

Registered no: 01810707

Control Risks Group Limited

Annual report

For the year ended 31 March 2023

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Control Risks Group Limited

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Control Risks Group Limited

COMPANY INFORMATION

Directors	Nicholas Allan Sally McNair Scott Kathryn Fleming
Secretary	Sally McNair Scott
Company registration number	01810707
Registered office	6th Floor 33 King William Street London United Kingdom EC4R 9AT
Independent auditors	PricewaterhouseCoopers LLP 1 Embankment Place, London, WC2N 6RH

Control Risks Group Limited

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The Directors present their strategic report that has been prepared for Control Risks Group Limited 'the Company' for the year ending 31 March 2023.

Principal activities

The Company is a specialist risk consultancy. Its aim is to achieve three outcomes for its clients:

1. To enable them to be secure, compliant, and resilient, particularly in an age when connectivity brings great opportunities but also acute vulnerabilities.
2. To be able to resolve the issues and crises that inevitably occur in any ambitious global organisation.
3. To have the insight and intelligence needed to go beyond problem-solving and bring to bear our collective expertise to help realise new opportunities and growth.

Our combination of services, geographical reach, and the trust clients place in the Company, ensure it can help them to both solve problems effectively and realise new opportunities across the world.

The Company is a member of the Control Risks Group of companies which has 35 offices worldwide. This footprint, combined with the additional reach of project teams located in many other parts of the world, enables the Company to advise clients both at their headquarters and in the outreaches of their operations.

Review of the business

The world is entering post pandemic stage, with the opening up of society in most of the world and the vaccine rollout that eased interaction with clients, with some setbacks of new waves and restrictions. As such, parts of our business saw real growth and other areas continued to be held back by the ongoing pandemic. The resilience of the business during the financial year 2021/22 leaves the Company well placed to continue to mitigate remaining uncertainty due to the global pandemic and able to accelerate our strategic growth plans, which include investment in technology, data analytics and Environmental, Social, Governance (ESG) matters.

The Company incurred a loss after tax amounting to £17,944,000 (2022 (restated): generated a profit of £10,285,000). Revenue increased by £17,812,000. The loss for the year is driven by the impairment charge recognised in the current year around intercompany receivables.

Key performance indicators

The Company has two main key performance indicators (KPI's); turnover and operating profit.

Turnover is a key driver for the growth of the Company. The Company has managed to grow its turnover by £17,812,000 landing at £159,684,000 for the year.

Operating profit is also considered a KPI within the Company. The majority of the cost base is fixed as the Company's expenses primarily relate to employee costs however, when assessed with revenue, costs can be monitored and controlled by reviewing fluctuations in operating profit. The Company incurred an operating loss of £13,653,000 (2022 (restated): £244,000).

Control Risks Group Limited

STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2023

Key performance indicators (continued)

The increased loss is due to an additional impairment expense being recognised in the current year over intercompany receivable balances.

As noted above, employee costs are the company's primary expense as such, the number of employees is also considered a KPI. In 2023 the company had 1,844 employees (2022: 1,584).

Principal risks and uncertainties

As a company operating in many parts of the world, frequently in hostile, semi-hostile or complex environments, the Company faces a range of risks that is wider than many other organisations. Protecting and enhancing the Company's reputation is fundamental to its ability to achieve its objectives. Crystallisation of any of the risks on the corporate risk register could compromise the Company's long-established reputation. The ability to manage such risks is a key strength of the business and its risk management and crisis communication process are reviewed regularly. The Company has established a risk management strategy which defines the on-going process for identifying, evaluating, managing, and reporting on risks faced by the Company. As an integral part of the Company's planning and review process, management from each business area as well as internal business functions identify their risks, the probability of the risks occurring and the impact such risks may have if they occur. Actions are identified to manage or mitigate each risk.

The Directors consider the most significant risks currently facing the business to be:

1. Exposures resulting from unpredictable economic, political, regulatory, and legal risks across our global network and especially in complex, hostile and volatile jurisdictions

The Company's and wider Group's legal and compliance departments provide support and advice on political, legal, and regulatory issues. External professional advice is sought where appropriate. In addition, relationships are built with developing government ministries so that information on policy changes are identified at an early stage and the Company can respond accordingly.

2. Recruitment and retention of talent, enabling the business to deliver creative and successful solutions to clients' complex problems with professionalism and integrity

The Company has a career framework providing structure for employment practices in order to improve the transparency of the recruitment, promotion and reward processes and so enable to attract and retain the best people. The Company's values on integrity and professionalism are well-established and constantly reiterated throughout the organisation and are part of personnel induction and development programmes. The Partner category together with associated reward arrangements are designed to attract and retain talented individuals.

3. Personal security of Control Risks' personnel, clients, and subcontractors

The Company uses Control Risks' travel security policy and standard operating procedures which include health and safety processes specific to the level of risk in each operating environment. Risk assessments are carried out for all engagements in higher risk environments and the applicable, prescribed controls implemented.

Control Risks Group Limited

STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2023

Principal risks and uncertainties (continued)

4. Breach of security resulting in the loss or making public of confidential information

Due to the increasing threat of cyber crime, the Company applies Control Risks' Information Security Forum which leads the ongoing review of information risks and ensures an appropriate control framework to manage these risks. Control Risks group has an information security policy supported by appropriate training to ensure adherence to best practices and has employed a number of software tools to protect against infiltration of its networks. ISO 27001 accreditation has been obtained in the UK, which includes the global information systems which are housed there. Penetration testing is performed regularly.

5. Quality failure which results in adverse publicity and substantial damage to Company reputation

Strategic Development Committees for each practice area own the quality management structure for their area and are responsible for the ongoing review and implementation of the processes to ensure that quality is maintained and improved upon. The quality management structures include templates, methodologies, codes of conduct, editorial controls, writing guides and training. These teams work in conjunction with the Company's learning and development resources to implement applicable training programmes.

Other risks and uncertainties:

1. Future global pandemics or health crises:

The Company and its subsidiary operate in a few countries, and as such, the health and safety, operational and financial impacts of global pandemics and health crises could be significant. The safety of Company's staff and clients is at the forefront of Company's response.

2. Climate change:

Climate change is recognised as one of the greatest global challenges of our time and the Company and its subsidiaries are working towards minimising its climate footprint, promoting positive and supportive employee engagement. The focus is to work in a way that is considerate of the impact on the planet and on our stakeholders.

Financial risk management

The Company is exposed to a variety of financial risks including currency and interest rate fluctuations. Funding and financial risks are managed in accordance with policies approved by the Board which are designed to minimise risk and potential adverse effects on the Company's financial position. To do this, the Company uses financial instruments to hedge currency and interest rate exposures arising in respect of underlying business requirements and not for any speculative purposes. The Company has debt finance and with it an associated degree of financial risk. The Board monitors financial forecasts and achievement (including financial covenants under the terms of the debt finance) in order to ensure adequate liquidity.

Control Risks Group Limited

STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2023

Financial risk management (continued)

In addition, liquidity and currency risks are monitored by the management Treasury Committee at the wider Control Risks Group level.

The increasingly volatile backdrop to the global economic and political outlook and its potential impact on our clients and business is currently a central focus of the Board and Executive Committee. High inflation, currency fluctuations and continued global uncertainty combine for a challenging trading environment for all.

Future developments

The focus on the year ahead will be harnessing the power of technology combined with our consulting teams. The Control Risks Group has expanded on last year's investment in strategic alliance with Geospark Analytics by launching a new and exciting shared business, Seerist Inc. Seerist will be the world's leading solution provider of augmented analytics for security and threat intelligence professionals, combining Control Risks' CORE online platform and experts, with artificial intelligence and machine learning technology developed by Geospark Analytics.

The Company and its trading subsidiaries will continue to proactively mitigate the impact of these challenges where feasible, leveraging a similar approach that served us well to safely navigate the height of the COVID-19 pandemic. The principal risks and uncertainties of the Company have been listed above. Although there are key external factors the Company needs to consider, senior employees remain focused on achieving strategic aims that will ensure continued success into the next financial year and beyond.

Section 172 statement

The Directors have full regard for their duties and the matters as set out in Section 172 of the Companies Act 2006. This statement focuses on matters of strategic importance to the Company and the level of information disclosed is consistent with the nature and size of the business.

