

Registered number: 00968498

---

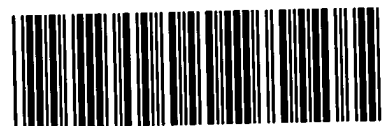
**NEC Software Solutions UK Limited  
(previously Northgate Public Services (UK) Limited)**

---

**Annual Report and Financial Statements**

**For the Year Ended 31 March 2023**

THURSDAY



A12 \*ACYVMVF\* 14/03/2024 #10  
COMPANIES HOUSE

---

**NEC Software Solutions UK Limited**

---

**Company Information**

---

<b>Directors</b>	T J Whitely S Maynard
<b>Registered number</b>	00968498
<b>Registered office</b>	1st Floor, Imex Centre 575-599 Maxted Road Hemel Hempstead Hertfordshire HP2 7DX
<b>Independent auditor</b>	KPMG LLP 58 Clarendon Road Watford WD17 1DE

---

**NEC Software Solutions UK Limited**

---

**Contents**

---

	Page
<b>Strategic Report</b>	1 - 7
<b>Directors' Report</b>	8 - 11
<b>Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements</b>	12
<b>Independent Auditor's Report to the Members of NEC Software Solutions UK Limited</b>	13 - 17
<b>Statement of Comprehensive Income</b>	18
<b>Statement of Financial Position</b>	19 - 20
<b>Statement of Changes in Equity</b>	21 - 22
<b>Notes to the Financial Statements</b>	23 - 60

---

## NEC Software Solutions UK Limited

---

### Strategic Report For the Year Ended 31 March 2023

---

#### Introduction

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

#### Business review

During the year the Company recognised revenue of £166.4m (2022: £160.9m) relating to the sale of software and related services. Revenue growth is driven by organic growth, particularly in the Government and Housing and Health businesses.

Government and Housing has had great success across a number of products, with Revenues and Benefits up by £2.1m, UK Housing up by £3.3m and Cloud Hosting up by £1.5m, all contributing significantly to the business unit's £6.6m (12%) growth in revenue on last year. The Health business has grown by £0.6m despite the natural end of a large contract with Nottingham City Council in 2022, which contributed £3.7m to the prior year's revenues and nil in the current year. The remaining Health business, which includes our document and processing services, more than compensated for this with growth in the Vantage business hived up in the prior year, and higher volumes in the document and processing services.

Safety business revenue fell by £1.8m, primarily because of the significant implementations carried out in the previous financial year not repeating in the current year. There were still significant successes, with go live of the CONNECT product in the Metropolitan Police being a critical milestone.

Revenues and the resulting profits are the key drivers of performance for the business, with non-financial KPIs not reported on a company-wide level. Net working capital and cash balances, including those of subsidiaries of NEC Software Solutions UK Limited, are monitored through the pooling arrangement with NEC Capital plc. The Company is reporting net current liabilities of £117.8m (2022: £124.2m), a balance that includes the internal funding used to finance the acquisitions in the current and previous years (see note 19) and is in line with the long-term growth strategy of the Company.

The Company made a loss before tax for the year of £2.5m (2022: £3.4m loss before tax) and had net assets of £193.0m (2022: £206.5m). The loss for the year is reported after recognising an impairment of £8.5m in relation to Safety CGU, reflecting the calculated recoverable amount being lower than the CGU carrying value and further one-off costs of £6.9m associated with the Competition and Markets Authority (CMA) inquiry into the prior year acquisition of SSS Public Safety Limited.

NEC Software Solutions UK Limited is a 100% owned member of the Garden Private Holdings Limited Group ("the Group"). Garden Private Holdings Limited is itself 100% owned and controlled by NEC Corporation, a company quoted on the Japanese stock exchange.

The Company has continued with its programme of corporate simplification and continued to liquidate dormant subsidiaries during the period (see note 15). Health Information Systems (UK) Limited and NPS (UK13) Limited were also liquidated during the year. NPS (UK11) Limited, APD Mobile Data Limited, Charter Systems Limited and Vantage Health Limited have been liquidated since 31 March 2023. The process of voluntary liquidation has been started for APD Communications Limited, Vantage Diagnostics Ltd and i2N Ltd. None of these companies are currently trading.

