,938
Depreciation of property, plant and equipment (note 17)	**1,531**	1,433
Depreciation of right-of-use assets (note 18)	**1,593**	1,838
Expense relating to short-term leases	**558**	514
Expense relating to low-value leases	**6**	5
Expected credit losses of trade receivables (note 20)	**(209)**	25
Loss on disposal of plant and equipment and intangible assets	**34**	–
Amortisation of intangible assets (note 15)	**24,968**	17,914
Foreign exchange (gain)/loss	**42**	188

The above information does not include exceptional items which have been disclosed in note 7.

6. Auditor's remuneration

	2022 £'000	2021 £'000
Audit of the Group's financial statements	**320**	273
Audit of subsidiaries	**392**	388
Total audit fees	**712**	661
Other fees to auditor – other assurance services	**132**	123
	844	784

Auditor's remuneration of £128,000 (2021: £nil) has been included within exceptional items during the year since it was directly attributable to the acquisitions of Acuant and Cloudcheck (see note 7).

7. Exceptional items

	2022 £'000	2021 £'000
(a) Acquisition-related costs	**5,607**	862
(b) Gain on forward contracts linked to acquisitions	**(3,053)**	–
(c) Integration costs	**422**	–
(d) Costs associated with team member reorganisations	**1,063**	441
(e) Impairment of goodwill (note 14 & 34)	**–**	154
(f) Fair value adjustments to contingent consideration (note 35)	**–**	(50)
(g) Foreign exchange movement on contingent consideration (note 35)	**157**	(452)
(h) Loss/(profit) on disposal of businesses (note 34)	**330**	(1,403)
	4,526	(448)

(a) Acquisition-related costs of £5,607,000 (2021: £862,000) include legal and professional advisor costs directly attributable to the acquisitions of Acuant and Cloudcheck detailed in note 34, as well as costs which were incurred as part of a potential acquisition. In the prior year, the costs related to the acquisition of HooYu Investigate and the investment in Credolabs.

(b) During the year, a foreign exchange forward contract was entered into to fix the value at which GBG could convert the GBP proceeds from the equity raise into USD to part fund the Acuant acquisition. On settlement of the forward contract a gain of £3,053,000 (2021: £nil) was recognised which has been treated as an exceptional item. Due to the size and nature of this gain, management considers that it would not reflect the Group's underlying business performance.

(c) Integration costs were incurred relating to the integration of Acuant and Cloudcheck. This principally related to consultancy fees paid to advisors in running programmes to deliver revenue and cost synergies from the acquisitions, travel for specific integration meetings and the costs of additional other temporary resources required for the integration. Future costs of integrating Acuant and Cloudcheck will primarily relate to the alignment of global systems and business operations. To 31 March 2022, the Group expensed £422,000 (2021: £nil) relating to the integration of Acuant and Cloudcheck and it is expected that these costs will continue into the next year.

Due to the size and nature of acquisition and integration costs, management consider that they do not reflect the Group's trading performance and so are adjusted to ensure consistency between periods.

(d) Costs associated with team member reorganisations relate to exit costs of personnel leaving the business on an involuntary basis, either as a result of integrating acquisitions or due to reorganisations within our operating divisions. Due to the nature of these costs, management deem them to be exceptional in order to better reflect our underlying performance. Exit costs outside of these circumstances are treated as an operating expense.

(e) During the prior year £79,000 was recognised as an impairment expense relating to the goodwill in the e-Ware Interactive cash-generating unit, and £75,000 relating to the goodwill in the Transactis cash-generating unit. Refer to note 14 for further details.

(f) In the year to 31 March 2021, adjustments were made to the contingent consideration previously recognised as due to the sellers of IDology due to an unrecognised payroll tax credit in the State of Georgia of £747,000. The Group agreed to settle this liability with the sellers early, in exchange for a reduction of £50,000 in the amount payable.

(g) The contingent consideration liabilities related to IDology and Cloudcheck are based on the US dollar and New Zealand dollar respectively. As a result, the liabilities were retranslated at the balance sheet date with a loss of £157,000 (2021: gain £452,000) being treated as an exceptional item.

(h) During the prior year, the business disposed of its Marketing Services and Employ and Comply businesses which resulted in an overall profit on disposal. The profit recognised on disposal of Employ and Comply was £2,578,000. The loss on disposal of Marketing Services was £1,175,000. Refer to note 34 for further details. In the year to 31 March 2022, additional costs of £330,000 were incurred in relation to the finalisation of the disposal of these businesses.

The total cash net outflow during the year as a result of exceptional items was £3,276,000 (2021: £4,556,000 inflow). The tax impact of the exceptional items was a tax credit of £1,274,000 (2021: tax charge of £818,000).

Notes to the consolidated financial statements continued

8. Team member costs and Directors' emoluments

a) Team member costs (including Directors)

	2022 £'000	2021 £'000
Wages and salaries including commission and bonuses	**79,515**	69,301
Social security costs	**7,666**	6,140
Other pension costs	**3,457**	2,799
Share-based payments	**5,028**	5,170
	95,666	83,410

The average monthly number of team members during the year within each category was as follows:

	2022 No.	2021 No.
Technology	**381**	352
General and administration	**169**	135
Sales and marketing	**548**	560
	1,098	1,047

b) Directors' emoluments

	2022 £'000	2021 £'000
Wages and salaries	**1,919**	1,526
Pension	**–**	74
Bonuses	**1,473**	1,448
	3,392	3,048
Aggregate gains made by Directors on the exercise of share options	**3,167**	2,611

All Directors have now reached the maximum level permitted for a personal pension plan and therefore receive a direct payment in lieu of their pension entitlement.

The remuneration for the highest paid Director was as follows:

	2022 £'000	2021 £'000
Wages and salaries	**606**	606
Bonus	**706**	723
	1,312	1,329

The highest paid Director has reached the maximum level permitted for a personal pension plan and receives a direct payment in lieu of his pension entitlement, which was £88,823 (2021: £88,253). The number of share options granted during the year for the highest paid Director was 222,662 (2021: 173,267) and the number of share options exercised during the year was 330,812 (2021: 241,000).

9. Finance revenue

	2022 £'000	2021 £'000
Bank interest receivable	**10**	20
Interest income on multi-year contracts	**30**	100
	40	120

10. Finance costs

	2022 £'000	2021 £'000
Bank interest payable	**1,400**	957
Interest on long service award	**9**	12
Amortisation of bank loan fees	**252**	193
Lease liability interest	**133**	198
	1,794	1,360

11. Taxation

a) Tax on profit

The tax charge in the Consolidated Statement of Profit or Loss for the year is as follows:

	2022 £'000	2021 £'000
Current income tax		
UK corporation tax on profit for the year	**3,841**	3,841
Amounts overprovided in previous years	**(387)**	(388)
Foreign tax	**8,681**	8,958
	12,135	12,411
Deferred tax		
Origination and reversal of temporary differences	**(7,154)**	(5,217)
Amounts underprovided in previous years	**1,045**	311
Impact of change in tax rates	**364**	(120)
	(5,745)	(5,026)
Tax charge in the Consolidated Statement of Profit or Loss	**6,390**	7,385

Notes to the consolidated financial statements continued

11. Taxation continued

b) Reconciliation of the total tax charge

The profit before tax multiplied by the standard rate of corporation tax in the UK would result in a tax charge as explained below:

	2022 £'000	2021 £'000
Consolidated profit before tax	**21,653**	34,263
Consolidated profit before tax multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	**4,114**	6,510
Effect of:		
Permanent differences	**753**	157
Non-taxable income	**(30)**	–
Rate changes	**364**	(100)
Recognition of previously unrecognised deferred tax assets	**(142)**	(261)
Disposal of businesses	**–**	480
Adjustments in respect of prior years	**657**	(77)
Research and development incentives	**(113)**	(69)
Patent Box relief	**(571)**	(579)
Share option relief	**623**	39
Effect of higher taxes on overseas earnings	**735**	1,285
Total tax charge reported in the Consolidated Statement of Profit or Loss	**6,390**	7,385

The Group's reported effective tax rate for the year was 29.5% (2021: 21.6%). After adjusting for the impact of amortisation of acquired intangibles, equity-settled share-based payments and exceptional items, the adjusted effective tax rate was 22.1% (2021: 21.5%). These measures are defined in the non-GAAP measures section on pages 184 to 187.

c) Deferred tax

Deferred tax asset

The recognised and unrecognised potential deferred tax asset of the Group is as follows:

	Recognised		Unrecognised	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Decelerated capital allowances	**7,613**	1,278	**1,296**	–
Share options	**1,963**	3,112	**–**	–
Long service award	**280**	273	**–**	–
Accrued bonuses	**1,413**	558	**–**	–
Provision for bad debt	**284**	189	**–**	–
Interest	**2,315**	–	**–**	–
Other temporary differences	**2,765**	1,888	**–**	–
Leases	**371**	228	**–**	–
Capital losses	**–**	–	**564**	429
Trading losses	**4,856**	150	**4,276**	410
	21,860	7,676	**6,136**	839

11. Taxation continued

c) Deferred tax continued

Deferred tax asset continued

The movement on the deferred tax asset of the Group is as follows:

	2022 £'000	2021 £'000
Opening balance	**7,676**	6,294
Acquired on acquisition	**14,695**	–
Foreign currency adjustments	**309**	83
Impact of change in tax rates	**397**	–
Origination and reversal of temporary differences	**(1,217)**	1,299
	21,860	7,676

The deferred tax asset has been recognised to the extent it is anticipated to be recoverable out of future taxable profits based on profit forecasts for the foreseeable future. The utilisation of the unrecognised deferred tax asset in future periods will reduce the future tax rate below the standard rate. The Group has unrecognised deductible temporary differences of £17,828,000 (2021: £2,914,000) and unrecognised capital losses of £2,579,000 (2021: £2,257,000). Refer to 11d below for details of movement in the year.

Deferred tax liability

The deferred tax liability of the Group is as follows:

	2022 £'000	2021 £'000
Intangible assets	**63,466**	21,518
Land and buildings	**344**	159
Leases	**243**	183
Accelerated capital allowances	**786**	260
	64,839	22,120

The movement on the deferred tax liability of the Group is as follows:

	2022 £'000	2021 £'000
Opening balance	**22,120**	27,155
Acquired on acquisition	**46,899**	1,000
Foreign currency adjustments	**1,199**	(1,532)
Origination and reversal of temporary differences	**(6,138)**	(4,398)
Impact of change in tax rates	**759**	(105)
	64,839	22,120

Notes to the consolidated financial statements continued

11. Taxation continued

d) Tax losses

The Group has carried forward trading losses at 31 March 2022 of £38,865,000 (2021: £2,914,000). The principal reasons for the increase in the year are:

- Losses from entities acquired during the year of £22,433,000
- In the prior year, a provisional 80% reduction (£11,574,000) was applied to the losses related to the Marketing Services business following the disposal of part of the business. This was subject to final assessment as part of the submission of the UK tax return which was completed during the year. Following this assessment, it was concluded that the reduction was not required and so this has been removed in the current year.

To the extent that these unrecognised losses are available for offset against future trading profits of the Group, it is expected that the future effective tax rate would be below the standard rate.

There were also capital losses carried forward at 31 March 2022 of £2,257,000 (2021: £2,257,000), which should be available for offset against future capital gains of the Group to the extent that they arise.

The Group also has unrecognised deductible temporary differences of £5,184,000 (2021: £nil)

e) Change in United States deferred tax rates

The tax rate applied in the calculation of deferred tax assets and liabilities in the United States has been updated to reflect changes in the States in which future taxable profits are forecast to arise, which impacts the blended effective State tax rate that will apply.

For IDology Inc the rate is 24.7% (2021: 24.9%), for Loqate Inc the rate is 25.3% (2021: 25.8%) and for Acuant Inc the rate is 24.8%.

f) Future change in United Kingdom tax rate

On 3 March 2021, the UK Government announced that effective 1 April 2023 the UK corporation rate will increase from 19% to 25%. This change was substantively enacted on 24 May 2021 and therefore the UK deferred tax assets and liabilities have been adjusted to reflect the change of rate for the amounts expected to unwind after 1 April 2023. This resulted in an additional charge in the period of £482,000.

g) Unremitted earnings

The Group's foreign subsidiaries have unremitted earnings of £33,528,000 (2021: £31,150,000), resulting in temporary differences of £29,000 (2021: £21,000) that may be payable as withholding tax if dividends were declared. No deferred tax has been provided in respect of these differences since the timing of the reversals can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

12. Dividends paid and proposed

	2022 £'000	2021 £'000
Declared and paid during the year		
Final dividend for 2021 paid in July 2021: 3.40p (interim dividend for 2021 paid in January 2021: 3.00p)	**6,677**	5,885
Proposed for approval at AGM (not recognised as a liability at 31 March)		
Final dividend for 2022: 3.81p (2021: 3.40p)	**9,596**	6,674

£nil (2021: £2,000) was received during the year relating to dividends paid on forfeited shares. The total net cash impact of dividends during the year was therefore £6,677,000 (2021: £5,883,000).

13. Earnings per ordinary share from continuing operations

	Basic 2022 pence per share	Basic 2021 pence per share	**Diluted 2022 pence per share**	Diluted 2021 pence per share
Profit attributable to equity holders of the Company from continuing operations	**7.1**	13.8	**6.9**	13.5

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company from continuing operations by the basic weighted average number of ordinary shares in issue during the year.

Diluted

Diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders from continuing operations by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	2022 No.	2021 No.
Basic weighted average number of shares in issue	**216,155,932**	195,224,730
Dilutive effect of share options	**4,339,614**	3,281,173
Diluted weighted average number of shares in issue	**220,495,546**	198,505,903

Adjusted

Adjusted earnings per share is defined as adjusted operating profit less net finance costs and adjusted tax divided by the basic weighted average number of ordinary shares of the Company.

	2022 £'000	**Basic 2022 pence per share**	**Diluted 2022 pence per share**	2021 £'000	Restated[1] Basic 2021 pence per share	Diluted 2021 pence per share
Adjusted operating profit	**58,839**	**27.2**	**26.7**	57,896	29.7	29.2
Less net finance costs	**(1,754)**	**(0.8)**	**(0.8)**	(1,240)	(0.6)	(0.6)
Less adjusted tax	**(12,587)**	**(5.8)**	**(5.7)**	(12,175)	(6.3)	(6.2)
Adjusted earnings	**44,498**	**20.6**	**20.2**	44,481	22.8	22.4

1 Since the 31 March 2021 financial statements were produced, the Group has decided to amend the adjusted earnings per share calculation so that an adjusted tax charge is used rather than the full reported tax charge. The calculation of the adjusted tax charge is consistent with the calculation of adjusted operating profit and therefore excludes the impact on tax of amortisation of acquired intangibles, equity-settled share-based payments and exceptional items.