In carrying out their duties, the Directors have acted in good faith, to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a) The likely consequences of any decision in the long-term;
- b) The interests of the Company's employees;
- c) The need to foster the Company's business relationships with suppliers, customers and others;
- d) The impact of the Company's operations on the community and the environment;
- e) The desirability of the Company maintaining a reputation for high standards of business conduct; and
- f) The need to act fairly as between members of the Company.

Control Risks Group Limited forms part of the Control Risks International Limited Group of Companies (the Group). The Board of Directors of the Company also forms part of the Board of Control Risks International Limited, as such decisions made at a Group level are also considered in the individual interests of the Company.

Control Risks Group Limited

STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2023

Section 172 statement (continued)

Promoting the Company's success

The long-term success of the Company is at the forefront of all of the Board of Directors' thinking.

It is the Board's belief that the Company can only be successful when the interest of those it works with are considered, and particularly when the interests of partners, employees, customers, and other stakeholders are collated, understood, responded to and appropriately reflected in how the business operates and develops.

Major stakeholders, their interests and how we engage

What they care about:	How the Company Board and, where appropriate, the Control Risks International Limited Board engages:
<p><i>Employees</i></p> <p>Information and tools to work; having a voice in the business; recognition and reward; career development; flexible working practices; culture of inclusivity and support.</p>	<p>Directly via webinars, quarterly Townhalls, feedback surveys, weekly email updates and posting news and relevant articles onto the Control Risks' global intranet site.</p> <p>The Control Risks Group provides clear competency frameworks for all grades within the business coupled with regular performance meetings allowing employees to strive for continuous improvement with recognition provided through two promotion windows and engagement in the All Employee Bonus scheme.</p> <p>The Control Risks has also created two business resource groups, namely the Women's Network and Mosaic which supports LGBT employees. This is a continuing drive from the 2022 financial year</p>
<p><i>Customers</i></p> <p>Expert high-quality service, continuous product enhancement and development value; helping them succeed</p>	<p>Directly through recruiting and maintaining the highest quality individuals, providing expert training allows employees to provide an unparalleled service.</p> <p>With a global footprint, Control Risks brings world class knowledge and expertise to help clients succeed wherever they operate.</p>
<p><i>Shareholders including the Partners of the Control Risks Group</i></p> <p>Consistent returns; long-term business growth; clear strategy; regular connection; sustainable and responsible business practices.</p>	<p>Directly via regular CEO partner update calls, participation in the Equity Partner Bonus Plan, strong employee retention ensuring employee and customer satisfaction.</p>

**Control Risks Group Limited
STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2023**

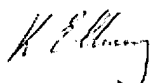
Section 172 statement (continued)

Major stakeholders, their interests and how we engage (continued)

<p><i>Environment/ communities/ society</i></p> <p>Contribute to the community success; manage environment footprint; report on progress.</p>	<p>Working closely with the Sustainability Committee to ensure the Company's actions change and adapt to be part of a sustainable future. During the year the Group appointed Muriel Dube as a Non Executive Director. Muriel advises boards and investors on value creation through ESG led initiatives. She also holds a Masters in Environmental Change and Management from Oxford University.</p> <p>Employees are provided with and encouraged to take volunteering days which allow time off to provide back to the local community. Office led initiatives are also undertaken whereby Control Risk Teams come together to provide back to the community.</p>
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Further information on the following matters can be found on the Company's website at <https://www.controlrisks.com/> with specific attention to: Corporate Responsibility, Diversity Equity and Inclusion, Our Experts and Partnerships.

The Strategic Report was approved by the Board on 2 September 2024 and signed on its behalf by:



Kathryn Fleming
Director

2 September 2024

Control Risks Group Limited

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2023

The Directors present their annual report on the affairs of the Company, together with the audited financial statements and auditor's report, for the year ended 31 March 2023.

The Strategic Report starting on page 3 contains information that otherwise would have been reported within the Directors' report in line with s414(c) of the Companies Act. Included in the Strategic Report is information relating to, business relationships, financial risk management and future developments which would otherwise be contained in a Directors' Report.

Directors

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

Kathryn Fleming
Sally McNair Scott
Nicholas Allan

No Director was materially interested during the financial year, up to the date of this report, in any contract which was significant in relation to the business of the Company.

Qualifying third-party indemnity provisions

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors which were made during the financial year and remain in force at the date of this report. These have been granted in accordance with section 234 of the Companies Act 2006.

Going concern

At the 31 December 2023 covenant test date, the leverage ratio test attached to the Company's banking facilities was breached, although the breach was remedied within 5 days. The situation arose following a period of challenging trading conditions for the Group across the market which culminated in a delay in receipts of Middle East client payments over the holiday period whilst the Group ensured that our key long standing service providers were paid ahead of the holiday period, staying true to our values of treating our suppliers fairly. Our banking partner waived the breach given the situation that occurred as well as extended the revolving credit facility maturity to November 2024 and thereafter gradually reducing through to March 2025. The Company has committed to repay the revolving credit facility prior to March 2025.

Notwithstanding the above, the financial statements have been prepared on the going concern basis since the ultimate parent company, Control Risks International Limited ('CRIL'), has formally stated that it will provide the necessary financial support to the Company for at least twelve months from the date of approval of these financial statements. The Directors have considered the ability of CRIL to continue to operate as a going concern and provide the necessary support to the Company, giving due consideration to the forecasted cash flows, forecast covenant compliance and its ability to meet its liabilities as they fall due for a period of twelve months following the approval of these financial statements in both a base case scenario and severe but plausible scenario. Following this assessment, the Directors are comfortable that CRIL is both willing and able to support the Company as required and to enable the Company to meet its own liabilities as they fall due for at least twelve months from the date of approval of these financial statements. Consequently, they deem the going concern basis of preparation as appropriate.

Control Risks Group Limited

REPORT OF THE DIRECTORS (continued)

FOR THE YEAR ENDED 31 MARCH 2023

Events after the balance sheet date

There were no events after the balance sheet date.

Existence of branches outside the UK

The Company has branches, as defined in section 1046(3) of the Companies Act 2006, outside of the UK consisting of: Italy, Switzerland, Iraq and Algeria. In addition to these branches, the Company had two branches which closed during the year, namely the Denmark branch (closed 4 October 2022) and the Russia branch (closed 20 March 2023).

Dividends

There were no dividends paid during the year (2022: £nil).

Political donations, political expenditure and research and development

There were no political donations or political expenses paid during the year. Research and development costs paid during the year amounted to £325,000 (2022: £1,115,000).

Employees

The Company's policy is to consult with employees through staff meetings on matters likely to affect employees' interests. Information on matters of concern is given through bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Company's performance.

As a business the Company recognise and value the differences that come from different backgrounds, beliefs, gender, age and sexuality. The Company understands that the best ideas come from a diverse pool of knowledge and, by opening our minds to that, we create openness to change, innovation and respect within our people. We strive to unite our people in the understanding and the belief that everyone's contribution is valued. We provide full and fair consideration to applications for employment by the company made by disabled persons, having regard to their particular aptitudes and abilities. We also ensure continued employment and training for all employees of the Company who have become disabled persons during the period when they were employed by the Company. Our diversity and equality policy states that Control Risks aims to ensure that individuals receive equal treatment in all aspects of engagement with the Company, are not disadvantaged or treated less favourably by a condition or requirement and are not subject to any form of discrimination.

Employee engagement statement

The Directors, through various channels have ensured to maintain and develop arrangements aimed at:

- Providing employees systematically with information on matters of concern to them as employees;
- Consulting employees on a regular basis so that the views of employees can be taken into account in making decisions which are likely to affect their interests;
- Encouraging the involvement of employees in the Company's performance through an employees' bonus plan; and
- Achieving a common awareness on the part of all employees of the financial and economic factors affecting the performance of the company.

Control Risks Group Limited

REPORT OF THE DIRECTORS (continued)

FOR THE YEAR ENDED 31 MARCH 2023

Statement of engagement with suppliers, customers and other in a business relationship with the Company

During the financial year, the directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others.

Streamlined Energy and Carbon Reporting ("SECR")

The Company is not required to include SECR disclosures in its Annual Report since the group SECR disclosures have been included in the Control Risks International Limited financial statements which are publicly available on Companies House alongside the Control Risks Capital Limited financial statements.