The Company's strategy is to grow in each business area, either organically through product and market development, or through acquisitions that are compatible with the current suite of products. The Government and Housing business continues to work with its customers to develop products that enable them to operate more effectively and in the case of the Housing products seeks to build on the existing overseas customer base. The Safety business will drive synergies from the businesses that were hived up in the year, with further growth coming from product and market development, having already had success with customers in Jamaica. The Health business will continue to integrate the acquired entities into the current products, with future growth coming from market expansion in the UK and overseas as well as potential acquisitions. For any acquisitions,

---

## NEC Software Solutions UK Limited

---

### Strategic Report (continued) For the Year Ended 31 March 2023

---

unless there is a compelling reason not to do so, the acquired trade and assets will be hived up and integrated with the current products and operations of the Company.

#### Post period end events

The Competitions and Markets Authority (CMA) investigation into the acquisition of SSS Public Safety Limited and Secure Solutions USA LLC by NEC Software Solutions UK Limited was closed on 7 August 2023. On the 2 August 2023 NEC Software Solutions UK Limited completed the sale of ICCS Divestiture Business and the Duties Divestiture Businesses. The sale of the entities was a requirement of the CMA to satisfy that no competition issue existed with the acquisition of SSS Public Safety Limited and its US entity by NEC Software Solutions UK Limited. Given the decision of sale was known pre-year end, the assets are disclosed as held-for-sale. Full details are available at the CMA website: <https://www.gov.uk/government/organisations/competition-and-markets-authority>.

In May 2023 we received a notification of contract cancellation from one of our valued customers. It is regrettable that they felt we were unable to meet their requirements and made a decision to switch to a different provider. The management is liaising with the stakeholders to minimise customer impact. The maximum amount of losses management estimated are £4.2m, however a significant element of this estimate is still to be determined, and we expect the final outcome to be lower.

#### Business model and strategy

In the previous financial years, the Company conducted research into customer needs in all business verticals. The findings supported our view that our product proposition, particularly our strategic platforms, remain highly relevant for customers as they seek to meet their own needs for smarter software, interfaces and technology channels. These findings have been corroborated in the most recent survey, carried out in late 2023.

The Company will continue to invest in carefully targeted products and markets, particularly in the Health, Housing and Safety businesses, where we see opportunity for further growth, as well as looking at potential new markets, both in terms of geography and product set.

#### Principal risks and uncertainties

We endeavour to provide our stakeholders with a return that is consistent with a responsible assessment and mitigation of risks. This includes reviewing financial, operational and compliance controls and risk management procedures, which themselves include the security and controls around customer and in-house data.

The Executive Committee and the Board of Garden Private Holdings Limited, the top company in the UK Group, have established ongoing processes for the identification, evaluation and management of the significant risks faced by the Company.

The main operational risks for our business are:

#### Economic and market risk

The past year has seen major upheavals in the global economy and in the UK we have experienced severe inflation due to pressures in the economy as a legacy of covid-19, wage increases in the public sector and increased UK Government borrowing to support the UK economy. Due to the nature of our customers, being public bodies and government agencies, there was only a minimal risk of a reduced market demand for our services, the vast majority of which can be performed remotely with no disruption to customer support.

The Group's management teams continuously assess the impact of Government borrowing, covid-19 and the cost of living is having on projects, implementations, colleagues and customers and the subsequent consequences for revenues, margins and cash flows, with scenarios modelled and updated for best and worst cases. It is management's belief that the risk is diminishing, and sufficient liquidity exists within the business to cover all scenarios without impact to Group and Company performance.

---

## NEC Software Solutions UK Limited

---

### Strategic Report (continued) For the Year Ended 31 March 2023

---

Whilst NEC Software Solutions UK Limited does operate out of a number of locations and utilises significant data storage and disaster recovery facilities, energy costs do not form a significant proportion of the cost base. The significant percentage increases all UK businesses are experiencing are apparent within the Company cost base, but are not significant enough to make a material difference to Company profitability.

UK interest rates have increased but NEC Software Solutions UK Limited does not carry any third party borrowing outside of finance lease arrangements.

The UK has seen increases in the rate of inflation to relatively high levels. Whilst management believes this is only a short-term situation, the impact has been considered in a number of areas.

Wage inflation is carefully monitored and managed at both Company and local levels. Wage increases have been built into long-term forecasts at higher than the historic levels of 1-2%. Although management expects the long-term position to remain within these limits, whilst also considering the significant recent short-term rises, higher rates of 3-4% have been used as a prudent estimate.

The cost of borrowing is kept to a minimum as there is no significant third party borrowing by the company.