This has resulted in a restatement of the comparative figures for the year to 31 March 2021.

The impact of the prior year restatement on the year to 31 March 2021 was a decrease to adjusted earnings of £4,790,000 and a decrease to adjusted basic earnings per share for the period and adjusted diluted earnings per share for the period of 2.4p and 2.4p respectively.

Notes to the consolidated financial statements continued

14. Goodwill

	2022 £'000	2021 £'000
Cost		
At 1 April	**286,505**	303,262
Additions – business combinations (note 34)	**413,200**	141
Sale of business disposals	**–**	(2,529)
Foreign currency adjustment	**14,080**	(14,369)
At 31 March	**713,785**	286,505
Impairment		
At 1 April	**154**	–
Impairment	**–**	154
At 31 March	**154**	154
Net book value		
At 31 March	**713,631**	286,351

Goodwill arose on the acquisition of GB Mailing Systems Limited, e-Ware Interactive Limited, Data Discoveries Holdings Limited, Capscan Parent Limited, DecTech Solutions Pty Ltd, CDMS Limited, Loqate Inc., ID Scan Biometrics Limited, Postcode Anywhere (Holdings) Limited, VIX Verify Global Pty Limited, IDology Inc, Investigate 2020 Limited, Acuant Intermediate Holding Corp and Verifi Identity Services Limited. Under UK-adopted international accounting standards, goodwill is not amortised and is tested annually for impairment (see below).

The impairment of £154,000 during the prior year ended 31 March 2021 is in respect of:

- £75,000 for the Transactis CGU. Following the disposal of part of the Marketing Services business detailed in note 34, the future cash flows from the remaining part of the Marketing Services business were not sufficient to support the carrying value of the acquired goodwill.
- £79,000 for the e-Ware Interactive CGU. The remaining value in use was based on the single remaining customer from that acquisition. During the prior year this customer cancelled their contract and as a result the full amount of goodwill in the Group was impaired.

15. Intangible assets

	Customer relationships £'000	Software technology £'000	Non-compete clauses £'000	Total acquired intangibles £'000	Purchased software £'000	Internally developed software £'000	Total £'000
Cost							
At 1 April 2020	120,135	33,175	4,877	158,187	2,178	1,212	161,577
Foreign currency adjustment	(5,577)	(1,400)	(434)	(7,411)	(2)	–	(7,413)
Additions – business combinations (note 34)	–	4,620	645	5,265	–	–	5,265
Additions – purchased software	–	–	–	–	283	–	283
Disposals (other than sale of businesses)	–	–	–	–	(705)	–	(705)
Sale of business disposals	(4,842)	(1,446)	–	(6,288)	–	–	(6,288)
At 31 March 2021	109,716	34,949	5,088	149,753	1,754	1,212	152,719
Foreign currency adjustment	**4,252**	**2,379**	**200**	**6,831**	**18**	**–**	**6,849**
Additions – business combinations (note 34)	**51,524**	**132,890**	**–**	**184,414**	**193**	**–**	**184,607**
Additions – purchased software	**–**	**–**	**–**	**–**	**120**	**–**	**120**
Disposals (other than sale of businesses)	**–**	**–**	**–**	**–**	**(208)**	**(687)**	**(895)**
At 31 March 2022	**165,492**	**170,218**	**5,288**	**340,998**	**1,877**	**525**	**343,400**
Amortisation and impairment							
At 1 April 2020	28,824	17,071	1,425	47,320	1,802	1,212	50,334
Foreign currency adjustment	(783)	(391)	(138)	(1,312)	(3)	–	(1,315)
Amortisation during the year	11,682	5,070	919	17,671	243	–	17,914
Disposals (other than sale of businesses)	–	–	–	–	(705)	–	(705)
Sale of business disposals	(3,375)	(1,446)	–	(4,821)	–	–	(4,821)
At 31 March 2021	36,348	20,304	2,206	58,858	1,337	1,212	61,407
Foreign currency adjustment	**1,211**	**667**	**119**	**1,997**	**(14)**	**–**	**1,983**
Amortisation during the year	**12,442**	**11,261**	**1,032**	**24,735**	**233**	**–**	**24,968**
Disposals (other than sale of businesses)	**–**	**–**	**–**	**–**	**(201)**	**(687)**	**(888)**
At 31 March 2022	**50,001**	**32,232**	**3,357**	**85,590**	**1,355**	**525**	**87,470**
Net book value							
At 31 March 2022	**115,491**	**137,986**	**1,931**	**255,408**	**522**	**–**	**255,930**
At 31 March 2021	73,368	14,645	2,882	90,895	417	–	91,312
At 1 April 2020	91,311	16,104	3,452	110,867	376	–	111,243

Notes to the consolidated financial statements continued

15. Intangible assets continued

	Carrying value of customer relationship £'000	Remaining amortisation period Years	Carrying value of technology £'000	Remaining amortisation period Years
DecTech Solutions Pty Ltd	921	2.08	–	–
CDMS Limited	192	2.58	–	–
Loqate Inc	668	3.08	–	–
ID Scan Biometrics Limited	1,665	4.25	–	–
Postcode Anywhere (Holdings) Limited	12,639	5.08	96	0.08
VIX Verify Global Pty Limited	4,969	6.50	346	1.50
IDology Inc	43,854	6.83	5,734	1.83
Investigate 2020 Limited	–	–	3,465	3.75
Acuant Intermediate Holding Corp	47,457	9.67	126,667	5.88
Verifi Identity Services Limited	3,126	9.83	1,678	4.83
	115,491		137,986	

16. Impairment

Goodwill and intangible assets acquired through business combinations is allocated to the CGUs that are expected to benefit from that business combination and has been allocated for impairment testing purposes to eight CGUs as follows:

- Location CGU (represented by the Location operating segment excluding the Loqate Unit)
- Identity CGU (represented by the Identity operating segment excluding the IDology Unit, VIX Verify Unit, Acuant Unit and Cloudcheck Unit)
- Fraud CGU (represented by the Fraud operating segment excluding the CAFs Unit)
- Loqate CGU (part of the Location operating segment)
- VIX Verify CGU (part of the Identity operating segment)
- IDology CGU (part of the Identity operating segment)
- CAFs CGU (part of the Fraud operating segment)
- Transactis CGU (included in Other operating segment)

Where there are no indicators of impairment on the goodwill and acquired intangibles arising through business combinations made during the year, they are tested for impairment no later than the first anniversary following acquisition.

16. Impairment continued

Carrying amount of goodwill and acquired intangible assets allocated to CGUs

	2022			2021		
	Goodwill £'000	Acquired intangibles £'000	Total £'000	Goodwill £'000	Acquired intangibles £'000	Total £'000
Location Unit	53,992	12,725	66,717	53,992	16,643	70,635
Identity Unit	35,058	1,665	36,723	35,058	2,056	37,114
Fraud Unit	3,181	3,841	7,022	3,181	4,990	8,171
Loqate Unit	7,333	679	8,012	7,002	844	7,846
VIX Verify Unit	16,385	5,314	21,699	15,859	6,118	21,977
IDology Unit	164,051	51,143	215,194	156,371	58,656	215,027
CAFS Unit	14,941	922	15,863	14,461	1,321	15,782
Transactis Unit	427	192	619	427	267	694
Acuant Unit *	407,728	174,122	581,850	–	–	–
Cloudcheck Unit *	10,535	4,805	15,340	–	–	–
	713,631	255,408	969,039	286,351	90,895	377,246

* The goodwill and acquired intangible assets in relation to the Acuant and Cloudcheck acquisitions made during the year remains unallocated to a CGU at 31 March 2022. Management will formalise the allocation to a specific CGU in the forthcoming financial year once the integration of the acquisitions and associated allocation of overheads and synergies across the Group are finalised. The unallocated goodwill has been reviewed for impairment indicators by comparison of forecasts used to determine the purchase price to actual results and revised forecasts as at 31 March 2022. No impairment indicators were identified. Both acquisitions will be formally tested for impairment on the first anniversary following acquisition.

Key assumptions used in value in use calculations

The Group prepares cash flow forecasts using budgets and forecasts approved by the Directors covering a five-year period and an appropriate extrapolation of cash flows beyond this using a long-term average growth rate. The long-term average growth rate is not greater than the average long-term retail growth rate in the territory where the CGU is based UK – 2.0%; USA – 2.0%; Australia – 2.5% (2021: UK – 1.9%; USA – 2.2%; Australia – 3.0%).

The key assumptions for value in use calculations are those regarding the forecast cash flows, discount rates and growth rates. The Directors estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the individual CGU. Growth rates reflect long-term growth rate prospects for the economy in which the CGU operates.

	2022		2021	
	Pre-tax discount rate %	Growth rate (in perpetuity) %	Pre-tax discount rate %	Growth rate (in perpetuity) %
Location Unit	12.3%	2.0%	11.1%	1.9%
Identity Unit	12.3%	2.0%	11.1%	1.9%
Fraud Unit	12.3%	2.0%	11.1%	1.9%
Loqate Unit	12.4%	2.0%	12.0%	2.2%
VIX Verify Unit	14.3%	2.5%	13.7%	3.0%
IDology Unit	12.4%	2.0%	12.0%	2.2%
CAFs Unit	14.3%	2.5%	13.7%	3.0%
Transactis Unit	12.3%	–	11.1%	–

Notes to the consolidated financial statements continued

16. Impairment continued

Key assumptions used in value in use calculations continued

The Group has considered the impact of changes in future cash flows and key assumptions on the base case value in use model, to create a sensitised value in use model. This has been included applying the cumulative impact of:

- Increasing pre-tax discount rates by 50bps, to reflect potential increases in government bond yields and associated risk-free rates
- Decreasing long-term growth rates by 50bps, to reflect a worse than predicted long-term global economic outlook
- Increasing foreign exchange rates by 0.10, to reflect a worse than predicted depreciation in GBP; and
- Restricting year-on-year operating profit margin by 5%, to reflect the risk that future operational growth and efficiency improvements are not achieved

It was concluded that the sensitised value in use model does not result in impairment.

The headroom (i.e. the excess of the value of discounted future cash flows over the carrying amount of the CGU) under both the base case and sensitised worst-case scenario is below:

	2022		2021	
	Base case[1] £'000	**Sensitised[2] £'000**	Base case[1] £'000	Sensitised[2] £'000
Location Unit	**122,106**	**101,303**	203,725	173,378
Identity Unit	**16,927**	**10,143**	148,690	123,150
Fraud Unit	**33,740**	**28,719**	56,117	47,476
Loqate Unit	**21,488**	**14,973**	50,085	39,221
VIX Verify Unit	**14,933**	**8,838**	22,629	15,224
IDology Unit	**123,280**	**61,508**	57,487	6,422
CAFs Unit	**18,921**	**12,333**	14,976	9,696
Transactis Unit	**762**	**682**	–	–

1 The excess of the recoverable amount over the carrying amount of the CGU before applying sensitivities
2 Headroom after adjusting future cash flows and key assumptions to create a sensitised 'worst-case' value in use model

When considering goodwill impairment, the break-even rate at which headroom within each CGU is reduced to £nil, if all other assumptions remain unchanged, has also been considered. This has been included for illustrative purposes and does not reflect a reasonably foreseeable change in assumptions:

	2022			2021		
	Pre-tax discount rate	**Forecast profit/(loss) margins**	**Foreign exchange rates**	Pre-tax discount rate	Forecast profit/(loss) margins	Foreign exchange rates
Location Unit	**29.7%**	**(64.0)%**	**n/a**	36.6%	(74.0)%	n/a
Identity Unit	**16.7%**	**(30.0)%**	**n/a**	46.9%	(80.0)%	n/a
Fraud Unit	**66.5%**	**(82.0)%**	**n/a**	75.2%	(87.0)%	n/a
Loqate Unit	**40.1%**	**(73.0)%**	**2.46**	79.4%	(86.0)%	10.04
VIX Verify Unit	**22.4%**	**(41.0)%**	**2.82**	24.6%	(51.0)%	3.63
IDology Unit	**18.1%**	**(36.0)%**	**2.13**	14.5%	(21.0)%	1.72
CAFs Unit	**27.6%**	**(53.0)%**	**2.78**	22.4%	(49.0)%	3.49
Transactis Unit	**88.7%**	**(55.0)%**	**n/a**	n/a	n/a	n/a

The Directors do not believe that any reasonably possible changes in the value of the key assumptions noted above would cause the CGU carrying amount to exceed its recoverable amount.

17. Property, plant and equipment

	Property £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 April 2020	1,251	9,219	10,470
Additions	–	455	455
Disposals (other than sale of businesses)	–	(145)	(145)
Sale of business disposals	–	(514)	(514)
Foreign currency adjustment	–	(46)	(46)
At 31 March 2021	1,251	8,969	10,220
Additions	**–**	**1,611**	**1,611**
Acquired on acquisition	**–**	**826**	**826**
Disposals (other than sale of businesses)	**–**	**(1,055)**	**(1,055)**
Foreign currency adjustment	**–**	**96**	**96**
At 31 March 2022	**1,251**	**10,447**	**11,698**
Depreciation and impairment			
At 1 April 2020	61	5,756	5,817
Provided during the year	19	1,414	1,433
Disposals (other than sale of businesses)	–	(145)	(145)
Sale of business disposals	–	(504)	(504)
Foreign currency adjustment	–	(87)	(87)
At 31 March 2021	80	6,434	6,514
Provided during the year	**19**	**1,512**	**1,531**
Disposals (other than sale of businesses)	**–**	**(1,021)**	**(1,021)**
Foreign currency adjustment	**–**	**73**	**73**
At 31 March 2022	**99**	**6,998**	**7,097**
Net book value			
At 31 March 2022	**1,152**	**3,449**	**4,601**
At 31 March 2021	1,171	2,535	3,706
At 1 April 2020	1,190	3,463	4,653

Notes to the consolidated financial statements continued

18. Right-of-use assets

	Right-of-use assets £'000	Total £'000
Cost		
At 1 April 2020	10,117	10,117
Additions	504	504
Disposals (other than sale of business)	(912)	(912)
Sale of business disposals	(704)	(704)
Foreign currency adjustment	(91)	(91)
At 31 March 2021	8,914	8,914
Additions	**245**	**245**
Acquired on acquisition	**892**	**892**
Disposals (other than sale of business)	**(1,454)**	**(1,454)**
Foreign currency adjustment	**222**	**222**
At 31 March 2022	**8,819**	**8,819**
Depreciation and impairment		
At 1 April 2020	5,350	5,350
Provided during the year	1,838	1,838
Disposals (other than sale of businesses)	(910)	(910)
Sale of business disposals	(444)	(444)
Foreign currency adjustment	(151)	(151)
At 31 March 2021	5,683	5,683
Provided during the year	**1,593**	**1,593**
Disposals (other than sale of businesses)	**(1,360)**	**(1,360)**
Foreign currency adjustment	**161**	**161**
At 31 March 2022	**6,077**	**6,077**
Net book value		
At 31 March 2022	**2,742**	**2,742**
At 31 March 2021	3,231	3,231
At 1 April 2020	4,767	4,767

The underlying class of assets and their net book values are leasehold property £2,732,000 (2021: £3,216,000) and equipment £10,000 (2021: £15,000).