Independent auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Statement of Directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

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

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

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

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

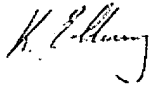
Control Risks Group Limited
REPORT OF THE DIRECTORS (continued)
FOR THE YEAR ENDED 31 MARCH 2023

Directors' confirmations

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

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

Approved by the Board and signed on its behalf by:



Kathryn Fleming
Director

2 September 2024

Independent auditors' report to the members of Control Risks Group Limited

Report on the audit of the financial statements

Opinion

In our opinion, Control Risks Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Statement of Financial Position as at 31 March 2023; the Income Statement, Statement of Comprehensive Income and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

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

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

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

Strategic report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the year ended 31 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

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

- Discussions with management and those charged with governance, including consideration of any known or suspected instances of non-compliance with laws and regulations and fraud
- Reviewing minutes of meetings of those charged with governance
- Performing procedures over any unusual journal entries
- Designing audit procedures to incorporate unpredictability into our testing
- Challenging assumptions made by management in determining their judgements and accounting estimates
- Review of financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations

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

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

Use of this report

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

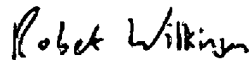
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Robert Wilkinson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
2 September 2024

Control Risks Group Limited
INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £'000	Restated 2022 £'000
Turnover	4	159,684	141,872
Impairment of receivables		(21,175)	(4,473)
Operating expenses		<u>(152,162)</u>	<u>(137,643)</u>
Operating loss	5	(13,653)	(244)
Income from shares in group undertakings		808	4,973
Other interest receivable and similar income	8	2,391	612
Interest payable and similar expenses	8	<u>(2,154)</u>	<u>(1,022)</u>
(Loss)/Profit before taxation		(12,608)	4,319
Tax (charge)/credit on profit	9	<u>(5,336)</u>	<u>5,966</u>
(Loss)/Profit for the financial year		<u><u>(17,944)</u></u>	<u><u>10,285</u></u>

Control Risks Group Limited
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	2023 £'000	Restated 2022 £'000
(Loss)/Profit for the financial year	(17,944)	10,285
Other comprehensive expense:		
Currency difference arising on retranslation of branches, net of tax	(255)	(147)
Total comprehensive (expense)/ income for the year	<u><u>(18,199)</u></u>	<u><u>10,138</u></u>

All results are from continuing operations.

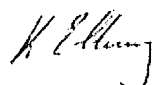
The notes on pages 20 to 51 form part of these financial statements.

Control Risks Group Limited
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Notes	2023 £'000	Restated 2022 £'000
Non-current assets			
Intangible assets	11	5,830	4,391
Tangible assets	12	441	758
Deferred tax	9	4,883	8,723
Investments	13	15,245	6,731
Dividends receivable	14	808	-
		27,207	20,603
Current assets			
Debtors	14	84,766	78,291
Cash at bank and in hand	15	2,515	15,142
		87,281	93,433
Total assets		114,488	114,036
Liabilities			
Current liabilities			
Equity partner bonus provision	17	(1,036)	(1,369)
Creditors	16	(113,243)	(99,529)
		(114,279)	(100,898)
Non-current liabilities			
Equity partner bonus provision	17	(5,517)	(5,418)
Share based payment liability	18	(751)	-
		(6,268)	(5,418)
Total liabilities		(120,547)	(106,316)
Net liabilities		(6,059)	7,720
Equity			
Called up share capital	19	-	-
Share premium	19	4,420	-
Cash flow hedge reserve	19	(84)	(84)
(Accumulated losses)/Retained earnings		(10,395)	7,804
Total equity		(6,059)	7,720

The notes on pages 20 to 51 form part of these financial statements.

The financial statements on pages 17 to 51 were approved and authorised for issue by the board of directors on 2 September 2024 and signed on its behalf by:



Kathryn Fleming

Director

2 September 2024

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Register number: 01810707

Control Risks Group Limited
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Called up share capital £'000	Share premium £'000	Cash flow hedge reserve £'000	Retained earnings/ Accumulated losses £'000	Total equity £'000
Balance as at 1 April 2021 (as previously stated)	-	-	(84)	20,191	20,107
Restatement (note 22)	-	-	-	(22,525)	(22,525)
Balance as at 1 April 2021 (restated)	-	-	(84)	(2,334)	(2,418)
Profit for the year (restated)	-	-	-	10,285	10,285
<i>Other comprehensive expense for the year:</i>					
Currency difference arising on retranslation of branches	-	-	-	(147)	(147)
Total comprehensive income for the year (restated)	-	-	-	10,138	10,138
Balance as at 31 March 2022 (restated)	-	-	(84)	7,804	7,720
Issuance of shares (note 13)	-	4,420	-	-	4,420
Loss for the year	-	-	-	(17,944)	(17,944)
<i>Other comprehensive expense for the year:</i>					
Currency difference arising on retranslation of branches	-	-	-	(255)	(255)
Total comprehensive expense for the year	-	-	-	(18,199)	(18,199)
Balance as at 31 March 2023	-	4,420	(84)	(10,395)	(6,059)

The notes on pages 20 to 51 form part of these financial statements.

Control Risks Group Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1. General information and basis of preparation

Corporate Information

Control Risks Group Limited (the "Company") is a private company limited by shares and incorporated in the United Kingdom under the Companies Act 2006. The address of its registered office is 6th floor, 33 King William Street, London, United Kingdom, EC4R 9AT.

Statement of compliance

These financial statements ("financial statements") have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ("FRS 102") issued by the Financial Reporting Council ("FRC") as well as being in compliance with the Companies Act 2006.

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value. The presentation and functional currency of the Company is the Great British Pound ("£" or "GBP"). These financial statements are presented in £, rounded to the nearest thousand.

The accounting policies set out below have been consistently applied throughout the year. The accounting policies remain unchanged from the preceding year.

Group financial statements have not been prepared as the Company is a wholly owned subsidiary undertaking of Control Risks International Limited, a company incorporated in Jersey, which prepares group financial statements. These financial statements present information about the Company as an individual company and not about its group.

The Company meets the definition of a qualifying entity under FRS 102. The Company has taken advantage of the following exemptions in its individual financial statements:

- Preparing a statement of cash flows.
- Excluding the compensation disclosure of the Company's key management personnel, as required by FRS 102 paragraph 33.7.
- Excluding those disclosures required under paragraph 33.1A of FRS 102.

Going concern

At the 31 December 2023 covenant test date, the leverage ratio test attached to the Company's banking facilities was breached, although the breach was remedied within 5 days. The situation arose following a period of challenging trading conditions for the Group across the market which culminated in a delay in receipts of Middle East client payments over the holiday period whilst the Group ensured that our key long standing service providers were paid ahead of the holiday period, staying true to our values of treating our suppliers fairly. Our banking partner waived the breach given the situation that occurred as well as extended the revolving credit facility maturity to November 2024 and thereafter gradually reducing through to March 2025. The Company has committed to repay the revolving credit facility prior to March 2025.

Control Risks Group Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023 (continued)

1. General information and basis of preparation (continued)

Going concern (continued)

Notwithstanding the above, the financial statements have been prepared on the going concern basis since the ultimate parent company, Control Risks International Limited ('CRIL'), has formally stated that it will provide the necessary financial support to the Company for at least twelve months from the date of approval of these financial statements. The Directors have considered the ability of CRIL to continue to operate as a going concern and provide the necessary support to the Company, giving due consideration to the forecasted cash flows, forecast covenant compliance and its ability to meet its liabilities as they fall due for a period of twelve months following the approval of these financial statements in both a base case scenario and severe but plausible scenario. Following this assessment, the Directors are comfortable that CRIL is both willing and able to support the Company as required and to enable the Company to meet its own liabilities as they fall due for at least twelve months from the date of approval of these financial statements. Consequently, they deem the going concern basis of preparation as appropriate.

2. Principle accounting policies

a) Foreign currencies

Transactions denominated in foreign currencies are translated into local currency at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into local currency at the rate of exchange ruling at the balance sheet date. Exchange gains or losses are included in the profit and loss account.