The high cost of living does potentially increase the risk of fraud, however management is confident that tight controls over data and processes covering suppliers, cash and payments minimises this risk as far as possible.

#### **Corporate financial stability risk**

Key to success is our ability to economically fund ongoing business as well as the ability to pay staff and suppliers. Management has a rigorous and ongoing process of monitoring cash flow where we assess potential risks and the effect these may have on our ability to meet liabilities as they fall due. Through conducting stress testing and sensitivity analysis we continually assess the impact of potential risks in order to evaluate the resilience of the business along with possible mitigating actions. We are confident of the effectiveness of these controls and their regulation of immediate cash flow impacts as well as longer-term impacts on sales growth and attrition. In broad terms, the business is reviewed over a three year period. There is inevitably greater uncertainty associated with a longer time period so our current assessment of continuing financial solvency and liquidity has been assessed over three years.

Further support is provided via the Company's participation in a cash pooling arrangement with NEC Capital plc, whereby all GBP sterling cash balances are cleared on a daily basis and transferred to a central cash pooling account. All transferred balances are retained by NEC Capital plc and made available to the Company in order to satisfy its cash flow requirements.

#### **Information security risk**

The security of information and technology infrastructure is crucial for maintaining the sensitive information of our customers. There are comprehensive policies and procedures in place as well as staff training and monitoring programmes to ensure that we protect the data of the Company and its customers from theft, loss, destruction or alteration.

---

## NEC Software Solutions UK Limited

---

### Strategic Report (continued) For the Year Ended 31 March 2023

---

#### Climate change

The threat to the environment from climate change, waste and energy consumption is considered a real threat to the wider population and economies in which the Group operates. Management is fully committed to the NEC sustainability objectives as set out on the NEC website ([www.nec.com/en/press/category/sustainability](http://www.nec.com/en/press/category/sustainability)). These include targeted reduction in greenhouse gases, reduced plastic waste and water security initiatives.

At a local level, Management is building carbon emission reduction and reduced waste and energy consumption into the day-to-day activities of the Company. This includes working with our landlords to improve efficiencies at our offices, reducing the amount of travelling we ask our staff to undertake and developing our products to make them accessible to customers from any location, reducing the need to visit offices to carry out administrative activity.

#### Mandatory Streamlined Energy and Carbon Reporting (SECR)

We fulfil the statutory requirements for Streamlined Energy and Carbon Reporting which includes disclosure of the Company's carbon emissions. Under the Companies Act 2006/SECR Regulations, 'Large companies' are required to report their annual emissions in their Strategic report.

NEC Software Solutions UK Limited Streamlined Energy and Carbon Reporting statement covers the reporting period from 1 April 2022 to 31 March 2023 and has been prepared in line with the requirements of the Streamlined Energy and Carbon Reporting regulations and the relevant areas of the Greenhouse Gas ("GHG") Protocol Corporate Accounting and Reporting Standard.

A 'Dual Reporting' methodology has been used to indicate emissions using UK electricity grid average emission factors (known as the 'Location Based' method), and also emissions using supplier specific generation emission factors (the 'Market Based' method).

#### "Location Based" Method

The total energy consumption for 2022/2023 was 2,393,577.31 kWh equating to 549.194 tCO<sub>2</sub>e.

Emissions from combustion of gas (Scope 1)	51.395 tCO <sub>2</sub> e
Emissions from combustion of fuel for transport purposes (Scope 2)	11.619 tCO <sub>2</sub> e
Emissions from purchased electricity (Scope 2)	221.702 tCO <sub>2</sub> e
Emissions from Transmission and Distribution (Scope 3)	19.180 tCO <sub>2</sub> e
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	245.298 tCO <sub>2</sub> e

Carbon intensity: Emissions of tCO<sub>2</sub>e/Full-time Equivalents (No. of Employees) during 2022/2023 was 0.269 tCO<sub>2</sub>e.

---

**NEC Software Solutions UK Limited**

---

**Strategic Report (continued)  
For the Year Ended 31 March 2023**

---

"Market Based" Method

The total energy consumption for 2022/2023 was 2,393,577.31 kWh equating to 452.757 tCO<sub>2</sub>e.