19. Investments

	2022 £'000	2021 £'000
Cost		
At 1 April	**2,288**	–
Acquisition of investment	**–**	2,288
Acquired on acquisition	**38**	–
At 31 March	**2,326**	2,288

The Group consists of a parent company, GB Group plc, incorporated in the UK, and a number of subsidiaries held directly or indirectly by GB Group plc, which are incorporated around the world, each contributing to the Group's profits, assets and cash flows.

19. Investments continued

Subsidiaries are accounted for using the cost model and the results of all subsidiaries have been consolidated in these financial statements. The Group holds 100% of the ordinary share capital of all investments as follows:

Name of company	Proportion of voting rights and shares held	Country of incorporation	Registered office address
Capscan Parent Limited[2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Capscan Limited[1, 2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Data Discoveries Holdings Limited[2]	100%	United Kingdom	Titanium 1, King's Inch Place, Renfrew, Scotland, PA4 8WF
Data Discoveries Limited[1, 2]	100%	United Kingdom	Titanium 1, King's Inch Place, Renfrew, Scotland, PA4 8WF
Managed Analytics Limited[1, 2]	100%	United Kingdom	Titanium 1, King's Inch Place, Renfrew, Scotland, PA4 8WF
e-Ware Interactive Limited[2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
GB Mailing Systems Limited[2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Citizensafe Limited[2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Farebase Limited[2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
TMG.tv Limited[2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
CRD (UK) Limited[2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Postcode Anywhere (Holdings) Limited[2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Postcode Anywhere (Europe) Limited[2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Postcode Anywhere (North America) Limited[2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
GBG (Australia) Holding Pty Ltd	100%	Australia	Acclime Australia, 58 Gipps Street, Collingwood, VIC 3066
GBG (Australia) Pty Ltd[1]	100%	Australia	Acclime Australia, 58 Gipps Street, Collingwood, VIC 3066
VIX Verify Global Pty Ltd[1]	100%	Australia	Acclime Australia, 58 Gipps Street, Collingwood, VIC 3066
GBG (Malaysia) Sdn Bhd[1]	100%	Malaysia	Level 7 Menara Millenium, Jalan Damanlela Pusat Bandar, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan
GBG (Europe) SL[1]	100%	Spain	08002-Barcelona, Edifici The Triangle, 4th Floor, Placa de Catalunya, Barcelona
迪安科[1]	100%	China	Room 1714, Building 4, China Investment Center, No.9 Guangan Road, Fengtai District, Beijing
Loqate Inc.	100%	United States	805 Veterans Blvd Ste 305, Redwood City CA 94063
Loqate Limited[1, 2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
IDology Inc.	100%	United States	900 Old Roswell Lakes, Parkway, Suite 310, Roswell, Georgia 30076
ID Scan Biometrics Limited[2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
IDscan Research Bilisim Teknolojileri Sanayi Ve Ticaret Limited Sirketi	100%	Turkey	Mersin Universitesi Çiftlikköy Kampüsü, Teknopark İdari Bina No: 106 Yenişehir – Mersin
UAB IDscan Biometrics R&D[2]	100%	Lithuania	Kauno m. Kauno m. I. Kanto g. 18-4B
Transactis Limited[1, 2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Inkfish Limited[1, 2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
GBG ANZ Pty Ltd[1]	100%	Australia	Co Sec Consulting Pty Ltd, 58 Gipps Street, Collingwood, Victoria 3066

Notes to the consolidated financial statements continued

19. Investments continued

Name of company	Proportion of voting rights and shares held	Country of incorporation	Registered office address
GreenID Limited[1]	100%	New Zealand	Moore Stephens Markhams Wellington Limited, Level 11 Sovereign House, 34-42 Manners Street, Wellington 6011
Mastersoft Group Pty Ltd[1]	100%	Australia	Co Sec Consulting Pty Ltd, 58 Gipps Street, Collingwood, Victoria 3066
Mastersoft (New Zealand) Ltd[1]	100%	New Zealand	Moore Stephens Markhams Wellington Limited, Level 11 Sovereign House, 34-42 Manners Street, Wellington 6011
VIX Verify International Pty Ltd[1]	100%	Australia	Co Sec Consulting Pty Ltd, 58 Gipps Street, Collingwood, Victoria 3066
GBG (Singapore) Pte Ltd	100%	Singapore	C/O S.S. Corporate Management Pte. Ltd, 138 Cecil Street, #12-01A Cecil Court, 069538
VIX Verify SA (Pty) Ltd[1]	100%	South Africa	C/O Eversheds Sutherland, 3rd Floor, 54, Melrose Boulevard, Melrose Arch, Melrose North, 2196, Johannesburg
PT Fraud Solutions Indonesia[1]	100%	Indonesia	Karinda Building, 2nd Floor, Suite 4, RT/RW.004/002, JL.Palmerah Selatan No. 30A, Kel. Gelora, Kec. Tanah Abang, Central Jakarta
Investigate 2020 Ltd[2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
GBG (US) Holdings LLC	100%	United States	Corporation Trust Center, 1209 Orange Street, Wilmington, 19801, Delaware
Acuant Intermediate Holding Corp[1]	100%	United States	Corporation Trust Center, 1209 Orange Street, Wilmington, 19801, Delaware
Acuant Holding Corp[1]	100%	United States	Corporation Trust Center, 1209 Orange Street, Wilmington, 19801, Delaware
Looking Glass I Holdings Inc[1]	100%	United States	Corporation Trust Center, 1209 Orange Street, Wilmington, 19801, Delaware
Acuant UK Limited[1]	100%	United Kingdom	3rd Floor 1 Ashley Road, Altrincham, Cheshire, WA14 2DT
HS Thailand UK Ltd[1]	100%	United Kingdom	3rd Floor 1 Ashley Road, Altrincham, Cheshire, WA14 2DT
Hello Soda (Thailand) Company Limited[1]	100%	Thailand	1108/31 Sukhumvit Road, Phrakanong, Klongtoey, Bangkok 10110,
Hello Soda Inc[1]	100%	United States	National Registered Agent Inc, Corporation Trust Centre, 1209 Orange Street, Wilmington DE 19801
Hello Soda International LLC[1]	100%	United States	6080 Center Drive, Suite 850, Los Angeles, California
Acuant Inc[1]	100%	United States	Corporation Trust Center, 1209 Orange Street, Wilmington, 19801, Delaware
Acuant Israel[1]	100%	Israel	Ha-Mefalsim St 12, Petah Tikva, 4951421
IdentityMind Global Inc[1]	100%	United States	Corporation Trust Center, 1209 Orange St DE
Acuant Mexico S de RL de CV[1]	100%	Mexico	Lago Alberto 442 Int 403 Suit 572 Col. ANAHUAC II SECCION
Verifi Identity Services Limited[1]	100%	New Zealand	Level 2, 48 High Street, Auckland, 1010
Verifi International Limited[1]	100%	New Zealand	Level 2, 48 High Street, Auckland, 1010

GB Group plc also hold branches in Dubai, Germany, Australia and New Zealand.

Under section 479A of the Companies Act 2006, the Group is claiming exemption from audit for the subsidiary company - Investigate 2020 Ltd. The parent undertaking, GB Group plc, registered number 02415211 guarantees all outstanding liabilities to which the subsidiary company is subject at the end of the financial year (being the period ended 31 August 2021). The guarantee is enforceable against the parent undertaking by any person to whom the subsidiary company is liable in respect of those liabilities.

19. Investments continued

The Company accounts for its non-listed equity investments as financial instruments designated at fair value through OCI. The Company holds the following non-listed equity investments:

Name of company	Proportion of voting rights and shares held	Country of incorporation	Registered office address
Payfone Inc.[1, 3]	0.32%	United States	215 Park Avenue South New York, NY, 10003
CredoLab Pte Ltd	10.53%	Singapore	111 North Bridge Road #08-18, Peninsula Plaza, 179098
Zenoo Ltd[1]	1.00%	United Kingdom	C/O Azets, Compass House, Vision Park, Histon, Cambridge, Cambridgeshire, CB24 9AD

1 held indirectly
2 dormant companies
3 held at zero value

20. Trade and other receivables

	2022 £'000	2021 £'000
Trade receivables	**59,557**	48,883
Allowance for unrecoverable amounts	**(3,968)**	(3,600)
Net trade receivables	**55,589**	45,283
Prepayments	**10,561**	8,211
Accrued income	**3,565**	5,123
	69,715	58,617

Expected credit loss allowance for trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit loses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and days past due. The provision rates are based on days past due, historical information relating to counterparty default rates and external credit ratings where available. The historic loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers, such as inflation, interest rates and economic growth rates. The following table provides an analysis of the Group's credit risk exposure on trade receivables using a provision matrix to measure expected credit losses.

	Trade receivables					
	Days past due					
31 March 2022	Current £'000	< 30 days £'000	31 – 60 days £'000	61 – 90 days £'000	> 90 days £'000	Total £'000
Gross carrying amount	**33,818**	**15,233**	**3,862**	**1,787**	**4,857**	**59,557**
Expected credit loss	**(614)**	**(322)**	**(162)**	**(106)**	**(2,764)**	**(3,968)**
Net carrying amount	**33,204**	**14,911**	**3,700**	**1,681**	**2,093**	**55,589**
% of total	**60%**	**27%**	**7%**	**3%**	**3%**	**100%**

Notes to the consolidated financial statements continued

20. Trade and other receivables continued

Expected credit loss allowance for trade receivables continued

	Trade receivables					
	Days past due					
31 March 2021	Current £'000	< 30 days £'000	31 – 60 days £'000	61 – 90 days £'000	> 90 days £'000	Total £'000
Gross carrying amount	30,280	9,125	3,246	1,269	4,963	48,883
Expected credit loss	(338)	(338)	(188)	(128)	(2,608)	(3,600)
Net carrying amount	29,942	8,787	3,058	1,141	2,355	45,283
% of total	66%	19%	7%	3%	5%	100%

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	2022 £'000	2021 £'000
Balance at 1 April	**3,600**	4,065
On acquisition	**935**	–
Increase in provision	**1,896**	1,924
Covid-19 provision	**(757)**	28
Write-offs	**(409)**	(512)
Release	**(1,348)**	(1,927)
Foreign exchange	**51**	22
	3,968	3,600

The amount disclosed in note 5 of £209,000 credit (2021: £25,000 charge), relates to the increase in provision, movement of the Covid-19 provision and the amount released in the year.

Sensitivities

A change in the expected credit loss percentage applied to each ageing category of 1% would increase/decrease the overall provision by £596,000 (2021: £489,000) at the year-end.

21. Cash

	2022 £'000	2021 £'000
Cash at bank and in hand	**22,302**	21,135

Cash at bank earns interest at floating rates based on daily bank deposit rates.

22. Equity share capital

	2022 £'000	2021 £'000
Authorised		
251,869,601 (2021: 196,303,554) ordinary shares of 2.5p each	**6,297**	4,908
Issued		
Allotted, called up and fully paid	**6,297**	4,908
Share premium	**566,769**	267,627
	573,066	272,535

	2022 No.	2021 No.
Number of shares in issue at 1 April	**196,303,554**	194,193,861
Issued on placing	**42,068,965**	–
Issued in relation to acquisition of subsidiary	**12,586,127**	446,784
Issued in relation to acquisition of financial instrument	**–**	321,882
Issued on exercise of share options	**910,955**	1,341,027
Number of shares in issue at 31 March	**251,869,601**	196,303,554

	2022			2021		
	Share capital £'000	Share premium £'000	Total £'000	Share capital £'000	Share premium £'000	Total £'000
Number of shares issued at 1 April	**4,908**	**267,627**	**272,535**	4,855	261,648	266,503
Consideration in exchange for acquisition of financial instrument	**–**	**–**	**–**	8	2,280	2,288
Consideration in exchange for acquisition of subsidiary	**1,366**	**298,168**	**299,534**	11	646	657
Consideration received on exercise of share options	**23**	**974**	**997**	34	3,053	3,087
Number of shares in issue at 31 March	**6,297**	**566,769**	**573,066**	4,908	267,627	272,535

During the year to 31 March 2022, the Acuant acquisition was part funded by the issue of 54,074,324 shares in the Company. 42,068,965 shares were issued through an equity placing to raise £305,000,000 to fund the cash consideration and 12,005,359 shares were issued as share consideration directly to the sellers. Please refer to note 34 for details. The costs associated with the issue of shares in the year was £5,780,000. In addition to the £299,519,000 recognised within share capital and share premium, in accordance with the requirements of section 612 of the Companies Act 2006, £86,739,000 has been recognised within the merger relief reserve.

During the year to 31 March 2022, the Cloudcheck acquisition was part funded by the issue of 580,768 shares in the Company. Please refer to note 34 for details. The costs associated with the issue of shares in the year was £nil. In addition to the £15,000 recognised within share capital, in accordance with the requirements of section 612 of the Companies Act 2006, £3,342,000 has been recognised within the merger relief reserve.

During the year to 31 March 2021, an investment was made into CredoLab Pte Ltd by the Group (and Company) and the consideration was in the form of 321,882 shares in the Company.

During the year to 31 March 2021, the HooYu acquisition was funded by the issue of 446,784 shares in the Company. Please refer to note 34 for details. In addition to the £657,000 recognised within share capital and share premium, in accordance with the requirements of section 612 of the Companies Act 2006, £3,343,000 has been recognised within the merger relief reserve.

Notes to the consolidated financial statements continued

22. Equity share capital continued

Share forfeiture

Under Article 43 of GBG's Articles of Association if, for a period of at least 12 years, the Company has been unable to trace a shareholder and dividends have remained uncashed, the shares will be forfeited. Those shares become an asset of the Company and can be sold on the open market, with the net proceeds being "employed in the business of the Company or invested in such investments as the Board may think fit".