Assets and liabilities of branches in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year and the results of foreign branches are translated at the average rate of exchange for the year. All foreign exchange differences arising are taken to reserves and reported in the Statement of Changes in Equity.

b) Turnover

Turnover represents the sales value of services supplied to clients and excludes value added and similar sales taxes.

Revenue derived from consulting and other professional services is generated through one of the following two bases:

- i. Time and material ("T&M") – revenue is recognised as time and expenses are charged to a project. Revenue is equal to the number of hours charged at the contracted charge out rate plus any recoverable expenses. Where services are provided in relation to a contract which is not completed at year end, income is recognised by reference to all hours and expenses charged to date and recorded in accrued income on the statement of financial position.

Control Risks Group Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023 (continued)

2. Principle accounting policies (continued)

b) Turnover (continued)

- ii. Fixed Fee ("FF") – revenue is recognised over the period through which the project is contracted. Revenue is equal to the fee stipulated in the contract plus any allowable expenses as stipulated in the contract. Where services are provided in relation to a contract which is not completed at year end, income is recognised by reference to the time and costs incurred to date as a percentage of total estimated hours and costs for each contract and recorded in accrued income on the statement of financial position. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent that costs incurred are eligible to be recovered.

Revenue derived from subscription-based contracts is recognised over the period through which the project is contracted. Revenue is equal to the fee stipulated in the contract. Subscription revenue is billed in advanced of the contract period and recorded in deferred revenue on the statement of financial position.

Subscription based revenue is released in equal instalments over the course of the contracted period. To the extent that the revenue relates to a period after the year end, it is included in the statement of financial position as deferred income.

Revenue derived from data retrieval services is recognised as and when the data is extracted from client systems. Revenue derived from data storage is recognised over the time the data is held.

The Company receives a retainer which is proportional to the value of premiums on certain insurance policies for which the Company provides services. The Company is entitled to this income at the time that the insurance policies are bound and so recognises the income at that time.

c) Work-in-progress

Work-in-progress is stated at estimated realisable value, after providing for non-recoverable costs. Work in progress represents accrued revenue.

d) Employee benefits

For defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Control Risks Group Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023 (continued)

2. Principle accounting policies (continued)

d) Employee benefits (continued)

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The scheme was closed to new entrants with effect from 1 January 2000 and was closed to future accrual of benefit from 1 April 2009.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

e) Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

f) Taxation

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

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

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Control Risks Group Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023 (continued)

2. Principle accounting policies (continued)

f) Taxation (continued)

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

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

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

g) Interest income and expense

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Interest expense is recognised when it is probable that the economic benefits will flow from the Company and the cost can be measured reliably, accrued on a time basis.

Control Risks Group Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023 (continued)

2. Principle accounting policies (continued)

h) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment.

Depreciation is calculated to write off the cost less estimated residual value of tangible fixed assets on a straight-line basis over the expected useful economic lives as follows:

	Years
Computer equipment	3
Fixtures, fittings and equipment	8

Depreciation commences when the asset is ready for use.

A provision for impairment is made if the carrying value appears to be overstated based on the higher of value in use and expected sale value.

i) Intangible assets and amortisation

Costs associated with the development of Vantage, Online and other client platforms were recognised in the financial statements as an intangible asset. The Company expects to derive economic benefits from the development of costs capitalised in this manner over a period of three to five years from the date the systems were brought into productive use and the costs, including any enhancement expenditure, will be amortised on a straight-line basis over this period.

j) Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established, provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

k) Financial instruments

The Company has applied the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Basic financial assets, including trade debtors and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Control Risks Group Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023 (continued)

2. Principle accounting policies (continued)

k) Financial instruments (continued)

Financial assets (continued)

Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade creditors and amounts due to group undertakings are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Control Risks Group Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023 (continued)

2. Principle accounting policies (continued)

k) Financial instruments (continued)

Financial liabilities (continued)

Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

With the exception of some hedging instruments, other debt instruments not meeting conditions of being 'basic' financial instruments are measured at fair value through profit or loss.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting

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

l) Investments

Investments in subsidiary companies are included at cost. Provision is made for impairment if the carrying value appears to be overstated based on either of the value in use and expected sales value, depending on which is appropriate to the asset or cash generating unit being considered.

m) Derivatives

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Company does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

n) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Control Risks Group Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023 (continued)

2. Principle accounting policies (continued)

o) Hedge accounting

The Company designates certain derivatives as hedging instruments such as cash flow hedges.

At the inception of the hedge relationship, the entity documents the economic relationship between the hedging instrument and the hedged item, along with its risk management objectives and clear identification of the risk in the hedged item that is being hedged by the hedging instrument. Furthermore, at the inception of the hedge the Company determines and documents causes for hedge ineffectiveness.

p) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends, except for the hedging of inventory purchases when the amount is reclassified from the hedging reserve and included in the cost of inventory at initial recognition.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time is reclassified to profit or loss when the hedged item is recognised in profit or loss. When a forecast transaction is no longer expected to occur, any gain or loss that was recognised in other comprehensive income is reclassified immediately to profit or loss.

q) Share based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services in exchange for a future cash settlement.

The share-based payments in the company are treated as cash-settled as the company is obliged to settle the liability to employees. The liability that relates to employees of other group entities are recharged through the intercompany accounts.

The cost of cash-settled transactions is measured at fair value using an appropriate valuation model. Fair value is established initially at the grant date and at each balance sheet date thereafter until the awards are settled. During the vesting period a liability is recognised representing the product of the fair value of the award and the portion of the vesting period expired as at the balance sheet date. From the end of the vesting period until settlement, the liability represents the full fair value of the award as at the balance sheet date. Changes in the carrying amount of the liability are recognised in profit or loss for the period.

r) Cash and cash equivalents

Cash and cash equivalents include cash in hand, overdraft facilities and deposits held at call with banks.

Control Risks Group Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023 (continued)

2. Principle accounting policies (continued)

s) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

t) Related party transactions

The group discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the Directors, separate disclosure is necessary to understand the effect of the transactions on the group financial statements.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

a) *Critical judgements in applying the Company's accounting policies*

Deferred tax assets

The Company's deferred tax assets at 31 March 2023 are recognised to the extent that taxable profits are expected to arise in the future against which tax losses and allowances can be utilised. The deferred tax asset remaining at 31 March 2023 is £4,883,000 (refer to note 9).

This deferred tax asset has been recognised on the basis that the Company will make profits in the future against which the losses can be used. In order to support the recognition of the £4,883,000 deferred tax asset, modelling was undertaken to review the recovery period of the deferred tax asset.

The modelling was based on management forecasts and showed that the deferred tax asset is expected to be recovered by FY2028.

Control Risks Group Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023 (continued)

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

b) Key source of estimation uncertainty

Profit share provision

The calculation of the provision of £6,553,000 (2022: £6,787,000) for Equity Partner bonuses contains assumptions on the timing and the value of future payments. Details of the provision are included in note 17. Members of the bonus scheme are allocated a share of annual profits as a potential bonus. The amount ultimately payable, and timing of payments, is dependent on the liquidity needs of the business. Payments are not guaranteed, and the Company does not have a contractual obligation to settle these balances, however, although the Company has considerable discretion over the timing and amount of the payments, the Directors have nevertheless assessed that there is sufficient shared understanding with the employees that the arrangement meets the definition of a long-term employee benefit.

It is expected that this expenditure will be incurred within 10 years of the balance sheet date. The provision represents the full allocation of profits to the partner accounts, discounted to present value.

The calculation of the provision relies on certain assumptions which give rise to key sources of estimation uncertainty. Notably, management are required to make assumptions with respect to:

- i. Payment timing; and
- ii. Payment value, given that payments made will be determined with reference to the liquidity needs of the business.

Refer to note 17 for the carrying amount of the equity partner bonus provision and sensitivity analysis performed by management.

Share based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the option and the length of the vesting period.

The Company initially measures the cost of cash-settled transactions with employees using a Monte-Carlo simulation model to determine the fair value of the liability incurred. For cash-settled share-based payment transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in profit or loss. This requires a reassessment of the estimates used at the end of each reporting period.

Control Risks Group Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023 (continued)

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

b) Key source of estimation uncertainty (continued)

Defined benefit pension plan

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The defined benefit pension plan is in surplus position as of 31 March 2023 (31 March 2022: surplus position), which is not recognised in these financial statements. Refer to note 10 for further details on the defined benefit pension plan and assumptions used to calculate the present value of defined pension plan obligations.