Emissions from combustion of gas (Scope 1)	51.395 tCO <sub>2</sub> e
Emissions from combustion of fuel for transport purposes (Scope 1)	11.619 tCO <sub>2</sub> e
Emissions from purchased electricity (Scope 2)	132.945 tCO <sub>2</sub> e
Emissions from Transmission and Distribution (Scope 3)	11.500 tCO <sub>2</sub> e
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	245.298 tCO <sub>2</sub> e

Carbon intensity: Emissions of tCO<sub>2</sub>e/Full-time Equivalents (No. of Employees) during 2022/2023 was 0.222 tCO<sub>2</sub>e.

Energy efficiency action taken:

- A HVAC system was installed at the Hartlepool site, thus negating the requirement for gas.
- The larger Belfast office has been closed and relocated to smaller premises.
- Continuous bin liners have been installed at our Nottingham Charles Way site.
- Electric Vehicle chargers have been installed at the Hartlepool, Worcester, Nottingham Bramley House and Hemel Hempstead sites.
- All sites are ISO 14001 certified.
- The Hull, Wrexham, Alderley Edge and Unit 1 Nottingham sites are procuring green energy.

Item	Current Reporting Year 2022/2023	Comparison Reporting Year 2021/2022
Total energy consumption (kWh)	2,393,577.31 kWh	2,168,704.48 kWh
Associated Carbon Emissions (tCO <sub>2</sub> e)	549.194 tCO <sub>2</sub> e	487.871 tCO <sub>2</sub> e
Metric - Emissions of tCO <sub>2</sub> e per Full-time Equivalents (No. of Employees)	0.269 tCO <sub>2</sub> e	0.249 tCO <sub>2</sub> e

---

## NEC Software Solutions UK Limited

---

### Strategic Report (continued) For the Year Ended 31 March 2023

---

#### Section 172 statement

NEC Software Solutions UK Limited is a wholly owned subsidiary of NEC Corporation of Japan and therefore is subject to, and abides by, all NEC policies and procedures. The NEC governance framework delegates authority for local decision making to NEC Software Solutions UK Limited up to defined levels of cost and impact.

The Board of NEC Software Solutions UK Limited places a high degree of importance on building strong relationships with its key stakeholders in order to promote the long-term success of the Company. The Directors give full consideration to the likely consequences on all stakeholders of the decisions and actions taken, ensuring those decisions are made with sustainable success at the core.

Details of the engagement with the Company's key stakeholders are set out below.

#### *Shareholders*

Delivering to our shareholders, NEC Corporation, ensures the long-term success of the Company, allowing us to deliver successfully to all of our stakeholders. The Directors are in regular contact with NEC, either through regular performance reviews, strategy meetings, long-term planning or collaboration on specific NEC wide projects. The open and frequent communication with NEC ensures that a high degree of transparency exists and all parties are aligned on supporting the long-term success of the Company and its stakeholders.

#### *Colleagues*

We aim to build the capacity and capability of our people to deliver our growth plans and meet the needs of our customers. We do this by attracting, engaging, optimising and retaining the best talent. Our performance management and incentive programmes align individual and corporate goals and encourage internal succession planning and career development. Over the past year we have significantly improved our internal communications so employees have a clear sight of their contribution to our performance and are recognised for their success in meeting our values of Customer, Commitment and Collaboration.

All UK employees have the opportunity to elect members to an Employee Consultation Group (ECG). The ECG meets formally with management on a quarterly basis to discuss issues of importance, ensuring effective communication takes place with all employees. Management also meets with the ECG as often as necessary to consult on matters important to staff and the Company.

#### *Customers*

Customers are central to the business – without them the Company would not exist. The Company aims to deliver a consistently high performance in an efficient and continuously improving way so as to meet the customer's needs. Engagement in the early stages of projects allows the Company to add the most value, providing the customer with the right solution for their problem. Feedback is sought throughout the project cycle, with an agile approach taken to meet the changing needs of our customers.

#### *Suppliers*

Building strong relationships with suppliers enables the Company to obtain the best value, service and quality. The Company works with suppliers who understand our business and adhere to our ways of working. Our procurement and operations teams work hard to understand our supply chain and develop deeper and more strategic relationships with key suppliers.

#### *Community and environment*

What the Company does is an integral part of the community and the community is ultimately our customer. Poor relationships can damage and even destroy our reputation. Good relationships win goodwill. The Company actively engages with the communities close to our offices and seeks to reduce the environmental impact of our operations.

---

**NEC Software Solutions UK Limited**

---

**Strategic Report (continued)  
For the Year Ended 31 March 2023**

---

This report was approved by the board and signed on its behalf.