Following an extensive exercise in conjunction with the Company's Registrar to trace missing shareholders, in December 2020 338,217 shares in the Company were forfeited and subsequently sold on the open market. This resulted in a cash receipt of £2,578,000 net of fees and commissions related to the forfeiture programme.

In addition, unclaimed dividends related to the forfeited shares totalling £63,000 were repaid to the Company.

Both the receipt from the sale of the forfeited shares and the unclaimed dividends were recognised directly in retained earnings, totalling £2,641,000.

During the year to 31 March 2022, a number of late claims have been received in relation to previous forfeited shares and unclaimed dividends. As a result, share forfeiture refunds totalling £29,000 have been paid.

23. Loans

Bank loans

On 18 November 2021, the Group refinanced its existing revolving credit facility and the total was increased to a £175,000,000 multi-currency facility. This facility is due to expire in July 2025 with two one-year extension options. Total fees paid in relation to the extension were £1,157,000 which included an arrangement fee of £1,122,000.

On 22 November 2021, the Group drew down $210,220,000 (£156,748,000) against the new facility in order to part fund the acquisition of Acuant (see note 34). Subsequent to this drawdown repayments totalling $40,220,000 (£30,106,000) have been made prior to 31 March 2022.

During the year to 31 March 2021, loan arrangement fees on the previous revolving credit facility were reclassified to prepayments due to the loan value being £nil at 31 March 2021 and the net position was therefore an asset rather than a liability. In the year to 31 March 2022 loan arrangement fees have been netted off the loan balance.

The debt bears an interest rate of Sterling Overnight Index Average ('SONIA') for British Pound Sterling drawdowns or Secured Overnight Financing Rate ('SOFR') for United States Dollar drawdowns plus a margin of between 1.6% and 2.4% depending on the Group's current leverage position.

The loan is secured by a fixed and floating charge over the assets of the Group.

	2022 £'000	2021 £'000
Opening bank loan	**–**	62,139
New borrowings	**156,748**	–
Loan arrangement fee	**(1,157)**	
Repayment of borrowings	**(30,073)**	(62,500)
Loan fees paid for extension	**–**	(193)
Amortisation of loan fees	**129**	193
Foreign currency translation adjustment	**2,579**	–
Reclassification of loan fees to prepayments	**–**	361
Closing bank loan	**128,226**	–
Analysed as:		
Amounts falling due within 12 months	**–**	–
Amounts falling due after one year	**128,226**	–
	128,226	–
Analysed as:		
Bank loans	**129,254**	–
Unamortised loan fees	**(1,028)**	–
	128,226	–

24. Lease liabilities

	2022 £'000	2021 £'000
At 1 April	**3,936**	5,725
Additions	**236**	504
Acquired on acquisition	**971**	–
Sale of business disposals	**–**	(291)
Accretion of interest	**127**	198
Repayments	**(1,969)**	(2,252)
Foreign currency adjustment	**70**	52
At 31 March	**3,371**	3,936
Analysed as:		
Amounts falling due within 12 months	**1,842**	1,650
Amounts falling due after one year	**1,529**	2,286
	3,371	3,936

25. Trade and other payables

	2022 £'000	2021 £'000
Trade payables	**10,558**	6,345
Other taxes and social security costs	**4,785**	4,202
Accruals	**34,229**	30,520
	49,572	41,067

26. Provisions

	2022 £'000	2021 £'000
Provisions can be analysed as follows:		
Dilapidation provision (see below)	**345**	404
Long service award (see below)	**521**	606
	866	1,010
Dilapidation provision		
At 1 April	**404**	465
Disposed as part of businesses	**–**	(111)
Provided in year	**–**	45
Utilised in year	**(10)**	–
Released in year	**(50)**	–
Foreign exchange adjustment	**1**	5
Closing balance	**345**	404

This provision relates to the estimated cost of restoration work required upon termination of leasehold property agreements. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease. During the year, dilapidation charges were agreed on a property that was exited in the previous year and the remaining provision was released. The timing of the outflows is not expected to occur in the following 12 months and as such has been disclosed as a non-current liability. The Group do not expect the final payments to differ materially from those amounts provided.

Notes to the consolidated financial statements continued

26. Provisions continued

Long service award

The Group provides long service awards, providing employees with a benefit after they attain a set period of service with the Group, for example 10 or 20 years. For these benefits, IAS 19 requires a liability to be held on the Group's balance sheet.

	2022 £'000	2021 £'000
At 1 April	**606**	551
Service cost	**85**	89
Benefits taken	**(52)**	(4)
Actuarial gain during the year	**(127)**	(42)
Net interest charge	**9**	12
At 31 March	**521**	606

The following table lists the inputs to the valuation of the long service award for the years ended 31 March 2022 and 31 March 2021.

	2022	2021
Discount rate (%)	**2.6**	1.5
Salary increases (%)	**4.4**	3.7
Employee turnover (% probability of leaving depending on age)	**2 – 20%**	2 – 20%

27. Financial instruments and risk management

The Group's activities expose it to a variety of financial risks including: market risk (including foreign currency risk and cash flow interest rate risk), credit risk, liquidity risk and capital management. The Group's overall risk management programme considers the unpredictability of financial markets and seeks to reduce potential adverse effects on the Group's financial performance. With the exception of the one-off foreign exchange forward contract that was entered into to fix the rate at which part of the consideration for the acquisition was paid (see note 34), the Group does not currently use derivative financial instruments to hedge foreign exchange exposures.

Credit risk

Credit risk is managed on a Group basis except for credit risk relating to accounts receivable balances which each entity is responsible for managing. Credit risk arises from cash and cash equivalents, as well as credit exposures from outstanding customer receivables. Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. For those sales considered higher risk, the Group operates a policy of cash in advance of delivery. The Group regularly monitors its exposure to bad debts in order to minimise exposure. Credit risk from cash and cash equivalents is managed via banking with well-established banks with a strong credit rating.

Covid-19 assessment

The single largest impact on the Group's credit risk profile over the last two years was the Covid-19 pandemic. Given the uncertainty over the ultimate impact on credit risk because of continued government stimulus and protection packages, and how government strategies would evolve on these protection packages, it was not considered possible to fully reflect the anticipated economic impacts in the underlying assumptions in a mechanistic approach. The Group therefore responded by calculating an additional level of provision to overlay the normal ECL calculation. This overlay was based on management judgement taking into account an analysis of trade receivables broken down into customer sectors, using internal and external forecasts to assess the sectors which were likely to see the biggest impact of the pandemic, and comparing cash receipts received in the past twelve months for customers in these sectors against pre-pandemic historical averages.

In the current year, this additional overlay of £757,000 has been released as, it is now over 24 months since the pandemic began, and the Group has not experienced any significant increase in credit losses during this period even after the cessation of the majority of government economic support packages, such as furlough in the UK. The past 24 months is considered to be a fair representation of the potential risk profile for the coming year due to the Covid-19 pandemic.

The maximum exposure to credit risk at the reporting dates is the carrying value of each class of financial assets as disclosed in note 20.

27. Financial instruments and risk management continued

Foreign currency risk

The Group's foreign currency exposure arises from:

- Transactions (sales/purchases) denominated in foreign currencies;
- Monetary items (mainly cash receivables and borrowings) denominated in foreign currencies; and
- Investments in foreign operations, whose net assets are exposed to foreign currency translation.

The Group has currency exposure on its investments in foreign operations in the United States of America. In terms of sensitivities, the effect on equity of a 10% increase in the US Dollar and Sterling exchange rate would be an increase in equity of £4,477,000 (2021: £1,117,000 decrease). The effect on equity of a 10% decrease in the US Dollar and Sterling exchange rate would be a decrease of £5,472,000 (2021: £914,000 increase).

The Group has currency exposure on its investments in foreign operations in Australia. In terms of sensitivities, the effect on equity of a 10% increase in the Australian Dollar and Sterling exchange rate would be a decrease of £5,621,000 (2021: £6,044,000 decrease). The effect on equity of a 10% decrease in the Australian Dollar and Sterling exchange rate would be an increase of £6,870,000 (2021: £4,945,000 increase).

Due to the acquisition of Cloudcheck during the year, the Group now has currency exposure on its investments in foreign operations in New Zealand. In terms of sensitivities, the effect on equity of a 10% increase in the New Zealand Dollar and Sterling exchange rate would be a decrease of £86,000. The effect on equity of a 10% decrease in the New Zealand Dollar and Sterling exchange rate would be an increase of £105,000.

The exposure to transactional foreign exchange risk within each company is monitored and managed at both an entity and a Group level. The following table demonstrates the sensitivity of the Group's foreign currency exposure on the net monetary position at 31 March 2022:

Foreign currency exposure – Group	USD rate[1]	EUR rate[1]	AUD rate[1]	MYR rate[1]	CNY rate[1]	NZD rate[1]
Change in rate	**+10%**	**+10%**	**+10%**	**+10%**	**+10%**	**+10%**
Effect on profit before tax (£000s)	**392**	**14**	**(51)**	**(21)**	**(18)**	**(143)**
Change in rate	**–10%**	**–10%**	**–10%**	**–10%**	**–10%**	**–10%**
Effect on profit before tax (£000s)	**(478)**	**(17)**	**62**	**25**	**21**	**175**

1 USD = United States Dollar, EUR = Euro, AUD = Australian Dollar, MYR = Malaysian Ringgit, CNY = Chinese Yuan, NZD = New Zealand Dollar

The Group's exposure to foreign currency changes for all other currencies is not material.

Cash flow interest rate risk

The Group has financial assets and liabilities, which are exposed to changes in market interest rates. Changes in interest rates impact primarily on deposits and loans by changing their future cash flows (variable rate). Management does not currently have a formal policy of determining how much of the Group's exposure should be at fixed or variable rates and the Group does not use hedging instruments to minimise its exposure. However, at the time of taking new loans or borrowings, management uses its judgement to determine whether it believes that a fixed or variable rate would be more favourable for the Group over the expected period until maturity. In terms of sensitivities, the effect on profit before taxation of an increase/decrease in the basis points on floating rate borrowings of 25 bps would be £323,000 (2021: £nil following the full repayment of loan facilities).

Notes to the consolidated financial statements continued

27. Financial instruments and risk management continued

Liquidity risk

Cash flow forecasting is performed on a Group basis by the monitoring of rolling forecasts of the Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs and surplus funds are placed on deposit and available at very short notice. The maturity date of the Group's loans are disclosed in note 23.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments and includes contractual interest payments:

Year ended 31 March 2022	On demand £'000	Less than 12 months £'000	1 to 5 years £'000	Total £'000
Loans (note 23)	–	–	128,226	128,226
Contingent consideration (note 35)	–	5,954	2,111	8,065
Lease liabilities (note 24)	–	1,930	1,589	3,519
Trade and other payables (note 25)	15,343	34,229	–	49,572
	15,343	42,113	131,926	189,382

Year ended 31 March 2021	On demand £'000	Less than 12 months £'000	1 to 5 years £'000	Total £'000
Loans (note 23)	–	–	–	–
Contingent consideration (note 35)	–	3,662	–	3,662
Lease liabilities (note 24)	–	1,650	2,286	3,936
Trade and other payables (note 25)	10,547	30,520	–	41,067
	10,547	35,832	2,286	48,665

The balances above represent the contractual undiscounted amounts , and therefore will differ from the amounts presented in the Statement of Financial Position (which are discounted) .

Capital management

The Group manages its capital structure in order to safeguard the going concern of the Group and maximise shareholder value.

The capital structure of the Group consists of debt, which includes loans disclosed in note 23, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings.

The Group may maintain or adjust its capital structure by adjusting the amount of dividend paid to shareholders, returning capital to shareholders, issuing new shares or selling assets to reduce debt.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to borrowings. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any borrowings in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2022 and 31 March 2021.

27. Financial instruments and risk management continued

Financial instruments: classification and measurement

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Group at 31 March:

	2022			2021		
	Amortised cost £'000	Fair value through profit or loss £'000	Amortised cost £'000	Loans and receivables £'000	Fair value through profit or loss £'000	Fair value through OCI £'000
Financial assets:						
Investments	–	–	2,288	–	–	2,288
Trade and other receivables	55,589	–	–	45,283	–	–
Total current	55,589	–	2,288	45,283		2,288
Total	55,589	–	2,288	45,283	–	2,288
Financial liabilities:						
Lease liabilities	1,529	–	–	2,286	–	–
Loans	128,226	–	–	–	–	–
Contingent consideration	–	1,920	–	–	–	–
Total non-current	129,755	1,920	–	2,286	–	–
Trade and other payables	49,572	–	–	41,067	–	–
Lease liabilities	1,842	–	–	1,650	–	–
Loans	–	–	–	–	–	–
Contingent consideration	–	5,856	–	–	3,662	–
Total current	51,414	5,856	–	42,717	3,662	–
Total	181,169	7,776	–	45,003	3,662	–

All financial assets and liabilities have a carrying value that approximates to fair value. The Group does not have any derivative financial instruments at the year end. During the year, a foreign exchange forward contract was entered into to fix the rate at which part of the consideration for the Acuant acquisition (see note 34) was exchanged at. On settlement of the forward contract a gain of £3,053,000 was recognised in the Consolidated Statement of Profit and Loss (see note 7b).

Financial assets

Trade and other receivables exclude the value of any prepayments or accrued income. Trade and other payables exclude the value of deferred income.

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. Trade receivables are non-interest bearing and are generally on 14 to 60-day terms.

Financial liabilities

The Group has a multi-currency revolving credit facility agreement expiring in July 2025, with two one-year extension options, which is subject to a limit of £175,000,000. The debt bears an interest rate of Sterling Overnight Index Average ('SONIA') for GBP drawdowns or Secured Overnight Financing Rate ('SOFR') for USD drawdowns plus a margin of between 1.6% and 2.4% depending on the Group's current leverage position.

The facilities are secured by way of an all asset debenture.

The Group is subject to a number of covenants in relation to its borrowings which, if breached, would result in loan balances becoming immediately repayable. These covenants specify certain maximum limits in terms of the following:

- Leverage
- Interest cover

At 31 March 2022 and 31 March 2021, the Group was not in breach of any bank covenants.