Work in progress

The value of work in progress is affected by the assessment of the value of consulting revenue open at balance sheet date, which is a significant area where such judgements, estimations and assumptions are made. This involves estimating the stage of completion of each project based on the value of work completed at balance sheet date and the expected work to complete the project, as well as the recoverability thereof. A different assessment of the outcome on a project may result in a different value being determined for revenue and a different carrying value for accrued revenue.

4. Turnover

The Company's revenues are derived from the provision of specialist risk consulting services which help create secure, compliant, and resilient organisations. Revenue from consulting services is generated in the following major geographical locations:

	2023	2022
	£'000	£'000
United Kingdom	97,004	91,911
Rest of the world	62,680	49,961
Total revenue	<u>159,684</u>	<u>141,872</u>

Control Risks Group Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023 (continued)

5. Operating loss

Operating loss is stated after charging/(crediting):

	2023	Restated 2022
	£'000	£'000
Wages and salaries	53,620	40,733
Social security costs	5,616	4,301
Equity Partner provision charge (note 17)	2,225	3,896
Other pension costs	1,951	1,765
Operating lease payments	1,551	1,552
Amortisation of intangible fixed assets	1,186	1,514
Depreciation of tangible fixed assets	477	485
Impairment of intangible asset	59	-
Loss/(gain) in change of fair value of financial derivatives	19	(355)
(Gain)/loss on disposal of tangible assets	(68)	9
(Gain)/loss on foreign exchange	(512)	122
Reversal of previous provision charges (note 17)	(1,414)	-

Included in wages and salaries is a total expense of £18,000 (2022: £nil) related to shared based payments. Refer to note 18 for further details related to the share-based payment arrangements.

	2023	2022
	£'000	£'000
Audit fee for the audit of the Company's financial statements	970	35
Audit fee for the audit of other group entities' financial statements borne by the Company	1,045	285
	2,015	320

The fee payable to the auditors for non-audit services amounted to £5,285 (2022: Nil) in relation to Tax advisory services. This fee was borne and paid by another group entity on behalf of the Company.

£2,000 (2022: £nil) has been borne by Control Risks Group Limited for non-audit services provided to another group entity in the current year in relation to the provision of certain accounting training materials.

The fees payable in the year ended 31 March 2022 relates to the Company's previous auditor Deloitte LLP. In addition to the above, £52,000 was charged during the year ended 31 March 2023 by Deloitte LLP for the previous year's audit. No non-audit services were provided by Deloitte LLP during the year ended 31 March 2023 until their resignation

Control Risks Group Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023 (continued)

6. Directors' remuneration

There were 3 directors (2022: 3) of the Company during the year. The directors are directors of multiple entities across the group and are all executive directors of the ultimate holding company, Control Risks International Limited. The directors received their remuneration for the various positions held from the Company as follows:

	2023	2022
	£'000	£'000
Emoluments	1,409	1,256
Benefits received under long-term incentive scheme	242	715
Other pension costs	102	90
	1,753	2,061

The highest paid directors' emoluments are as follows:

	2023	2022
	£'000	£'000
Emoluments	587	514
Benefits received under long-term incentive scheme	102	357
Other pension costs	47	42
	736	913

7. Staff numbers and costs

The average number of persons (including Directors) employed during the year is analysed below:

	2023	2022
	No.	No.
Staff based in UK	488	465
Staff based overseas	1,356	1,119
	1,844	1,584

Control Risks Group Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023 (continued)

8. Interest receivable and payable

	2023 £'000	2022 £'000
Other interest receivable and similar income		
Bank interest receivable	59	3
Interest from group companies	<u>2,332</u>	<u>609</u>
	<u>2,391</u>	<u>612</u>
	2023 £'000	2022 £'000
Interest payable and similar expense		
Bank interest	115	387
Interest payable to group companies	<u>2,039</u>	<u>635</u>
	<u>2,154</u>	<u>1,022</u>

9. Tax charge/(credit) on profit

a) Analysis of tax charge/(credit) for the year

	2023 £'000	2022 £'000
UK corporation tax – current year	233	-
UK corporation tax – prior year	(302)	-
International corporation tax - current year	<u>1,565</u>	<u>1,063</u>
	1,496	1,063
Deferred tax	<u>3,840</u>	<u>(7,029)</u>
Tax on profit	<u>5,336</u>	<u>(5,966)</u>

Control Risks Group Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023 (continued)

9. Tax charge/(credit) on profit (continued)

b) Factors affecting tax charge/(credit) for the year

The tax on profit is different from the standard rate of corporation tax in the United Kingdom of 19% (2022: 19%). The differences are explained below:

	2023 £'000	Restated 2022 £'000
(Loss)/Profit before taxation	<u>(12,608)</u>	<u>4,319</u>
(Loss)/Profit before taxation multiplied by the standard rate of corporation tax of 19% (2022: 19%)	(2,396)	821
Effects of:		
Expenses not deductible for tax purposes	4,141	879
Income not taxable	(154)	(1,150)
Deferred tax recognised	-	(6,100)
Deferred tax derecognised	2,438	-
Change in tax rate on deferred tax balance	259	(1,496)
Taxation on foreign branches	1,350	1,080
Adjustments in respect of prior years	(302)	-
Tax on (loss)/profit on ordinary activities	<u>5,336</u>	<u>(5,966)</u>

£98,000 (2022: £nil) of the tax charge represents payment made for corporation tax losses surrendered by other group entities to the Company.

c) Factors affecting tax charges for future year

At 31 March 2023 the Company has recognised £4,883,000 (2022 restated: £8,723,000) of deferred tax assets in the financial statements.

The deferred tax asset may be recovered against future capital gains or available taxable profits, as appropriate.

d) Deferred tax assets and liabilities

Reconciliation of deferred tax assets and liabilities:

	Fixed asset timing differences £'000	Short term timing differences £'000	Tax losses carried forward £'000	Total £'000
At 1 April 2022	76	2,364	6,283	8,723
Charge for the year	(592)	140	(3,388)	(3,840)
At 31 March 2023	(516)	2,504	2,895	4,883

Control Risks Group Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023 (continued)

9. Tax charge/(credit) on profit (continued)

d) Deferred tax assets and liabilities (continued)

Deferred tax assets are recognised to the extent that projections indicate that it is probable the relevant short term timing differences will reverse and that there will be suitable taxable profits in those or future periods against which the reversal may be offset.

At 31 March 2023, the Company had £2,380,000 of deferred tax assets relating to unused tax losses not recognised in the financial statements because the Directors do not expect them to be recovered in the following 3 years. There is no expiry date on the unused tax losses.

10. Pension scheme arrangements

The Company contributes to two pension schemes - a closed defined benefit scheme and a group personal pension scheme.

Defined benefit

The Company operated a defined benefit pension scheme for employees based in the UK, but this scheme was closed to new entrants with effect from 1 January 2000 and was closed to future accrual of benefit with effect from 1 April 2009. The scheme now only comprises deferred members and pensioners and there are no active members.

The contributions paid to the scheme during the year ended 31 March 2023 were £nil (2022: £nil). Net finance income and remeasurements recognised in the financial statements were £nil (2022: £nil).

The Company does not recognise the plan surplus as a defined benefit plan asset as the Company is unlikely to be able recover the surplus either through a reduced future contributions or refunds from the plan. The plan surplus of £5,156,000 (2022: surplus of £6,049,000) has not been recognised.

The triennial valuation as of 31 March 2021 forms the basis for the year-end actuarial valuation under FRS102 as at 31 March 2023.