**S Maynard**  
Director

Date: 12 March 2024

---

## NEC Software Solutions UK Limited

---

### Directors' Report For the Year Ended 31 March 2023

---

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

#### Principal activity

The principal activity of the Company is providing software and outsourcing services to its public sector clients in the areas of local government, public safety, health, housing and central government.

NEC Software Solutions UK Limited is a member of the Garden Private Holdings group, which is owned by NEC Corporation, a company quoted on the Japanese stock exchange.

#### Results and dividends

The loss for the year, after taxation, amounted to £6,735 thousand (2022: loss £2,884 thousand).

The directors do not recommend the payment of a dividend (2022: £nil).

#### Political and charitable contributions

The company made no political or charitable contributions or incurred any political or charitable expenditure during the year (2022: £nil).

#### Directors

The directors who served during the year were:

T J Whitely  
S Maynard

#### Future developments

The Company will continue to invest in carefully targeted products and markets, particularly in the Health, Housing and Safety businesses, where we see opportunity for further growth.

#### Engagement with employees

We aim to build the capacity and capability of our people to deliver our growth plans and meet the needs of our customers. We do this by attracting, engaging, optimising and retaining talent. Our performance management and incentive programmes align individual and corporate goals and encourage internal succession planning and career development. Over the past year we have significantly improved our internal communications so employees have a clear sight of their contribution to our performance and are recognised for their success in meeting our values of Customer, Commitment and Collaboration.

All UK employees have the opportunity to elect members to an Employee Consultation Group (ECG). The ECG meets formally with management on a quarterly basis to discuss issues of importance, ensuring effective communication takes place with all employees. Management also meets with the ECG as often as necessary to consult on matters important to staff and the Company.

---

**NEC Software Solutions UK Limited**

---

**Directors' Report (continued)  
For the Year Ended 31 March 2023**

---

**Engagement with suppliers, customers and others**

Building strong relationships with suppliers enables the Company to obtain the best value, service and quality. The Company works with suppliers who understand our business and adhere to our ways of working. Our procurement and operations teams work hard to understand our supply chain and develop deeper and more strategic relationships with key suppliers.

Customers are central to the business – without them the Company would not exist. The Company aims to deliver a consistently high performance in an efficient and continuously improving way so as to meet the customer's needs. Engagement in the early stages of projects allows the Company to add the most value, providing the customer with the right solution for their problem. Feedback is sought throughout the project cycle.

Delivering to our shareholders, NEC, ensures the long-term success of the Company, allowing us to deliver successfully to all of our stakeholders. The Directors are in regular contact with NEC, either through regular performance reviews, Board meetings or collaboration on specific projects.

What the Company does is an integral part of the community and the community is ultimately our customer. Poor relationships can damage and even destroy our reputation. Good relationships win goodwill. The Company actively engages with the communities close to our offices and seeks to reduce the environmental impact of our operations.

---

## NEC Software Solutions UK Limited

---

### Directors' Report (continued) For the Year Ended 31 March 2023

---

#### Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company meets its day-to-day working capital requirements from operational cash flows, a cash pooling arrangement, intercompany loan and trading balances with the group headed by NEC Corporation, the ultimate parent company.

£72,026,552 of the total net current liabilities relates to the funding of the acquisition of SSS Public Safety Limited and Secure Solutions USA LLC. The funding is provided by NEC Capital (UK) plc, which is a 100% owned subsidiary of NEC Corporation. The balance is shown in creditors: amounts falling due within one year given it is payable on demand. As per the details provided in note 26, the acquisition of SSS Public Safety Limited and Secure Solutions USA LLC was under investigation by the Competition and Markets Authority (CMA). In August 2023 £12 million owed to NEC Capital (UK) plc has been repaid and since then, the remaining £60 million liability has been converted into a long-term loan maturing in March 2031 to be repaid by equal instalments semi-annually. Interest is charged at a market rate variable with the Bank of England base rate and reviewed quarterly.

It should further be noted that the company is part of the NEC Capital (UK) plc's cash pool arrangement and hence a majority of the funds that the company has access to are part of this arrangement and are presented as intercompany within these accounts.

While the balances noted above are with NEC Capital (UK) plc, NEC Capital (UK) plc is itself reliant on support from the ultimate parent, NEC Corporation (Japan).