Notes to the consolidated financial statements continued

27. Financial instruments and risk management continued

Financial liabilities: interest-bearing loans and borrowings

	Interest rate %	Maturity	2022 £'000	2021 £'000
Non-current interest-bearing loans and borrowings				
£175,000,000 multi-currency revolving credit facility	Variable[1]	July 2025	**128,226**	–
£110,000,000 revolving credit facility[2]	LIBOR + 1.5	Feb 2023	**–**	–
Total non-current interest-bearing loans and borrowings			**128,226**	–
Total interest-bearing loans and borrowing			**128,226**	–

1 The debt bears an interest rate of Sterling Overnight Index Average ('SONIA') for GBP drawdowns or Secured Overnight Financing Rate ('SOFR') for USD drawdowns plus a margin of between 1.6% and 2.4% depending on the Group's current leverage position.
2 As disclosed in note 23, on 18 November 2021, the Group refinanced its existing £110,000,000 revolving credit facility and the total facility was increased to a £175,000,000 multi-currency facility.

Fair values of financial assets and liabilities

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of inputs used in making measurements of fair value. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For financial instruments that are recognised at the fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At 31 March 2022	Valuation technique	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial asset at fair value through other comprehensive income Investment in CredoLab Pte Ltd (note 19)	**Income approach**	**–**	**–**	**2,288**	**2,288**
Financial liability at fair value through profit and loss Contingent consideration (note 35)	**Present value of expected future cash flow**	**–**	**–**	**7,776**	**7,776**

At 31 March 2021	Valuation technique	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial asset at fair value through other comprehensive income Investment in CredoLab Pte Ltd (note 19)	Income approach	–	–	2,288	2,288
Financial liability at fair value through profit and loss Contingent consideration (note 35)	Present value of expected future cash flow	–	–	3,662	3,662

28. Changes in liabilities arising from financing activities

	1 April 2021 £'000	Cash flows £'000	Foreign exchange movement £'000	Other movement £'000	New leases £'000	31 March 2022 £'000
Current liabilities						
Interest-bearing loans	**–**	**–**	**–**	**–**	**–**	**–**
Lease liabilities	**1,650**	**(1,969)**	**–**	**2,161**	**–**	**1,842**
Non-current liabilities						
Interest-bearing loans	**–**	**125,518**	**2,579**	**129**	**–**	**128,226**
Lease liabilities	**2,286**	**–**	**70**	**(2,034)**	**1,207**	**1,529**
Total liabilities arising from financing activities	**3,936**	**123,549**	**2,649**	**256**	**1,207**	**131,597**

Other movement in interest-bearing loans represents amortisation of loan arrangement fees.

Other movement in lease liabilities includes interest, disposals and the reclassification of non-current lease liabilities to current lease liabilities.

	1 April 2020 £'000	Cash flows £'000	Foreign exchange movement £'000	Other movement £'000	New leases £'000	31 March 2021 £'000
Current liabilities						
Interest-bearing loans	–	–	–	–	–	–
Lease liabilities	2,012	(2,252)	–	1,890	–	1,650
Non-current liabilities						
Interest-bearing loans	62,139	(62,500)	–	361	–	–
Lease liabilities	3,713	–	52	(1,983)	504	2,286
Total liabilities arising from financing activities	67,864	(64,752)	52	268	504	3,936

Other movement in interest-bearing loans represents additional loan fees paid during the year and amortisation of those loan fees.

Other movement in lease liabilities includes interest, disposals and the reclassification of non-current lease liabilities to current lease liabilities.

29. Share-based payments

The Group operates Executive Share Option Schemes under which Executive Directors, managers and team members of the Company are granted options over shares. The charge recognised from equity-settled share-based payments in respect of employee services received during the year is £6,171,000 (2021: £5,170,000).

Executive share option scheme

Options are granted to Executive Directors and employees on the basis of their performance. Options are granted at the full market value of the Company's shares at the time of grant and are exercisable between three and ten years from the date of grant. The options vest on the third anniversary of the grant subject to the Company's earnings per share ('EPS') growth being greater than the growth of the Retail Prices Index ('RPI') over a three-year period prior to the vesting date. There are no cash settlement alternatives.

Notes to the consolidated financial statements continued

29. Share-based payments continued

Share Matching Plan

In the year ended 31 March 2012, the Remuneration Committee introduced the Share Matching Plan. Participants who invest a proportion of their annual cash bonus in GBG shares can receive up to a multiple of their original investment in GBG shares, calculated on a pre-tax basis. Any matching is conditional upon achieving pre-determined Adjusted EPS growth targets set by the Remuneration Committee for the following three years. Share Matching Plan options will only become exercisable to the extent they have vested in accordance with the Adjusted EPS target.

For Share Matching Plan awards granted after 31 March 2020, 75% of the awards are subject to the Adjusted EPS growth targets.

The remaining 25% are subject to a Total Shareholder Return (TSR) measure against the peer group (FTSE250). 25% of the TSR element vests at the median performance against the peer group and 100% of award vests at upper quartile, i.e. the 75th percentile.

GBG Sharesave Scheme

The Group has a savings-related share option plan, under which employees save on a monthly basis, over a three or five-year period, towards the purchase of shares at a fixed price determined when the option is granted. This price is usually set at a 20% discount to the market price at the time of grant. The option must be exercised within six months of maturity of the savings contract, otherwise it lapses.

Performance Share Plan ('PSP')

The Group operates a PSP for all employees, but it is intended that awards are made to senior management team members below the Executive Director level. The plan was approved at the 2018 AGM. Awards are subject to a three-year EPS performance condition. Employees can be granted awards of £nil cost options with an aggregate value on date of grant of up to 100% of base salary. The awards are subject to malus and clawback.

For Performance Share Plan awards granted after 31 March 2020, 75% of the awards are subject to the Adjusted EPS growth targets. The remaining 25% are subject to a Total Shareholder Return (TSR) measure against the peer group (FTSE250). 25% of the TSR element vests at the median performance against the peer group and 100% of award vests at upper quartile, i.e. the 75th percentile.

The following table illustrates the number and weighted average exercise prices ('WAEP') of, and movements in, share options during the year.

	2022 No.	**2022 WAEP**	2021 No.	2021 WAEP
Outstanding as at 1 April	**5,060,450**	**162.23p**	5,005,487	175.77p
Granted during the year	**1,922,799**	**120.78p**	1,846,549	200.24p
Forfeited during the year	**(676,788)**	**204.54p**	(423,085)	256.94p
Cancelled during the year	**(35,503)**	**537.22p**	(23,197)	483.63p
Exercised during the year	**(919,320)**	**108.43p**[1]	(1,341,027)	230.72p[2]
Expired during the year	**–**	**–**	(4,277)	356.77p
Outstanding at 31 March	**5,351,638**	**148.50p**	5,060,450	162.23p
Exercisable at 31 March	**170,347**	**62.27p**	27,940	359.81p

1 The weighted average share price at the date of exercise for the options exercised was 827.14p
2 The weighted average share price at the date of exercise for the options exercised was 768.80p

For the shares outstanding as at 31 March 2022, the weighted average remaining contractual life is 5.0 years (2021: 5.3 years).

The weighted average fair value of options granted during the year was 686.29p (2021: 531.84p). The range of exercise prices for options outstanding at the end of the year was 2.5p-885.0p (2021: 2.5p-739.0p).

29. Share-based payments continued

Performance Share Plan ('PSP') continued

The fair value of equity-settled share options granted is estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model for the years ended 31 March 2022 and 31 March 2021.

	2022	2021
Dividend yield (%)	**0.3 – 0.4**	0.3 – 0.6
Expected share price volatility (%)	**40**	30 – 40
Risk-free interest rate (%)	**0.0 – 0.3**	–0.1 – 1.1
Lapse rate (%)	**0 – 10.0**	0 – 10.0
Expected exercise behaviour	**See below**	See below
Expected life of option (years)	**1.0 - 5.1**	0.8 – 5.2
Exercise price (p)	**2.5 – 885.0**	2.50 – 739.0
Weighted average share price (p)	**827.14**	768.80

Other than the Matching Scheme, PSP and SAYE options, it is assumed that 50% of options will be exercised by participants as soon as they are 20% or more "in-the-money" (i.e. 120% of the exercise price) and the remaining 50% of options will be exercised gradually at the rate of 10% per annum each year they remain at or above the 20% "in-the-money".

For the Matching Scheme, PSP and SAYE options, it is assumed these are exercised at the earliest opportunity in full (i.e. Vesting Date) since the exercise price is a nominal amount and is therefore not expected to influence the timing of a participant's decision to exercise the options.

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

30. Description of reserves

Equity share capital

The balance classified as share capital includes the nominal value on issue of the Company's equity share capital, comprising 2.5p ordinary shares.

Share premium

The balance classified as share premium includes the excess proceeds over the nominal amount received on the issue of the Company's equity share capital. Costs associated with the issue of new share capital have been offset against this balance.

Merger reserve

The balance on the merger reserve represents the fair value of the consideration given in excess of the nominal value of the ordinary shares issued in the acquisition of GB Mailing Systems, Investigate 2020 Limited, Acuant Intermediate Holding Corp and Verifi Identity Services Limited by the issue of shares.

Capital redemption reserve

The balance classified as capital redemption reserve includes the nominal value of own shares purchased back by the Company and subsequently cancelled.

Other reserve

The balance represents the profit from the date of acquisition to the date of hive-up into the Company of ID Scan Biometrics Limited and Postcode Anywhere (Holdings) Limited, offset by amortisation of the identified intangibles and unwinding of the associated deferred tax liabilities.

Foreign currency translation reserve

The balance on the foreign currency translation reserve represents the accumulated balance on the translation of foreign subsidiaries previously recognised through other comprehensive income.

Notes to the consolidated financial statements continued

31. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

There were no other related party transactions entered into, or outstanding at 31 March 2022 or 31 March 2021.

Compensation of key management personnel (including Directors)

	2022 £'000	2021 £'000
Short-term employee benefits	3,392	2,974
Post-employment benefits	–	74
Fair value of share options awarded	2,633	2,862
	6,025	5,910

32. Contingent liability

The Information Commissioner's Office, the data industry regulator in the UK, announced in November 2018 that it was conducting audits on a number of companies to understand the use of data in their services. GBG was included in this review and has continued to actively engage with the Commissioner to continue to improve its privacy compliance. We will keep the market informed of any material developments.

33. Subsequent events

On 10 May 2022, The GB Group Employee Benefit Trust ('the Trust') was established. The purpose of this trust will be to acquire and hold a pool of shares to satisfy share awards under the Group's employee share plans.

34. Acquisitions and disposals

2022 Acquisitions

Acquisition of Acuant Intermediate Holding Corp

On 29 November 2021, GB Group plc acquired the entire share capital of Acuant Intermediate Holding Corp ('Acuant'), a leading US identity verification platform, for total consideration of £554,545,000. Consideration for the acquisition was £468,118,000 in cash and £87,039,000 in GB Group plc shares issued directly to the Acuant vendors. The cash consideration was funded £305,000,000 from an equity placing of 42,068,965 new ordinary shares in GB Group plc, a partial drawdown of £156,748,000 from the Group's renewed revolving credit facility, with the remaining balance being funded by existing cash resources.

The acquisition of Acuant increases GB Group plc's identity verification presence in North America, a key growth region for the Group, accelerates GBG's data, product and platform strategy and provides further customer and sector diversification. Following completion of the purchase, GB Group plc's investment in Acuant was immediately sold to GBG (USA) Holdings LLC at cost in exchange for share capital in GBG (USA) Holdings LLC. The Consolidated Statement of Profit or Loss includes the results for the four-month period since the acquisition of Acuant.

34. Acquisitions and disposals

2022 Acquisitions continued

Acquisition of Acuant Intermediate Holding Corp continued

The provisional fair value of the identifiable assets and liabilities of Acuant as at the date of acquisition was:

	Fair value recognised on acquisition £'000
Assets	
Technology intellectual property	127,897
Customer relationships	48,594
Brand	3,390
Investments	38
Property, plant and equipment	823
Right-of-use assets	892
Purchased software	181
Deferred tax asset	14,695
Inventory	1,034
Trade and other receivables	7,503
Corporation tax receivable	847
Cash	13,733
Trade and other payables	(22,017)
Lease liability	(971)
Deferred tax liabilities	(45,581)
Total identifiable net assets at fair value	151,058
Goodwill arising on acquisition	403,487
Total purchase consideration transferred	554,545
Purchase consideration:	
Cash	468,118
Net working capital adjustment*	(612)
Share purchase	87,039
Total purchase consideration	554,545
Analysis of cash flows on acquisition:	
Transaction costs of the acquisition (included in cash flows from operating activities)	(5,195)
Net cash acquired with the subsidiary	13,733
Cash paid	(468,118)
Acquisition of subsidiaries, net of cash acquired (included in cash flows from investing activities)	(454,385)
Net cash outflow	(459,580)

* The net working capital adjustment was included within other receivables as at 31 March 2022.

Notes to the consolidated financial statements continued

34. Acquisitions and disposals continued

2022 Acquisitions continued

Acquisition of Acuant Intermediate Holding Corp continued

The fair value of the identifiable assets and liabilities set out above are considered provisional as, due to the size and complexity of the acquisition, in addition to completion being in the second half of the year, detailed analysis is still ongoing to agree the final values.

The fair value of the acquired trade receivables amounts to £5,769,000. The gross amount of trade receivables is £6,704,000 with a provision of £935,000.

There is no contingent or deferred consideration recognised as part of this business combination.

The excess of the fair value of the consideration paid over the fair value of the assets acquired is represented by technology related intangibles of £127,897,000, customer relationships intangibles of £48,594,000 and brand intangibles of £3,390,000; with residual goodwill arising of £403,487,000.

The goodwill recognised above is attributed to intangible assets that cannot be individually separated and reliably measured from Acuant due to their nature. These items include the capability for synergies from bringing the businesses together, combining propositions and capabilities that will help the business achieve accelerated consolidated growth from both cross-sell and up-sell. None of the goodwill is expected to be deductible for income tax purposes.

GB Group plc issued 12,005,359 ordinary shares as consideration for the business combination. Since the share consideration was subject to certain restrictions, the fair value of the shares was discounted to take into account the lack of marketability, which resulted in a fair value of £7.25 per share. The fair value of the consideration given was therefore £87,039,000. £300,000 of the total consideration was recognised within share capital with £86,739,000 recognised within the merger relief reserve in accordance with the requirements of section 612 of the Companies Act 2006.

Transaction costs of £5,195,000 were incurred and included within exceptional items in the Consolidated Statement of Comprehensive Income and are part of operating cash flows in the Cash Flow Statement. There were no directly attributable share issue costs recognised on this issue.

From the date of acquisition, Acuant contributed £12,304,000 of revenue (net of deferred revenue haircut) and £1,677,000 of loss to profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue would have been £270,457,000 and profit before tax for the Group would have been £25,752,000.