Control Risks Group Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023 (continued)

10. Pension scheme arrangements (continued)

Defined benefit (continued)

The major assumptions used by the actuary for the update at 31 March 2023 were as follows:

	31 March 2023	31 March 2022
Rate of increase in pensions paid to pensioners (p.a.):		
Guaranteed minimum pensions	2.1%	2.5%
Pensions other than guaranteed minimum pension:		
Pre 1 September 1997 joiners:		
Pre 1 July 1998 service	5.0%	5.0%
Post 1 July 1998 service	3.2%	3.9%
Post 1 September 1997 joiners	3.2%	3.9%
Rate of price inflation (p.a.):		
RPI	3.3%	4.2%
CPI	2.5%	3.6%
Discount rate (p.a.)	4.7%	2.7%
Mortality table post-retirement:		
Total life expectancy at 65 of a male member (non-pensioner) currently aged 45	89.0	89.0
Total life expectancy at 65 of a female member (non-pensioner) currently aged 45	90.8	90.8
Total life expectancy of a male member (pensioner) currently aged 65	88.1	88.1
Total life expectancy of a female member (pensioner) currently aged 65	89.7	89.6

The assets and liabilities of the closed scheme were:

	2023 £'000	2022 £'000
Equities	8,782	12,714
Bonds	7,331	9,885
Multi-asset class fund	8,864	12,864
Liquidity Driven Investment pools	7,827	10,476
Property	4,257	5,118
Cash & other	1,921	690
Total value of assets	38,982	51,747
Present value of scheme liabilities	(33,826)	(45,698)
Surplus	5,156	6,049

Amounts are stated at bid prices. Investments are primarily held in pooled funds, and the categories shown illustrate the areas where the investments have the greatest exposure.

Control Risks Group Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023 (continued)

10. Pension scheme arrangements (continued)

Defined benefit (continued)

The movement in the net pension surplus not recognised during the year was as follows

	2023	2022
	£'000	£'000
Assets		
At 1 April	51,747	49,664
Benefits paid	(1,483)	(1,391)
Other finance income	1,377	930
Actuarial (loss)/gain	(12,659)	2,544
At 31 March	<u>38,982</u>	<u>51,747</u>
Liabilities		
At 1 April	(45,698)	(49,059)
Benefits paid	1,483	1,391
Other finance cost	(1,214)	(919)
Remeasurement – effect of changes in assumptions – gain	12,921	4,880
Remeasurement – effect of experience adjustments – loss	(1,318)	(1,991)
At 31 March	<u>(33,826)</u>	<u>(45,698)</u>
Net pension surplus		
At 1 April	<u>6,049</u>	<u>605</u>
At 31 March	<u>5,156</u>	<u>6,049</u>
	2023	2022
<i>Difference between the expected and actual return on scheme assets:</i>		
Amount (£'000)	(11,282)	3,474
Duration of liabilities	13	17

Defined contribution pension plan

The Company operates a group personal pension plan for UK employees and also contributes to defined contribution plans and state plans elsewhere. Pension contributions made by the Company under these plans are recognised with Other pension costs as seen in note 5.

Other matters

The directors are currently in the process of assessing whether the ongoing legal case related to UK defined benefit pension schemes (Virgin Media Limited v NTL Pension Trustees II Limited) is relevant for the Company's pension scheme following the latest judgement on that case announced in July 2024 and the potential impact, if any, of the scheme's liabilities.

Control Risks Group Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023 (continued)

11. Intangible assets

	Software £'000
Cost	
At 1 April 2022	13,467
Additions	3,822
Disposals	(1,986)
At 31 March 2023	15,303
Accumulated Amortisation	
At 1 April 2022	9,076
Charge for the year	1,186
Impairment	59
Disposals	(848)
At 31 March 2023	9,473
Net book value	
At 31 March 2023	5,830
At 31 March 2022	4,391

Development costs of £325,000 (2022: £1,115,000) have been capitalised.

The remaining amortisation period is 3.5 years (2022: 3.5 years).

During the year the net book value of CORE assets of £1,138,000 was contributed by the Company in exchange for shares in Control Risks Ventures Limited recognised at the same book value due to the transaction being under common control (refer to note 13).

12. Tangible assets

	Computer equipment £'000	Fixtures, fittings & equipment £'000	Total £'000
Cost			
At 1 April 2022	2,441	1,798	4,239
Additions	160	-	160
At 31 March 2023	2,601	1,798	4,399
Accumulated Depreciation			
At 1 April 2022	2,109	1,372	3,481
Charge for the year	251	226	477
At 31 March 2023	2,360	1,598	3,958
Net book value			
At 31 March 2023	241	200	441
At 31 March 2022	332	426	758

Control Risks Group Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023 (continued)

13. Investments

	Investments in subsidiaries £'000
Cost and net book value	
At 1 April 2022	<u>6,731</u>
Acquisition at cost through shareholder contribution	4,420
Other acquisitions at cost	4,094
Cost and net book value	
At 31 March 2023	<u>15,245</u>

The company has the following subsidiaries:

Name	Country of incorporation	Holding	%
Control Risks do Brasil Ltda	Brazil	R\$1 ordinary shares	100
Control Risks Services Limited	UAE	US\$1 ordinary shares	100
Control Risks Servicios SA de CV	Mexico	N\$1 ordinary shares	100
Control Risks Ventures Limited	United Kingdom	GBP1 ordinary shares	100

The below table details the registered address of the above subsidiaries:

Name	Registered Address
Control Risks do Brasil Ltda	Torre Sul, Rua James Joule 65, 04576-080 São Paulo – SP
Control Risks Services Limited	DIFC Al Fattan Currency House, Tower 2, Level 26, PO Box 506669, Sheikh Zayed Road, Dubai, U.A.E.
Control Risks Servicios SA de CV	Rubén Darío 281, Miguel Hidalgo, Bosque de Chapultepec, 11580 Mexico City, D.F.
Control Risks Ventures Limited	6th Floor, 33 King William Street, London, United Kingdom, EC4R 9AT

These subsidiaries are involved in the provision of security services, security consultancy, international investigations and related information services.

During the year the Company set up a new 100% owned subsidiary Seerist UK Ltd, a company incorporated in Jersey. The registered address is 26 New street, Saint Helier, Jersey, JE23RA. At incorporation the Company contributed its CORE assets of a net book value of £1,138,000 in exchange for 10,000 shares issued by Seerist UK Ltd (note 11).

Control Risks Group Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023 (continued)

13. Investments (continued)

During the year the Company set up a new 100% owned subsidiary Seerist North America Inc, a company incorporated in the United States. The registered address is 1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19808. The value of this investment amounted to £1,374,000.

During the year the Company issued 1 (2022: nil) ordinary share to its shareholder in exchange for 10% shareholding in Geospark Analytics, Inc., a company incorporated in the United States, contributed by the Company's shareholder for a consideration of £4,420,000 (\$5,369,000) which was recognised at book value as a transaction under common control.

During the year the Company set up a new 100% owned subsidiary Control Risks Ventures Limited, incorporated in the United Kingdom. The Company contributed £42,000 in exchange for 1,500,000 A shares, 2,500,000 C shares and 250,000 D shares of the new subsidiary. The Company also contributed all shareholding of Seerist UK Ltd, Geospark Analytics, Inc. and Seerist North America Inc to Control Risks Ventures Limited, which was recognised at book value as a transaction under common control, in exchange for 999 ordinary shares of Control Risks Ventures Limited. As part of this restructuring £1,540,000 was incurred in consulting and legal fees, these costs were capitalised as part of cost of investment in Control Risks Ventures Limited.

As a result Control Risks Ventures Limited and its subsidiaries consists of the assets of CORE business and the entire business of Geospark Analytics Inc. It owns and produces an online platform that provides analysis, verification and insight into political and security events. The platform represents a combination of human verification and analysis alongside machine learning and artificial intelligence.

14. Debtors and dividends receivable

	2023 £'000	Restated 2022 £'000
Trade debtors	24,155	14,591
Amounts owed by group undertakings	45,803	51,443
Derivative financial instruments	15	20
Other debtors	4,658	4,686
Accrued income	7,482	4,426
Prepayments	2,653	3,125
	<u>84,766</u>	<u>78,291</u>

Trade debtors are stated net of an impairment provision of £1,148,000 (2022: £1,219,000).

Amounts owed by group undertakings are unsecured and repayable on demand. The gross amount bearing interest at a rate of SONIA+1% amounts to £79,225,000. The gross amount which bears no interest amounts to £9,670,000. Amounts owed by group undertakings are stated net of an impairment provision of £43,092,000 (2022 (restated): £21,916,000).

Control Risks Group Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023 (continued)

14. Debtors and dividends receivable (continued)

At 31 March 2022 amounts totalling £64,603,000 bear interest at a rate of SONIA+1%. The remaining balances of £8,756,000 bear no interest.