The directors have prepared cash flow forecasts and performed a going concern assessment which indicates that, in both the base case and reasonable possible downsides, the company will require additional funds, through funding from its ultimate company, NEC Corporation, to meet its liabilities as they fall due during the going concern assessment period. This assessment is dependent on NEC Corporation via NEC Capital (UK) plc providing additional financial support during the assessment period of at least 12 months via the cash pooling arrangement.

Management's base scenario is based on the board approved budget. Given a high level of the Company's revenue is recurring in nature and therefore highly predictable, this reduces the level of uncertainty in the cash flows. The board approved budget includes recurring revenue (from providing license and support services) as well as revenue generated through implementation services which is less predictable from a phasing point of view, albeit, is typically supported by contractual agreements. However, to stress test the base case scenario, management has prepared a downside scenario which models only recurring and contractual revenue. Should there be challenges over liquidity, management would be able to reduce their cost spend on controllable costs as a mitigating action, adjust the timing of working capital movements or, as noted above, seek support from their ultimate parent via the facilities currently in place.

Given there is no external debt, there are no covenants in place. Post year end, there have not been any significant changes to liquidity or suggestion that management's scenarios to challenge the going concern assumption as at the balance sheet date were not appropriate.

NEC Corporation has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the £72,026,552 in relation to the acquisition of SSS Public Safety Limited and Secure Solutions USA LLC during the going concern assessment period, nor any other intercompany balances due before or during the going concern assessment period.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

---

**NEC Software Solutions UK Limited**

---

**Directors' Report (continued)  
For the Year Ended 31 March 2023**

---

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Auditor**

The auditor, KPMG LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 12 March 2024 and signed on its behalf.



**S Maynard**  
Director

1st Floor, Imex Centre  
575-599 Maxted Road  
Hemel Hempstead  
Hertfordshire  
HP2 7DX

---

## NEC Software Solutions UK Limited

---

### Directors' Responsibilities Statement For the Year Ended 31 March 2023

---

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

---

## NEC Software Solutions UK Limited

---

### Independent Auditor's Report to the Members of NEC Software Solutions UK Limited

---

#### Opinion

We have audited the financial statements of NEC Software Solutions UK Limited ("the company") for the period ended 31 March 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the 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 UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

---

## NEC Software Solutions UK Limited

---

### Independent Auditor's Report to the Members of NEC Software Solutions UK Limited

---

#### **Fraud and breaches of laws and regulations – ability to detect**

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company’s high-level policies and procedures to prevent and detect and the Company’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes
- Considering remuneration incentive schemes and performance targets including bonus targets and conditions within share option schemes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet sales targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate entries.

On this audit, we do not believe there is a fraud risk on revenue recognition because there are limited incentives to misstate revenue.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Company-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included revenue and cash journal entries posted to unexpected accounts.

#### *Identifying and responding to risks of material misstatement related to compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience through discussion with the directors and others management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

---

**NEC Software Solutions UK Limited**

---

**Independent Auditor's Report to the Members of NEC Software Solutions UK Limited**

---

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation, pension legislation and taxation legislation) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, and certain aspects of company legislation recognising nature of the Companies activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

*Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

---

## NEC Software Solutions UK Limited

---

### Independent Auditor's Report to the Members of NEC Software Solutions UK Limited

---

#### Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

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

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

We have nothing to report in these respects.

#### Directors' responsibilities

As explained more fully in their statement set out on page 12, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditors-responsibilities](http://www.frc.org.uk/auditors-responsibilities).

---

**NEC Software Solutions UK Limited**

---

**Independent Auditor's Report to the Members of NEC Software Solutions UK Limited**

---

**The purpose of our audit work and to whom we owe our responsibilities**

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



Mark Smith (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*  
58 Clarendon Road  
Watford  
WD17 1DE

Date: 12/03/2024

---

**NEC Software Solutions UK Limited**

---

**Statement of Comprehensive Income  
For the Year Ended 31 March 2023**

---

	Note	2023 £000	2022 £000
Turnover	3	166,443	160,949
Cost of sales		(17,266)	(19,968)
<b>Gross profit</b>		<u>149,177</u>	<u>140,981</u>
Administrative expenses		(134,765)	(126,721)
Exceptional administrative expenses	11	(6,892)	(3,681)
Impairment loss on goodwill	12	(5,645)	(12,814)
Impairment loss on intangible assets	13	(2,810)	-
<b>Operating loss</b>	4	<u>(935)</u>	<u>(2,235)</u>
Interest receivable and similar income	7	1,979	109
Interest payable and similar expenses	8	(3,691)	(988)
Other finance income/(charge)	9	137	(247)
<b>Loss before tax</b>		<u>(2,510)</u>	<u>(3,361)</u>
Tax charge for the year	10	(4,225)	477
<b>Loss for the financial year</b>		<u><u>(6,735)</u></u>	<u><u>(2,884)</u></u>

The notes on pages 23 to 60 form part of these financial statements.