Acquisition of Verifi Identity Services Limited

On 31 January 2022, GB Group plc acquired the entire share capital of Verifi Identity Services Limited ('Cloudcheck'), a New Zealand provider of identity verification software, for initial consideration of £10,048,000. Initial consideration for the acquisition was £6,691,000 in cash and £3,357,000 in GB Group plc shares issued directly to the Cloudcheck vendors. The cash consideration was funded by existing cash resources. The Consolidated Statement of Profit or Loss includes the results for the two-month period since the acquisition of Cloudcheck.

The acquisition of Cloudcheck increases GB Groups plc's identity verification presence in New Zealand and Australia, two markets where the Group currently provides fraud detection solutions to customers. Following completion of the purchase, GB Group plc's investment in Cloudcheck was immediately transferred to GBG (Australia) Holding Pty Limited who subsequently transferred this investment to GBG (Australia) Pty Limited at cost with the transaction being settled through intercompany accounts.

34. Acquisitions and disposals continued

2022 Acquisitions continued

Acquisition of Verifi Identity Services Limited continued

The fair value of the identifiable assets and liabilities of Cloudcheck as at the date of acquisition was:

	Fair value recognised on acquisition £'000
Assets	
Technology intellectual property	**1,535**
Customer relationships	**2,930**
Brand	**68**
Property, plant and equipment	**3**
Purchased software	**12**
Trade and other receivables	**404**
Cash	**693**
Trade and other payables	**(423)**
Deferred tax liabilities	**(1,269)**
Total identifiable net assets at fair value	**3,953**
Goodwill arising on acquisition	**9,713**
Total purchase consideration transferred	**13,666**
Purchase consideration:	
Cash	**6,691**
Share purchase	**3,357**
Contingent consideration	**3,618**
Total purchase consideration	**13,666**
Analysis of cash flows on acquisition:	
Transaction costs of the acquisition (included in cash flows from operating activities)	**(88)**
Net cash acquired with the subsidiary	**693**
Cash paid	**(6,691)**
Acquisition of subsidiaries, net of cash acquired (included in cash flows from investing activities)	**(5,998)**
Net cash outflow	**(6,086)**

Notes to the consolidated financial statements continued

34. Acquisitions and disposals continued

2022 Acquisitions continued

Acquisition of Verifi Identity Services Limited continued

The fair value of the identifiable assets and liabilities set out above are considered provisional as completion was only two months prior to the year-end and so detailed analysis is still ongoing to agree the final values.

The fair value of the acquired trade receivables amounts to £398,000. The gross amount of trade receivables is £398,000 with a provision of £nil.

The contingent consideration is payable in stages based on revenue targets established with the vendor. The first stage of contingent consideration is linked to growth in revenue in the financial year ended 31 March 2023 and is payable in May 2023. The second stage of contingent consideration is linked to growth in revenue in the financial year ended 31 March 2024 and is payable in May 2024. The maximum amount payable is NZ$8,000,000.

The fair value measurement of the contingent consideration represents a Level 3 valuation due to unobservable inputs, which are not derived from market data. The key assumption within the forecast revenue is volume.

The excess of the fair value of the consideration paid over the fair value of the assets acquired is represented by technology related intangibles of £1,535,000, customer relationships intangibles of £2,930,000 and brand intangibles of £68,000; with residual goodwill arising of £9,713,000.

The goodwill recognised above is attributed to intangible assets that cannot be individually separated and reliably measured from Cloudcheck due to their nature. These items include the capability for synergies from bringing the businesses together, combining propositions and capabilities that will help the business achieve accelerated consolidated growth from both cross-sell and up-sell. None of the goodwill is expected to be deductible for income tax purposes.

GB Group plc issued 580,768 ordinary shares as consideration for the business combination. Since the share consideration was subject to certain restrictions, the fair value of the shares was discounted to take into account the lack of marketability, which resulted in a fair value of £5.78 per share. The fair value of the consideration given was therefore £3,357,000. £15,000 of the total consideration was recognised within share capital with £3,342,000 recognised within the merger relief reserve in accordance with the requirements of section 612 of the Companies Act 2006.

Transaction costs of £88,000 were incurred and included within exceptional items in the Consolidated Statement of Comprehensive Income and are part of operating cash flows in the Cash Flow Statement. There were no directly attributable share issue costs recognised on this issue.

From the date of acquisition, Cloudcheck contributed £340,000 of revenue and £140,000 of profit to profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue would have been £244,891,000 and profit before tax for the Group would have been £22,717,000.

34. Acquisitions and disposals continued

2021 Acquisitions and disposals

Acquisition of Investigate 2020 Ltd

On 14 December 2020, GB Group plc acquired the entire share capital of Investigate 2020 Limited (HooYu Investigate) following a transfer of assets from HooYu Limited into HooYu Investigate. HooYu Investigate uses leading database and UX technologies to improve the productivity of an investigation process. The Investigate product complements GBG's existing Connexus portfolio. Consideration for the purchase was £4,000,000 in GB Group plc ('GBG') shares (446,784 new ordinary shares of 2.5p each). This consideration was assigned £3,352,675 for the shares of Investigate 2020 Limited and £647,325 to settle the loan due to HooYu Limited after the transfer of the assets from HooYu Limited into HooYu Investigate. Following completion of the purchase, the assets were immediately hived up into GB Group plc. The Consolidated Statement of Profit or Loss includes the results for the three-and-a-half-month period since the acquisition of Investigate 2020 Ltd.

The fair value of the identifiable assets and liabilities of HooYu Investigate as at the date of acquisition was:

	Fair value recognised on acquisition £'000
Assets	
Technology intellectual property	4,620
Non-compete agreements	645
Hardware	3
Prepayments	20
Deferred income	(429)
Deferred tax liabilities	(1,000)
Total identifiable net assets at fair value	3,859
Goodwill arising on acquisition	141
Total purchase consideration transferred	4,000
Purchase consideration:	
Share purchase	3,353
Settlement of loan to HooYu Limited	647
Total purchase consideration	4,000
Analysis of cash flows on acquisition:	
Transaction costs of the acquisition (included in cash flows from operating activities)	(189)
Net cash acquired with the subsidiary	–
Cash paid	–
Acquisition of subsidiaries, net of cash acquired (included in cash flows from investing activities)	–
Net cash outflow	(189)

There is no contingent or deferred consideration recognised as part of this business combination.

GB Group plc issued 446,784 ordinary shares as consideration for the business combination. The fair value of the shares is calculated with reference to the quoted price of the shares of the Company at the date of acquisition, which was £8.953 per share. The fair value of the consideration given was therefore £4,000,000. £658,000 of the total consideration was recognised within share capital and share premium with £3,342,000 recognised within the merger relief reserve in accordance with the requirements of section 612 of the Companies Act 2006.

Notes to the consolidated financial statements continued

34. Acquisitions and disposals continued

2021 Acquisitions and disposals continued

Acquisition of Investigate 2020 Ltd continued

Transaction costs of £189,000 were incurred and included within exceptional expenses. There were no directly attributable share issue costs recognised on this issue.

From the date of acquisition, HooYu Investigate contributed £249,000 of revenue and £303,000 of losses to profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue would have been £218,406,000 and profit before tax for the Group would have been £33,344,000.

Disposal of Marketing Services

On 13 January 2021 GBG sold part of its Marketing Services division to HH Global Interactive Limited ('HHG'). The Marketing Services business has existed within GBG for nearly 20 years and was supplemented by the acquisition of the entire issued share capital of CDMS Limited, (trading as Transactis) in November 2014. Immediately upon acquisition the trade and assets of Transactis were hived-up into GB Group plc.

The current contracts within the Marketing Services were a combination of customers that stem either from pre-Transactis, were acquired in the Transactis acquisition or were won afterwards as part of the combined business. Post hive-up it was considered one business from an operational and go-to-market perspective.

Customer relationships that have been sold in the transaction totalling of £1,093,000 have been derecognised in the Group.

A goodwill balance of £502,000 in the Group was held in respect of the Marketing Services business. This has been fully assigned to the area of the business retained using a fair value approach. As detailed in note 14, this goodwill was impaired by £75,000 in the Group.

As this area of the business did not constitute a major line of business, single geographical area of operation, and was not part of a co-ordinated plan to dispose of a separate major line, the disposal has not been treated as a discontinued operation in line with IFRS 5.

The calculation of the loss on disposal has been detailed below.

	£'000
Consideration – cash	10
Migration costs[1]	(65)
Net proceeds/(payment)	(55)
Intangible assets disposed – customer relationship asset	1,093
Accruals	(11)
Net book value of assets and liabilities disposed	1,082
Transaction costs of the disposal – paid	38
Loss on disposal	(1,175)
Impairment of acquired goodwill	(75)

1 Migration costs were paid by the Group to the purchaser and as such have been included in the net payment amount.

Revenue of £1,075,000 (2020: £4,319,000) from the disposed Marketing Services business has been deducted from total Group revenue in the calculation of organic growth.

34. Acquisitions and disposals continued

Disposal of Employ and Comply

On 31 March 2021 GBG disposed of its Employ & Comply ('E&C') business to First Advantage Europe Limited ('FADV').

The E&C business was made up of three previous acquisitions that operated as one business:

- Advanced Checking Services Limited (acquired in 2011)
- tmg.tv Limited (acquired in 2012)
- CRD (UK) Limited (acquired in 2013)

E&C is included within the Identity operating segment in note 4.

The full amount of goodwill and intangibles related to the acquisitions that make up the E&C business has been disposed of.

As this area of the business did not constitute a major line of business, single geographical area of operation, and was not part of a co-ordinated plan to dispose of a separate major line, the disposal has not been treated as a discontinued operation in line with IFRS 5.

	£'000
Consideration – cash*	5,400
Net proceeds	5,400
Goodwill	2,529
Acquired intangible assets – customer relationship asset	374
Right-of-use assets	260
Plant and equipment	10
Prepayments	7
Deferred revenue	(76)
Dilapidation provision	(111)
Lease liability	(291)
Net book value of assets and liabilities disposed	2,702
Transaction costs of the disposal – accrued	120
Profit on disposal	2,578

* At 31 March 2021 the cash was held by our lawyers and was received into a GBG bank account on 1 April 2021. However, as the cash was held on behalf of GBG and that the disposal was completed on 31 March 2021 it is appropriate that the cash has been recognised as being received.

Revenue of £5,584,000 (2020: £6,739,000) from the disposed Employ and Comply business has been deducted from total Group revenue in the calculation of organic growth.

Notes to the consolidated financial statements continued

35. Contingent consideration

	2022 £'000	2021 £'000
At 1 April	**3,662**	6,179
Recognition on the acquisition of subsidiary undertakings[1 & 2]	**3,618**	747
Unwinding of discount[2]	**34**	–
Foreign exchange – unrealised[2]	**462**	(452)
Settlement discount (see note 7e)[2]	**–**	(50)
Settlement of consideration	**–**	(2,762)
At 31 March	**7,776**	3,662
Analysed as:		
Amounts falling due within 12 months	**5,856**	3,662
Amounts falling due after one year	**1,920**	–
At 31 March	**7,776**	3,662

1 The amount recognised on the acquisition of subsidiary undertakings in the year to 31 March 2022 is in respect of Cloudcheck (refer to note 34 for further details). Since the contingent consideration is payable in stages, it has been discounted to fair value on the acquisition date and subsequently unwound to profit and loss. The undiscounted value of the contingent consideration is £4,223,000. The amount recognised on acquisition of subsidiary undertakings in the year to 31 March 2021 is in respect of IDology (refer to note 7f for further details).

2 Included in Consolidated Cash Flow Statement within fair value adjustment on contingent consideration line totalling £188,000 (2021: £245,000). Since the contingent consideration in respect of Cloudcheck sits within a foreign subsidiary, £308,000 of the £462,000 foreign exchange movement has been recognised within the foreign currency translation reserve following the translation of foreign subsidiaries. The £188,000 therefore represents the unwinding of the discount of £34,000 and the remaining foreign exchange movement of £154,000.

The opening balance at 1 April 2020 and the closing balance at 31 March 2021 represented contingent consideration in respect to the pre-acquisition tax losses within IDology Inc. As and when GBG receives a cash benefit from these losses, either through a reduction in tax payments or through a tax refund, an amount equal to this cash benefit is due to the sellers.

The fair value of contingent consideration is estimated having been determined from management's estimates of the range of outcomes to certain future forecasts and their estimated respective likelihoods. The contractual cash flows are therefore based on future trading activity, which is estimated based on latest forecasts (Level 3 as defined by IFRS 13 – see note 27).

Company balance sheet

Year ended 31 March 2022

	Note	2022 £'000	2021 £'000
ASSETS			
Non-current assets			
Goodwill	C6	**99,858**	99,858
Intangible assets	C7	**18,535**	23,823
Property, plant and equipment	C8	**2,705**	2,752
Right-of-use assets	C9	**907**	1,277
Investments	C10	**711,903**	309,124
Deferred tax asset	C11	**2,562**	4,733
		836,470	441,567
Current assets			
Inventories		**175**	120
Trade and other receivables	C12	**42,577**	32,626
Cash and short-term deposits	C13	**4,703**	11,947
		47,455	44,693
Total assets		**883,925**	486,260
EQUITY AND LIABILITIES			
Capital and reserves			
Equity share capital	C14	**6,297**	4,908
Share premium		**566,769**	267,627
Merger reserve		**99,999**	9,918
Capital redemption reserve		**3**	3
Other reserves		**4,489**	4,489
Retained earnings		**130,938**	97,037
Total equity attributable to equity holders of the parent		**808,495**	383,982
Non-current liabilities			
External loans	C16	**–**	–
Intercompany loans	C16	**541**	9,825
Lease liabilities	C17	**602**	983
Deferred revenue		**718**	312
Provisions	C18	**683**	797
Deferred tax	C11	**4,449**	4,555
		6,993	16,472
Current liabilities			
Trade and other payables	C19	**26,102**	49,296
Deferred revenue		**36,672**	31,780
Lease liabilities	C17	**671**	704
Contingent consideration	C23	**3,842**	3,662
Current tax		**1,150**	364
		68,437	85,806
Total liabilities		**75,430**	102,278
Total equity and liabilities		**883,925**	486,260

During the year the Company made a profit of £34,934,000 (2021: £25,844,000).