Other debtors primarily consist of withholding tax debtors of £4,636,000 (2022: £3,100,000).

The below table sets out dividends receivable:

	2023 £'000	2022 £'000
Dividends receivable	808	-
	<u>808</u>	<u>-</u>

The dividends receivable is due from Control Risks do Brasil Ltda and are not expected to be received until the 2025 financial year.

15. Cash at bank and in hand

	2023 £'000	2022 £'000
Cash at bank and in hand	2,515	15,142
	<u>2,515</u>	<u>15,142</u>

Cash at bank and in hand includes a balance of £610,000 (2022: £573,000) that is not freely available for use by the Company as it is held as a guarantee for an operational licence.

16. Creditors

	2023 £'000	2022 £'000
Trade creditors	3,152	1,994
Accrued expenses	8,060	4,856
Deferred income	3,179	11,686
Amounts owed to group undertakings	85,069	67,686
Corporation tax	3,326	1,988
Other taxation and social security	1,642	2,823
Other creditors	8,815	8,496
	<u>113,243</u>	<u>99,529</u>

Other creditors falling due within one year includes bonus accruals, pension liabilities, staff and payroll creditors and other miscellaneous current liabilities. Amounts owed to group undertakings are unsecured and repayable on demand. Amounts totalling £59,209,000 bear interest at a rate of SONIA+1%. The remaining balances of £25,860,000 bear no interest.

Control Risks Group Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023 (continued)

16. Creditors (continued)

At 31 March 2022 amounts totalling £62,171,000 bear interest at a rate of SONIA+1%. The remaining balances of £5,515,000 bear no interest.

The Company has an overdraft facility amounting to £10,000,000 (2022: £10,000,000). This overdraft is available until September 2026. As at 31 March 2023 the amount of £1,728,000 was drawn and is presented as part of Other creditors.

17. Equity partner bonus provision

	Equity partner bonus provision £'000
As at 1 April 2021	6,776
Charge for the year	3,896
Payments made	(4,206)
Revaluation loss	321
As at 31 March 2022 (restated)	6,787
Charge for the year	2,225
Reversal of previous provision charges	(1,414)
Payments made	(1,493)
Foreign exchange loss	448
As at 31 March 2023	6,553
Current portion of Equity partner bonus provision	1,036
Non-current portion of Equity partner bonus provision	5,517
Total Equity partner bonus provision	6,553

The provision for Equity Partner bonuses relates to expected payments to certain senior employees in recognition of their services to the Company. The bonus scheme was set up in 2016 and its members comprise certain senior employees. Under the scheme, members are notionally allocated a share of annual profits as a potential bonus. The amount ultimately payable, and the timing of payments, is dependent on the liquidity needs of the business. Whilst payments are not guaranteed and the Company does not have a contractual obligation to settle these balances, there is an intention to provide full payments for amounts provided for in future years, when the Company has the necessary resources to do so.

It is the Directors' judgement that a liability should be recognised in the financial statements to reflect the fact that the arrangement meets the definition of a long-term employee benefit. It is expected that this expenditure will be incurred within 10 years of the balance sheet date. The provision represents the full allocation of profits to the partner accounts, discounted to present value.

Control Risks Group Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023 (continued)

17. Equity partner bonus provision (continued)

The following table demonstrates the sensitivity to a reasonable possible change in the discount rate and the timing of the payment with all other variables held constant.

	2023	Key input	Base case	Sensitivity scenario	Decrease in balance
	£'000				£'000
Equity Partner bonus provision	6,553	Discount rate	3.5%	+1%	(339)
		Timing	10 years	+2 years	(381)

18. Share based payments

Upon incorporation of Seerist as a subsidiary of the Company (refer to note 13), a selection of senior employees of the Company and other group entities were invited to either acquire growth shares in Control Risks Ventures Limited or participate in cash awards which did not require an initial subscription payment.

The choice between the growth shares or cash awards was at the full discretion of participating employees. All employees of the Company elected for the growth shares.

The holders of cash awards are referred to as Unitholders, with their entitlement linked to "C" shares. The "units" linked to "C" shares are shares of a special class and contain no dividend or voting rights but entitle its holders to a return paid in cash on a liquidity event of Seerist and are paid by the Company. Eligibility to and future entitlement to value from these classes of shares are in exchange for providing employment services to the Company until the liquidity event.

The liquidity event is expected to occur on 31 December 2026 and therefore the contractual term and vesting period of the awards is 4.2 years.

The fair value of the cash-settled awards is measured at the grant date using a Monte-Carlo simulation model that takes into account the terms and conditions upon which the instruments were granted and the extent to which the employees have rendered services to date. The services received and the liability to pay for those services are recognised over the expected vesting period. Until the liability is settled it is remeasured at each reporting date with changes in fair value recognised in profit or loss. The above performance condition (liquidity event) is only considered in determining the number of instruments expected to ultimately vest.

The carrying amount of the liability relating to cash-settled share-based payments at 31 March 2023 amounts to £751,000 (2022: £nil) which includes employees of the Company and other group entities. The amount of the charge £18,000 (note 5) is related to the Company's employees, while the remaining amount of £733,000 relates to the employees of other group entities, that was recharged to the Company via intercompany account.

Amounts related to C shares are recognised for employee services received during the year.

The expense for employee services received during the year amounts to £18,000 (2022: £nil). The cumulative expense recognised reflects the best estimate of the number of equity instruments that will ultimately vest. There were no cancellations to awards in the year.

Control Risks Group Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023 (continued)

18. Share based payments (continued)

The table below illustrates the number and weighted average grant-date fair value of, and movements in, the C share instruments granted under the share growth plan during the year:

	Number	Weighted average grant-date fair value
Non-vested, 1 April 2022	-	-
Granted	653,375	\$12.38
Vested	76,868	\$12.38
Non-vested, 31 March 2023	576,507	\$12.38

19. Called up share capital and reserves

	2023	2022
	£	£
Authorised, allotted, called up and fully paid:		
Ordinary shares of £1 each	3	2

Reserves of the Company represent the following:

Share premium

All authorised shares have been allotted, called up and fully paid. The holder of ordinary shares is entitled to receive dividends. All ordinary shares carry one vote per share without restrictions.

During the year the Company issued 1 (2022: none) ordinary share to its shareholder in exchange for 10% shareholding in Geospark Analytics Inc (refer to note 13).

Cash flow hedge reserve

Includes gains and losses arising on hedges designated for hedge accounting purposes including interest rate swaps and forward foreign exchange contracts entered into in order to hedge the cash flow exposures of material forecast transactions denominated in foreign currencies.

20. Commitments, guarantees and credit facilities

a) Operating lease commitments

The Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2023	2022
	£'000	£'000
Payments due:		
Not later than one year	1,597	1,582
Later than one year and not later than five years	392	1,977
	1,989	3,559

Control Risks Group Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023 (continued)

20. Commitments, guarantees and credit facilities (continued)

b) Other guarantees and credit facilities

	2023 £'000	2022 £'000
Bank guarantees	1,927	1,561

The Company has provided a guarantee along with several other subsidiaries to secure the banking facilities made available to Control Risks Group Holdings Limited. Control Risks Group Holdings Limited has a revolving credit facility amounting to £25,000,000 (2022: £15,000,000). Interest on the facility is charged at the variable daily SONIA rate. The facility is available until September 2026.

It is management's assessment that there is a remote probability this guarantee will ever be called upon the Company.