**NEC Software Solutions UK Limited**  
Registered number:00968498

**Statement of Financial Position**  
**As at 31 March 2023**

	Note	2023 £000	2022 £000
<b>Non-current assets</b>			
Goodwill	12	133,697	143,847
Other intangible assets	13	70,299	75,776
Tangible assets	14	11,298	12,295
Fixed asset investments	15	101,489	105,247
Defined pension benefit asset	25	-	1,817
		316,783	338,982
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	16	-	28,258
Debtors: amounts falling due within one year	16	168,221	161,610
Cash at bank and in hand	17	257	139
Assets classified as held for sale	18	18,630	-
		187,108	190,007
Creditors: amounts falling due within one year	19	(297,665)	(314,184)
Liabilities associated with assets held for sale	18	(7,217)	-
		(117,774)	(124,177)
<b>Net current liabilities</b>			(124,177)
<b>Total assets less current liabilities</b>		199,009	214,805
Creditors: amounts falling due after more than one year	20	(3,294)	(4,468)
		195,715	210,337
<b>Provisions for liabilities</b>			
Deferred taxation	22	(742)	(3,052)
Other provisions	23	(832)	(812)
Defined pension benefit obligations	25	(1,102)	-
		(2,676)	(3,864)
<b>Net assets</b>		193,039	206,473

---

**NEC Software Solutions UK Limited**  
**Registered number:00968498**

---

**Statement of Financial Position (continued)**  
**As at 31 March 2023**

---

	Note	2023 £000	2022 £000
<b>Capital and reserves</b>			
Called up share capital	24	20,004	20,004
Share premium account		40,828	40,828
Capital redemption reserve		4,519	4,519
Share based payment reserve		814	814
Profit and loss account		126,874	140,308
		<u>193,039</u>	<u>206,473</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 March 2024.



**S Maynard**  
Director

The notes on pages 23 to 60 form part of these financial statements.

**NEC Software Solutions UK Limited**

**Statement of Changes in Equity  
For the Year Ended 31 March 2023**

	Called up share capital £000	Share premium account £000	Capital contribution £000	Share based payment reserve £000	Profit and loss account £000	Total equity £000
At 1 April 2022	20,004	40,828	4,519	814	140,308	206,473
<b>Comprehensive income for the year</b>						
Loss for the year	-	-	-	-	(6,735)	(6,735)
Actuarial losses on pension scheme	-	-	-	-	(8,932)	(8,932)
Deferred tax on pension scheme losses	-	-	-	-	2,233	2,233
<b>Other comprehensive income for the year</b>	-	-	-	-	(6,699)	(6,699)
<b>Total comprehensive income for the year</b>	-	-	-	-	(13,434)	(13,434)
<b>Total transactions with owners</b>	-	-	-	-	-	-
<b>At 31 March 2023</b>	<b>20,004</b>	<b>40,828</b>	<b>4,519</b>	<b>814</b>	<b>126,874</b>	<b>193,039</b>

The notes on pages 23 to 60 form part of these financial statements.

**NEC Software Solutions UK Limited**

**Statement of Changes in Equity  
For the Year Ended 31 March 2022**

	Called up share capital £000	Share premium account £000	Capital contribution £000	Share based payment reserve £000	Profit and loss account £000	Total equity £000
At 1 April 2021	20,004	40,828	4,519	814	134,497	200,662
<b>Comprehensive income for the year</b>						
Loss for the year	-	-	-	-	(2,884)	(2,884)
Actuarial gains on pension scheme	-	-	-	-	11,594	11,594
Deferred tax on pension scheme losses	-	-	-	-	(2,899)	(2,899)
<b>Other comprehensive income for the year</b>	-	-	-	-	8,695	8,695
<b>Total comprehensive income for the year</b>	-	-	-	-	5,811	5,811
<b>At 31 March 2022</b>	<b>20,004</b>	<b>40,828</b>	<b>4,519</b>	<b>814</b>	<b>140,308</b>	<b>206,473</b>

The notes on pages 23 to 60 form part of these financial statements.