Approved by the Board on 22 June 2022

C G Clark
Director

D M Ward
Director

Registered in England number 2415211

Company statement of changes in equity

Year ended 31 March 2022

	Note	Equity share capital £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2020		4,855	261,648	6,575	3	4,489	67,565	345,135
Profit for the period		–	–	–	–	–	25,844	25,844
Total comprehensive income for the period		–	–	–	–	–	25,844	25,844
Issue of share capital	C14	53	5,979	3,343	–	–	–	9,375
Share-based payments charge		–	–	–	–	–	5,170	5,170
Tax on share options		–	–	–	–	–	1,700	1,700
Share forfeiture receipt	C14	–	–	–	–	–	2,641	2,641
Equity dividend	C15	–	–	–	–	–	(5,883)	(5,883)
Balance at 31 March 2021		4,908	267,627	9,918	3	4,489	97,037	383,982
Profit for the period		**–**	**–**	**–**	**–**	**–**	**34,934**	**34,934**
Total comprehensive income for the period		**–**	**–**	**–**	**–**	**–**	**34,934**	**34,934**
Issue of share capital	C14	**1,389**	**299,142**	**90,081**	**–**	**–**	**–**	**390,612**
Share-based payments charge		**–**	**–**	**–**	**–**	**–**	**6,171**	**6,171**
Tax on share options		**–**	**–**	**–**	**–**	**–**	**(498)**	**(498)**
Share forfeiture refund	C14	**–**	**–**	**–**	**–**	**–**	**(29)**	**(29)**
Equity dividend	C15	**–**	**–**	**–**	**–**	**–**	**(6,677)**	**(6,677)**
Balance at 31 March 2022		**6,297**	**566,769**	**99,999**	**3**	**4,489**	**130,938**	**808,495**

Notes to the Company accounts

C1. Corporate information

GB Group plc ('the Company') provides identity data intelligence products and services helping organisations recognise and verify all elements of an individual's identity at key interactions in their business processes. The nature of the Company's operations and its principal activities are set out in the Financial Review.

The Company is a public company limited by shares incorporated in the United Kingdom and is listed on the London Stock Exchange with its ordinary shares traded on the Alternative Investment Market. The company registration number is 2415211. The address of its registered office is The Foundation, Herons Way, Chester Business Park, Chester, CH4 9GB. A list of the investments in subsidiaries, including the name, country of incorporation, registered office address and proportion of ownership interest is given in note 19.

These consolidated financial statements have been approved for issue by the Board of Directors on 22 June 2022.

The Company's financial statements are included in the consolidated financial statements of GB Group plc. As permitted by section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented.

C2. Accounting policies

C2.1 Basis of preparation

The separate financial statements of the parent company have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101') and in accordance with applicable accounting standards. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards, as applied in accordance with the provisions of the Companies Act 2006 ('Adopted IFRSs') with the exception of applying the true and fair override with regards to the non-amortisation of goodwill as required by IFRS 3. See note C6 for details of the impact of this departure. The Company has adopted FRS 101 for the first time within its financial statements and has taken advantage of the following disclosure exemptions.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the Consolidated Financial Statements of the Group include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 Impairment of Assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 15 Revenue from Contracts with Customers in respect of disaggregation of revenue and performance obligations;
- Certain disclosures required by IFRS 2 Shared-based Payments in respect of equity-settled share-based payments;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company financial statements are presented in pounds Sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

As disclosed in the accounting policies in note 2 of the consolidated financial statements, they have been prepared on a going concern basis under the historical cost convention, modified in respect of the revaluation of financial assets and liabilities at fair value.

Notes to the Company accounts continued

C2. Accounting policies continued

C2.2 Significant accounting policies

The significant accounting policies adopted are the same as those set out in note 2 to the consolidated financial statements with the exception of:

Investment in subsidiaries
Investments in subsidiaries are held at cost, less provision for impairment.

The accounting policies have been applied consistently throughout the year.

C2.3 Judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are the same for the Company as they are for the Group with the exception of the following:

Impairment of investments in subsidiary undertakings
The Company tests for impairment of investments where there are indicators that the carrying value exceeds the recoverable value.

In order to perform this assessment, management are required to make estimates regarding the timing and amount of future cash flows applicable to the subsidiary, based on current budgets and forecasts, and extrapolated for an appropriate period taking into account growth rates and expected changes to sales and operating costs. Management estimates the appropriate discount rate using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the business. It is not considered that any impairment indicators existed at the balance sheet date.

For details of other judgements and key sources of estimation uncertainty in the preparation of the Company's financial statements, see pages 128 and 129 in the Group financial statements.

C3. Profit attributable to members of the parent company

The Company's profit for the financial year ended 31 March 2022 was £34,934,000 (2021: £25,844,000). As permitted by section 408 of Companies Act 2006, the profit and loss account of the parent company is not presented.

C4. Auditor's remuneration

Fees payable to the Company's auditor for the audit of the Company and Group financial statements are disclosed in note 6 of the Consolidated Financial Statements for the Group.

C5. Team member costs and Directors' emoluments

a) Team member costs (including Directors)

	2022 £'000	2021 £'000
Wages and salaries including commission and bonuses	**40,578**	42,362
Social security costs	**5,172**	4,488
Other pension costs	**1,618**	1,509
Share-based payments	**3,474**	4,341
	50,842	52,700

C5. Team member costs and Directors' emoluments continued

a) Team member costs (including Directors) continued

The average monthly number of team members during the year within each category was as follows:

	2022 No.	Restated 2021 No.
Technology	**149**	176
General and administration	**124**	104
Sales and marketing	**302**	334
	575	614

The average monthly number of team members om 2021 has been restated at it previously included 84 team members in foreign subsidiaries who were fully recharged to the Company and previously included in the Company team members disclosure. The average monthly number of team members above now only includes those employed by the Company itself.

b) Directors' emoluments

The remuneration of Executive Directors for both the Company and the Group are disclosed in note 8 of the Consolidated Financial Statements for the Group.

C6. Goodwill

	2022 £'000	2021 £'000
Cost		
At 1 April	**105,970**	110,115
Additions – business combinations (note 34)	**–**	141
Sale of business disposals	**–**	(4,286)
At 31 March	**105,970**	105,970
Impairment		
At 1 April	**6,112**	–
Impairment	**–**	6,112
At 31 March	**6,112**	6,112
Net book value		
At 31 March	**99,858**	99,858

Goodwill arose on the acquisition of ID Scan Biometrics Limited, Postcode Anywhere (Holdings) Limited and Investigate 2020 Limited. Under FRS 101 goodwill is not amortised and is tested annually for impairment. The non-amortisation of goodwill conflicts with paragraph 22 of Schedule 1 to 'The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410), which requires acquired goodwill to be written off over its useful economic life. As such, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view, from the requirement of paragraph 22 of Schedule 1 to the Regulations.

The impairment of £6,112,000 during the prior year ended 31 March 2021 is in respect of:

- £6,052,000 for the Transactis CGU. Following the disposal of part of the Marketing Services business detailed in note 34, the future cashflows from the remaining part of the Marketing Services business were not sufficient to support the carrying value of the Acquired Goodwill
- £60,000 for the e-Ware Interactive CGU. The remaining value in use was based on the single remaining customer from that acquisition. During the prior year this customer cancelled their contract and as a result the full amount of goodwill in the Company was impaired

Notes to the Company accounts continued

C7. Intangible assets

	Customer relationships £'000	Software technology £'000	Non-compete clauses £'000	Total acquired intangibles £'000	Purchased software £'000	Internally developed software £'000	Total £'000
Cost							
At 1 April 2021	**26,024**	**12,438**	**912**	**39,374**	**1,700**	**1,794**	**42,868**
Additions – purchased software	**–**	**–**	**–**	**–**	**68**	**–**	**68**
Disposals (other than sale of businesses)	**–**	**–**	**–**	**–**	**(208)**	**(687)**	**(895)**
At 31 March 2022	**26,024**	**12,438**	**912**	**39,374**	**1,560**	**1,107**	**42,041**
Amortisation and impairment							
At 1 April 2021	**8,841**	**6,806**	**321**	**15,968**	**1,283**	**1,794**	**19,045**
Amortisation during the year	**2,879**	**2,071**	**215**	**5,165**	**189**	**–**	**5,354**
Disposals (other than sale of businesses)	**–**	**–**	**–**	**–**	**(206)**	**(687)**	**(893)**
At 31 March 2022	**11,720**	**8,877**	**536**	**21,133**	**1,266**	**1,107**	**23,506**
Net book value							
At 31 March 2022	**14,304**	**3,561**	**376**	**18,241**	**294**	**–**	**18,535**
At 1 April 2021	17,183	5,632	591	23,406	417	–	23,823

	Carrying value of customer relationship £'000	Remaining amortisation period Years	Carrying value of technology £'000	Remaining amortisation period Years
ID Scan Biometrics Limited	**1,664**	**4.25**	**–**	**–**
Postcode Anywhere (Holdings) Limited	**12,640**	**5.08**	**96**	**0.08**
Investgate 2020 Limited	**–**	**–**	**3,465**	**3.75**
	14,304		**3,561**	

C8. Property, plant and equipment

	Property £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 April 2021	**1,233**	**5,692**	**6,925**
Additions	**–**	**762**	**762**
Disposals (other than sale of businesses)	**–**	**(852)**	**(852)**
At 31 March 2022	**1,233**	**5,602**	**6,835**
Depreciation and impairment			
At 1 April 2021	**54**	**4,119**	**4,173**
Provided during the year	**19**	**789**	**808**
Disposals (other than sale of businesses)	**–**	**(851)**	**(851)**
At 31 March 2022	**73**	**4,057**	**4,130**
Net book value			
At 31 March 2022	**1,160**	**1,545**	**2,705**
At 31 March 2021	1,179	1,573	2,752

C9. Right-of-use assets

	Right of use assets £'000	Total £'000
Cost		
At 1 April 2021	**3,206**	**3,206**
Additions	**241**	**241**
Disposals	**(174)**	**(174)**
At 31 March 2022	**3,273**	**3,273**
Depreciation and impairment		
At 1 April 2021	**1,929**	**1,929**
Provided during the year	**527**	**527**
Disposals	**(90)**	**(90)**
At 31 March 2022	**2,366**	**2,366**
Net book value		
At 31 March 2022	**907**	**907**
At 31 March 2021	1,277	1,277

The underlying class of assets and their net book values all relate to leasehold property.

Notes to the Company accounts continued

C10. Investments

	2022 £'000	2021 £'000
Cost		
At 1 April	**311,588**	305,947
Acquisition of subsidiary undertakings	**568,211**	3,353
Capital contribution to subsidiary undertakings	**10,048**	–
Subscription to new shares in subsidiairy undertakings	**392,731**	–
Transfer of subsidiary undertakings	**(568,211)**	–
Acquisition of investment	**–**	2,288
At 31 March	**714,367**	311,588
Provision for impairment		
At 1 April	**2,464**	2,464
At 31 March	**2,464**	2,464
Net book value		
At 31 March	**711,903**	309,124

As detailed in note 34, during the year the Company acquired Acuant and Cloudcheck for a consideration of £554,545,000 and £13,666,000 respectively (combined £568,211,000).

The investments in Acuant and Cloudcheck were subsequently transferred to other subsidiary untertakings as follows:

- Acuant was transferred to GBG (US) Holdings LLC in exchange for new share capital of £392,731,000 with the remaining amount of £161,814,000 being settled through intercompany accounts.
- Cloudcheck was transferred to GBG (Australia) Holding Pty in exchange for a capital contribution of £10,048,000 in addition to the transfer of the contingent consideration liability of £3,618,000.

Details of the Company's subsidiary undertakings are set out in note 19 of the Consolidated Financial Statements for the Group.

C11. Taxation

a) Deferred tax

Deferred tax asset

The recognised and unrecognised potential deferred tax asset of the Company is as follows:

	Recognised		Unrecognised	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Decelerated capital allowances	**302**	1,279	**1,296**	–
Share options	**1,740**	3,041	**–**	–
Long service award	**96**	84	**–**	–
Provision for bad debt	**–**	83	**–**	–
Other temporary differences	**–**	101	**–**	–
Leases	**20**	–	**–**	–
Capital losses	**–**	–	**564**	429
Trading losses	**404**	145	**2,792**	405
	2,562	4,733	**4,652**	834

C11. Taxation continued

a) Deferred tax continued

Deferred tax asset continued

The movement on the deferred tax asset of the Company is as follows:

	2022 £'000	2021 £'000
Opening balance – as reported	**4,733**	3,867
Impact of changes in tax rates	**397**	–
Origination and reversal of temporary differences	**(2,568)**	866
	2,562	4,733

The deferred tax asset has been recognised to the extent it is anticipated to be recoverable out of future taxable profits based on profit forecasts for the foreseeable future. The utilisation of the unrecognised deferred tax asset in future periods will reduce the future tax rate below the standard rate. The Company has unrecognised deductible temporary differences of £11,892,000 (2021: £2,894,000) and unrecognised capital losses of £2,579,000 (2021: £2,257,000). The Company also has unrecognised deductible temporary differences of £5,184,000 (2021: £nil)

The deferred tax liability of the Company is as follows:

	2022 £'000	2021 £'000
Intangible assets	**4,314**	4,447
Land and buildings	**135**	108
	4,449	4,555

The movement on the deferred tax liability of the Company is as follows:

	2022 £'000	2021 £'000
Opening balance	**4,555**	4,474
Origination and reversal of temporary differences	**(985)**	(919)
Acquisition	**–**	1,000
Impact of change in tax rates	**879**	–
	4,449	4,555

C12. Trade and other receivables

	2022 £'000	2021 £'000
Trade receivables	**31,190**	30,716
Allowance for unrecoverable amounts	**(1,982)**	(3,165)
Net trade receivables	**29,208**	27,551
Amounts owed by subsidiary undertakings	**6,438**	–
Prepayments	**6,759**	4,573
Accrued income	**172**	502
	42,577	32,626

Notes to the Company accounts continued

C13. Cash

	2022 £'000	2021 £'000
Cash at bank and in hand	**4,703**	11,947

Cash at bank earns interest at floating rates based on daily bank deposit rates.

C14. Equity share capital

Issued Ordinary Share Capital for both the Company and Group is disclosed in note 22 of the Consolidated Financial Statements for the Group.

C15. Dividends paid and proposed

	2022 £'000	2021 £'000
Declared and paid during the year		
Final dividend for 2021 paid in July 2021: 3.40p (interim dividend for 2021 paid in January 2021: 3.00p)	**6,677**	5,885
Proposed for approval at AGM (not recognised as a liability at 31 March)		
Final dividend for 2022: 3.81p (2021: 3.40p)	**9,596**	6,674

£nil (2021: £2,000) was received during the year relating to dividends paid on forfeited shares. The total net cash impact of dividends during the year was therefore £6,677,000 (2021: £5,883,000). See note 22 of the Consolidated Financial Statements for the Group for details of forfeited shares.