The Company has £10,000,000 available credit facility, of which £nil was drawn down at year end. Its original maturity was 18 September 2023. As of the date of issuing these financial statements, the Company has access to this facility till November 2024 and thereafter gradually reducing through to March 2025. The Company has modelled to repay the drawn down facility prior to March 2025.

c) Forward exchange contracts

At 31 March 2023, the Company had entered into the following forward foreign exchange contracts:

Buy '000s		Sell '000s		(Gain)/ Loss £'000
182,000	JPY	1,113	GBP	(2)
759	GBP	1,400	AUD	-
475	GBP	10,500	ZAR	3
7,100	HKD	732	GBP	(2)
3,400	SGD	2,069	GBP	(3)
2,735	GBP	3,100	EUR	(5)
116,250	MXN	5,166	GBP	(36)
1,015	GBP	1,700	CAD	3
975	GBP	1,100	CHF	3
8,159	GBP	10,100	USD	24
				(15)

Control Risks Group Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023 (continued)

21. Financial instruments

The Company has the following financial instruments:

	2023 £'000	2022 £'000
Financial assets		
<i>Financial assets that are debt instruments measured at amortised cost</i>		
Cash and cash equivalents	2,515	15,142
Dividend receivable	808	-
Trade debtors	24,155	14,591
Other debtors	4,658	4,686
Accrued income	7,482	4,426
Amounts owed by group undertakings	45,803	51,443
	85,421	90,288
 <i>Financial assets at fair value through profit or loss</i>		
Derivative financial instruments	15	20
	15	20
 Total financial assets	85,436	90,308
 Financial liabilities		
<i>Financial liabilities measured at amortised cost</i>		
Trade creditors	(3,152)	(1,994)
Accrued expenses	(8,060)	(4,856)
Amounts owed to group undertakings	(85,069)	(67,686)
Other creditors	(8,815)	(8,496)
	(105,096)	(83,032)
 Total financial liabilities	(105,096)	(83,032)
 Net financial instruments	(19,660)	7,276

Derivative financial instruments

The Company enters into forward foreign currency contracts to mitigate the exchange rate risk of certain assets and liabilities which are classified as cash flow hedges. As at 31 March 2023 an asset of £15,000 was recognised (2022: asset of £20,000). All forward contracts are measured at fair value, which is determined using independent valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for GBP:USD and other currency pairings as listed in note 20.

Control Risks Group Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023 (continued)

21. Financial instruments (continued)

Derivative financial instruments (continued)

Changes in fair value of forward foreign currency contracts held to mitigate the exchange rate risk of assets and liabilities are recorded through the income statement. During the year a loss of £19,000 was recognised (2022: gain £355,000).

No movements arose from changes in the fair value of cash flow instruments during the year (2022: £nil). Profit and loss movements on financial instruments recognised at amortised cost are detailed within note 5.

22. Restatement

a) *Equity Partner Bonus Provision*

During the year the Company identified an error in the accounting of the Equity Partner bonus provision which was previously only recognised on consolidation in the financial statements of the Company's ultimate parent, Control Risks International Limited. The Company previously has been recognising the payments made to Equity Partners employed by the Company as an expense in the period when the payment was made and has not been recognising any provision, while in the Company's ultimate parent, Control Risks International Limited, consolidated financial statements there has been a provision recognised for all expected future payments to Equity Partners, discounted to present value. The notional profit share to Equity Partners employed by the Company, as described in note 17, has therefore been included within these financial statements and the prior year comparatives were restated where necessary. This resulted in additional liability in the form of provision being recognised in the Company's statement of financial position and the expense in the form of cash paid to Equity Partners was replaced by the annual charge in the provision.

b) *Impairment of amounts due from group undertakings*

As a result of this restatement across the group entities, the recoverability of the company's receivables were reviewed and it was identified that a number of related party balances were to be provided for. These have also been reflected in the restated numbers below where the impairment of such balance was due to the inclusion of the notional bonus provision within future cash forecasts.

The comparative figures in the primary statements and respective notes have been restated to reflect the new policy which provides for future payments in the year the profits are accrued and the service is received. This has been split into two adjustments; (a) the impact to opening retained earnings as at 1 April 2021; and (b) the impact on the prior year Income Statement.

Control Risks Group Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023 (continued)

22. Restatement (continued)

Statement of financial position:

	Balance at 31 March 2022 as originally presented	EPBP - Opening retained earnings (a)	Receivables impairment - Opening retained earnings (b)	EPBP - Prior year impact (a)	Receivables impairment - Prior year impact (b)	Balance at 31 March 2022 as restated
	£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets						
Intangible assets	4,391	-	-	-	-	4,391
Tangible assets	758	-	-	-	-	758
Deferred tax	7,026	1,694	-	3	-	8,723
Investments	6,731	-	-	-	-	6,731
	18,906	1,694	-	3	-	20,603
Current assets						
Debtors	100,207	-	(17,443)	-	(4,473)	78,291
Cash at bank and in hand	15,142	-	-	-	-	15,142
	115,349	-	(17,443)	-	(4,473)	93,433
Total assets	134,255	1,694	(17,443)	3	(4,473)	114,036
Current liabilities						
Creditors	(99,529)	-	-	-	-	(99,529)
Equity partner bonus provision	-	(1,369)	-	-	-	(1,369)
	(99,529)	(1,369)	-	-	-	(100,898)
Non-current liabilities						
Equity partner bonus provision	-	(5,407)	-	(11)	-	(5,418)
	-	(5,407)	-	(11)	-	(5,418)
Total liabilities	(99,529)	(6,776)	-	(11)	-	(106,316)
Net assets	34,726	(5,082)	(17,443)	(8)	(4,473)	7,720
Capital and reserves						
Called up share capital	-	-	-	-	-	-
Cash flow hedge reserve	(84)	-	-	-	-	(84)
Profit and loss account	34,810	(5,082)	(17,443)	(8)	(4,473)	7,804
Shareholder's funds	34,726	(5,082)	(17,443)	(8)	(4,473)	7,720

Control Risks Group Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023 (continued)

22. Restatement (continued)

Statement of changes in equity:

	Called up share capital £'000	Share premium £'000	Cash flow hedge reserve £'000	Retained earnings/ (Accumulated losses) £'000	Total equity £'000
Balance as at 1 April 2021 (as previously stated)	-	-	(84)	20,191	20,107
Restatement a)	-	-	-	(5,082)	(5,082)
Restatement b)	-	-	-	(17,443)	(17,443)
Balance as at 1 April 2021 (restated)	-	-	(84)	(2,334)	(2,418)

Income statement:

	Year ending 31 March 2022			
	Total as previously reported £'000	EPBP - Prior year impact (a) £'000	Receivables impairment - Prior year impact (b) £'000	Total as restated £'000
Turnover	141,872	-	-	141,872
Impairment of receivables	-	-	(4,473)	(4,473)
Operating expenses	(137,632)	(11)	-	(137,643)
Operating profit/(loss)	4,240	(11)	(4,473)	(244)
Interest receivable	612	-	-	612
Interest payable	(1,022)	-	-	(1,022)
Income from shares in group undertakings	4,973	-	-	4,973
Profit before taxation	8,803	(11)	(4,473)	4,319
Tax on profit	5,963	3	-	5,966
Profit for the financial year	14,766	(8)	(4,473)	10,285
Other comprehensive expense:				
Currency differences arising on retranslation of branches	(147)	-	-	(147)
Total comprehensive income for the year	14,619	(8)	(4,473)	10,138

Control Risks Group Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023 (continued)

23. Related party transactions

The Company has taken advantage of the exemption conferred in paragraph 33.1A of Financial Reporting Standard 102 and has not disclosed in the financial statements details of transactions with other wholly owned group companies.

The Company had the following transactions and balances with group companies that are not fully owned:

	2023 £'000	2022 £'000
Trade receivable from entities under common control	43	-
Trade receivable from indirect subsidiaries	1,738	-
Trade payable to entities under common control	(29)	-
Trade payable to indirect subsidiaries	(5,209)	-
Loans receivable from entities under common control	3	-
Loans payable to entities under common control	(833)	(680)
Revenue from indirect subsidiaries	3,737	-
Interest expense from entities under common control	(19)	(7)
Revenue from companies under common control	3	4
Expense from companies under common control	(333)	(350)

Amounts due from entities under common control are unsecured, bear interest at a rate of SONIA+1% and repayable on demand.

24. Subsequent events

There are no events subsequent to year end which have occurred that impacts the Company.

25. Controlling party

The immediate parent undertaking is Control Risks Group Holdings Limited, a company registered in the United Kingdom. The ultimate parent undertaking is Control Risks International Limited (CRIL), a company registered in Jersey. CRIL represents the smallest and largest entity that produces consolidated group financial statements incorporating the results, assets and liabilities of the Company. The address of its registered office is 26 New Street, St Helier, Jersey JE2 3RA.

Copies of the ultimate parent company's financial statements may be obtained from the Company Secretary, Control Risks International Limited, 6th Floor, 33 King William Street, London, United Kingdom, EC4R 9AT. CRIL financial statements are also publicly available on Companies House alongside the Control Risks Capital Limited financial statements.