C16. Loans

Bank loans

The refinancing of the existing revolving credit facility is set out in note 23 in the Consolidated Financial Statements for the Group.

No drawdowns have been made by the Company during the year; however, total fees paid by the Company in relation to the extension were £1,157,000 which included an arrangement fee of £1,122,000.

During the year to 31 March 2022 and 31 March 2021, loan arrangement fees on the revolving credit facility have been reclassified to prepayments due to the loan value being £nil at 31 March 2022 and 31 March 2021 within the Company and the net position was therefore an asset rather than a liability.

	2022 £'000	2021 £'000
Opening bank loan	**–**	62,139
Repayment of borrowings	**–**	(62,500)
Loan fees paid for extension	**(1,157)**	(193)
Amortisation of loan fees	**129**	193
Foreign currency translation adjustment	**–**	–
Reclassification of loan fees to prepayments	**1,028**	361
Closing bank loan	**–**	–

C16. Loans continued

Intercompany loans

	2022 £'000	2021 £'000
Opening intercompany loan	**9,825**	4,156
New borrowings	**(9,284)**	5,669
Closing intercompany loan	**541**	9,825
Analysed as:		
Amounts falling due within one year	**–**	–
Amounts falling due within one to five years	**541**	9,825
Amounts falling due in more than five years	**–**	–
	541	9,825

Interest is charged on intercompany loans at a rate of between 3.0% and 4.0% per annum. The loans are unsecured, and repayable within two years.

C17. Lease liabilities

	2022 £'000	2021 £'000
At 1 April	**1,687**	2,682
Additions	**236**	–
Sale of business disposals	**–**	(291)
Accretion of interest	**55**	81
Repayments	**(705)**	(785)
Foreign currency adjustment	**–**	–
At 31 March	**1,273**	1,687
Analysed as:		
Amounts falling due within one year	**671**	704
Amounts falling due within one to five years	**602**	983
	1,273	1,687

Notes to the Company accounts continued

C18. Provisions

	2022 £'000	2021 £'000
Provisions can be analysed as follows:		
Dilapidation provision (see below)	**295**	355
Long service award (see below)	**388**	442
	683	797
Dilapidation provision		
At 1 April	**355**	421
Disposed as part of businesses	**–**	(111)
Provided in year	**–**	45
Utilised in year	**(10)**	–
Released in year	**(50)**	–
Closing balance	**295**	355

This provision relates to the estimated cost of restoration work required upon termination of leasehold property agreements. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease. During the year, dilapidation charges were agreed on a property that was exited in the previous year and the remaining provision was released. The timing of the outflows is not expected to occur in the following 12 months and as such has been disclosed as a non-current liability. The Company does not expect the final payments to differ materially from those amounts provided.

Long service award

The Group provides long service awards, providing employees with a benefit after they attain a set period of service with the Group, for example 10 or 20 years. For these benefits, IAS 19 requires a liability to be held on the Group's balance sheet.

	2022 £'000	2021 £'000
At 1 April	**442**	422
Service cost	**60**	43
Benefits taken	**(47)**	(4)
Actuarial gain during the year	**(74)**	(28)
Net interest charge	**7**	9
At 31 March	**388**	442

The following table lists the inputs to the valuation of the long service award for the years ended 31 March 2022 and 31 March 2021.

	2022	2021
Discount rate (%)	**2.6**	1.5
Salary increases (%)	**4.4**	3.7
Employee turnover (% probability of leaving depending on age)	**2 – 20%**	2 – 20%

C19. Trade and other payables

	2022 £'000	2021 £'000
Trade payables	**3,993**	2,122
Amounts owed to subsidiary undertakings	**–**	23,124
Other taxes and social security costs	**2,981**	3,229
Accruals	**19,128**	20,821
	26,102	49,296

C20. Contingent liability

Contingent liabilities during the year are set out in note 32 in the Consolidated Financial Statements for the Group.

C21. Subsequent events

Subsequent events that require disclosure after 31 March 2022 are set out in note 33 in the Consolidated Financial Statements for the Group.

C22. Acquisitions and disposals

Acquisitions and Disposals during the current and prior year are set out in note 34 in the Consolidated Financial Statements for the Group.

C23. Contingent consideration

	2022 £'000	2021 £'000
At 1 April	**3,662**	6,179
Recognition on the acquisition of subsidiary undertakings[1]	**–**	747
Foreign exchange – unrealised	**180**	(452)
Settlement discount (see note 7f)	**–**	(50)
Settlement of consideration	**–**	(2,762)
At 31 March	**3,842**	3,662
Analysed as:		
Amounts falling due within 12 months	**3,842**	3,662
Amounts falling due after one year	**–**	–
At 31 March	**3,842**	3,662

1 The amount recognised on acquisition of subsidiary undertakings in the year to 31 March 2021 is in respect of IDology (refer to note 7f for further details).

The contingent consideration at 31 March 2022 is in respect to the pre-acquisition tax losses within IDology Inc. As and when GBG receives a cash benefit from these losses, either through a reduction in tax payments or through a tax refund, an amount equal to this cash benefit is due to the sellers.

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Non-GAAP measures

Alternative performance measures

Management assesses the performance of the Group using a variety of alternative performance measures. In the discussion of the Group's reported operating results, alternative performance measures are presented to provide readers with additional financial information that is regularly reviewed by management. However, this additional information presented is not uniformly defined by all companies including those in the Group's industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies. Additionally, certain information presented is derived from amounts calculated in accordance with IFRS but is not itself an expressly permitted GAAP measure. Such measures are not defined under IFRS and are therefore termed 'non-GAAP' measures. These non-GAAP measures are not considered to be a substitute for or superior to IFRS measures and should not be viewed in isolation or as an alternative to the equivalent GAAP measure.

The Group's income statement and segmental analysis separately identify trading results before certain items. The Directors believe that presentation of the Group's results in this way is relevant to an understanding of the Group's financial performance, as such items are identified by virtue of their size, nature or incidence. This presentation is consistent with the way that financial performance is measured by management and reported to the Board and assists in providing a meaningful analysis of the trading results of the Group. In determining whether an event or transaction is presented separately, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence. Examples of charges or credits meeting the above definition, and which have been presented separately in the current and/or prior years include amortisation of acquired intangibles, share-based payment charges, acquisition-related costs and business restructuring programmes. In the event that other items meet the criteria, which are applied consistently from year to year, they are also presented separately.

The following are the key non-GAAP measures used by the Group:

Organic growth

Organic growth is defined by the Group as year-on-year continuing revenue growth, excluding acquisitions which are included only after the first anniversary following their purchase and disposed businesses. This enables measurement of performance on a comparable year-on-year basis without the impact of M&A activity.

Constant currency

Constant currency means that non-Pound Sterling revenue in the comparative period is translated at the same exchange rate applied to the current year non-Pound Sterling revenue. This therefore eliminates the impact of fluctuations in exchange rates on underlying performance and enables measurement of performance on a comparable year-on-year basis without the impact of foreign exchange movements.

	2022 £'000	2021 £'000	Growth %
Group revenue	**242,480**	217,659	11.4%
Revenue from acquisitions up to their first anniversary	**(13,213)**	–	(6.2)%
Revenue from disposals (see note 34)	**(38)**	(6,583)	3.5%
Organic revenue	**229,229**	211,076	8.6%
Constant currency adjustment	**–**	(3,897)	2.0%
Organic revenue at constant currency	**229,229**	207,179	10.6%

Normalised items

These are recurring items which management considers could affect the underlying results of the Group.

These include:

- amortisation of acquired intangibles; and
- share-based payment charges

Normalised items are excluded from statutory measures to determine adjusted results.

Adjusted operating profit

Adjusted operating profit means operating profit before exceptional items and normalised items. Adjusted results allow for the comparison of results year-on-year without the potential impact of significant one-off items or items which do not relate to the underlying performance of the Group. Adjusted operating profit is a measure of the underlying profitability of the Group.

	2022 £'000	2021 £'000
Operating profit	**23,407**	35,503
Amortisation of acquired intangibles	**24,735**	17,671
Share-based payment charges	**6,171**	5,170
Exceptional items	**4,526**	(448)
Adjusted operating profit	**58,839**	57,896

Adjusted operating profit margin

Adjusted operating profit margin is calculated as adjusted operating profit as a percentage of revenue.

Adjusted tax

Adjusted tax means income tax charge before the tax impact of amortisation of acquired intangibles, share-based payment charges and exceptional items. This provides an indication of the ongoing tax rate across the Group.

	2022 £'000	2021 £'000
Income tax charge	**6,390**	7,385
Tax impact of amortisation of acquired intangibles	**5,082**	4,541
Tax impact of share-based payment charges	**218**	1,067
Tax impact of exceptional items	**897**	(818)
Adjusted tax	**12,587**	12,175

Adjusted effective tax rate

The adjusted effective tax rate means adjusted tax divided by adjusted earnings.

	2022			2021		
	Profit before tax £'000	**Income tax charge £'000**	**Effective tax rate %**	Profit before tax £'000	Income tax charge £'000	Effective tax rate %
Reported effective tax	**21,645**	**6,390**	**29.5%**	34,263	7,385	21.6%
Add back:						
Amortisation of acquired intangibles	**24,735**	**5,082**	**(4.8%)**	17,671	4,541	1.4%
Equity-settled shared-based payments	**6,171**	**218**	**(2.5%)**	5,170	1,067	(0.2%)
Exceptional items	**4,526**	**897**	**(0.1%)**	(448)	(818)	(1.3%)
Adjusted effective tax rate	**57,077**	**12,587**	**22.1%**	56,656	12,175	21.5%

Non-GAAP measures continued

Adjusted EBITDA

Adjusted EBITDA means adjusted operating profit before depreciation and amortisation of non-acquired intangibles.

	2022 £'000	2021 £'000
Adjusted operating profit	**58,839**	57,896
Depreciation of property, plant and equipment	**1,531**	1,433
Depreciation of right-of-use assets	**1,593**	1,838
Amortisation of non-acquired intangibles	**233**	243
Adjusted EBITDA	**62,196**	61,410

Adjusted earnings per share ('Adjusted EPS')

Adjusted EPS represents adjusted earnings divided by a weighted average number of shares in issue and is disclosed to indicate the underlying profitability of the Group. Adjusted EPS is a measure of underlying earnings per share for the Group. Adjusted earnings represents adjusted operating profit less net finance costs and income tax charges. Refer to note 13 for calculations.

Net (debt)/cash

This is calculated as cash and cash equivalent balances less outstanding external loans. Unamortised loan arrangement fees are netted against the loan balance in the financial statements but are excluded from the calculation of net cash/debt. Lease liabilities following the implementation of IFRS 16 are also excluded from the calculation of net cash/debt since they are not considered to be indicative of how the Group finances the business. This is a measure of the strength of the Group's balance sheet.

	2022 £'000	2021 £'000
Cash and cash equivalents	**22,302**	21,135
Loans on balance sheet	**128,226**	(361)
Unamortised loan arrangement fees	**1,028**	361
External loans	**129,254**	–
Net (debt)/cash	**(106,952)**	21,135

Cash conversion %

This is calculated as cash generated from operations in the Consolidated Cash Flow Statement, adjusted to exclude cash payments in the year for exceptional items, as a percentage of adjusted operating profit. This measures how efficiently the Group's operating profit is converted into cash.

	2022 £'000	2021 £'000
Cash generated from operations before tax payments (from Consolidated Cash Flow Statement)	**56,256**	72,631
Opening unpaid exceptional items	**549**	–
Total exceptional items	**4,526**	(448)
Non-cash exceptional items	**(427)**	1,751
Closing unpaid exceptional items	**(1,372)**	(549)
Cash generated from operations before tax payments and exceptional items paid	**59,532**	73,385
Adjusted EBITDA	**62,196**	61,410
Cash conversion %	**95.7%**	119.5%

Debt leverage

This is calculated as the ratio of net (debt)/cash to adjusted operating profit. This demonstrates the Group's liquidity and its ability to pay off its incurred debt.

	2022 £'000	2021 £'000
Cash and cash equivalents	**22,302**	21,135
Loans on balance sheet	**128,226**	(361)
Unamortised loan arrangement fees	**1,028**	361
External loans	**129,254**	–
Net (debt)/cash	**(106,952)**	21,135
Adjusted EBITDA	**62,196**	57,896
Debt leverage	**1.72**	Positive cash

Pro forma revenue

This includes adjustments to reported revenue for the pre-acquisition/disposal revenue from acquisitions/disposals in the past twelve months in order to provide a more meaningful comparison to assess growth against in future periods. More specifically, the pre-acquisition revenue from 1 April 2021 to 29 November 2021 for Acuant and from 1 April 2021 to 31 January 2022 for Cloudcheck.

	2022 £'000
Reported revenue	**242,480**
Pre-acquisition/disposal revenue	**29,931**
Post-acquisition unwind of deferred revenue haircut[1] on Acuant	**1,381**
Pro forma revenue	**273,792**

1 As required by IFRS 3 (Business Combinations), the revenue for Acuant includes a negative adjustment of £1.4 million related to the restatement to fair value of the acquired revenue balance (commonly known as the deferred revenue 'haircut'). The deferred revenue haircut represents the cost of providing the deferred revenue service in the post-acquisition period.

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Company information & advisors

Website

The Investors section of the Company's website, www.gbgplc.com/investors, contains detailed information on news, press releases, key financial information, annual and interim reports, share price information, dividends and key contact details. Our share price is also available on the London Stock Exchange website. The following information is a summary and readers are encouraged to view the website for more detailed information.

Dividend Reinvestment Plan ('DRIP')

The Company offers a Dividend Reinvestment Plan that enables shareholders to reinvest cash dividends into additional shares in the Company. Application forms can be obtained from Equiniti.

Share scams

Shareholders should be aware that fraudsters may try and use high pressure tactics to lure investors into share scams. Information on share scams can be found on the Financial Conduct Authority's website, www.fca.org.uk/scams.

Financial calendar 2022

Annual General Meeting	28 July 2022

Shareholder enquiries

GBG's registrar, Equiniti, can deal with any enquiries relating to your shareholding, such as a change of name or address or a replacement of a share certificate. Equiniti's Shareholder Contact Centre can be contacted by telephone on 0371 38 2365 (international callers: +44 (0)121 415 7161) between 8.30am and 5.30pm Monday to Friday, excluding public holidays in England and Wales. You can also access details of your shareholding and a range of other shareholder services by registering at www.shareview.co.uk.

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