---

## NEC Software Solutions UK Limited

---

### Notes to the Financial Statements For the Year Ended 31 March 2023

---

#### 1. General information

NEC Software Solutions UK Limited is a private company, limited by shares, incorporated, domiciled and registered in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page. The nature of the Company's operations and its principal activities are outlined in the Directors' Report.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

The following principal accounting policies have been applied:

##### 2.2 Judgements in applying accounting policies and key sources of estimation uncertainty

The Company's accounting policies have been set by management. The application of these accounting policies to specific scenarios requires reasonable estimates and assumptions to be made concerning the future.

The key areas of estimation include:

- Assumptions within the defined benefit liability (see note 2.14) where management has used assumptions in calculating values of future liabilities. The key assumptions being those over discount rate and inflation rates. NEC Software Solutions UK Limited engage third party actuaries to support them in reaching these assumptions. The assumptions used can be seen in note 25 in these financial statements.

Management's view is the Company have an unconditional right to a refund of surplus from the scheme in the context of IFRIC 14 paragraphs 11(b) and 12 and, therefore, there is no impact on the Company's IAS 19 results in respect of the scheme.

- Goodwill impairment where management has used the most recently available information in determining future cash generation from identified cash generating units as set out in note 12. The key area of estimation uncertainty is deemed to be in the discount rate and the assumptions made over terminal growth rates used in the value-in-use calculations. The assumptions made and the sensitivities performed can be found in note 12 of these financial statements.

##### 2.3 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present

---

## NEC Software Solutions UK Limited

---

### Notes to the Financial Statements For the Year Ended 31 March 2023

---

## 2. Accounting policies (continued)

### 2.3 Financial reporting standard 101 - reduced disclosure exemptions (continued)

comparative information in respect of:

- paragraph 79(a)(iv) of IAS 1;
- paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

### 2.4 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of its ultimate parent undertaking established under the law of a non-EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

### 2.5 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company meets its day-to-day working capital requirements from operational cash flows, a cash pooling arrangement, intercompany loan and trading balances with the group headed by NEC Corporation, the ultimate parent company.

£72,026,552 of the total net current liabilities relates to the funding of the acquisition of SSS Public Safety Limited and Secure Solutions USA LLC. The funding as provided by NEC Capital (UK) plc who is a 100% owned subsidiary of NEC Corporation. The balance is shown in creditors: amounts falling due within one year given it is payable on demand. As per the details provided in note 26, the acquisition of SSS Public Safety Limited and Secure Solutions USA LLC was under investigation by the Competition and Markets Authority (CMA). In August 2023 £12 million owed to NEC Capital (UK) plc has been repaid and since then, the remaining £60 million liability has been converted into a long-term loan maturing in March 2031 to be repaid by equal instalments semi-annually. Interest is charged at a market rate variable with the Bank of England base rate and reviewed quarterly.

It should further be noted that the company is part of the NEC Capital (UK) plc's cash pool arrangement and hence a majority of the funds that the company has access to are part of this arrangement and are presented as intercompany within these accounts.

While the balances noted above are with NEC Capital (UK) plc, NEC Capital (UK) plc is itself reliant

Notes to the Financial Statements  
For the Year Ended 31 March 2023

---

**2. Accounting policies (continued)**

**2.5 Going concern (continued)**

on support from the ultimate parent, NEC Corporation (Japan).

The directors have prepared cash flow forecasts and performed a going concern assessment which indicates that, in both the base case and reasonable possible downsides, the company will require additional funds, through funding from its ultimate company, NEC Corporation, to meet its liabilities as they fall due during the going concern assessment period. This assessment is dependent on NEC Corporation via NEC Capital (UK) plc providing additional financial support during the assessment period of at least 12 months via the cash pooling arrangement.

Management's base scenario is based on the board approved budget. Given a high level of the Company's revenue is recurring in nature and therefore highly predictable, this reduces the level of uncertainty in the cash flows. The board approved budget includes recurring revenue (from providing license and support services) as well as revenue generated through implementation services which is less predictable from a phasing point of view, albeit, is typically supported by contractual agreements. However to stress test the base case scenario, management has prepared a downside scenario which models only recurring and contractual revenue. Should there be challenges over liquidity, management would be able to reduce their cost spend on controllable costs as a mitigating action, adjust the timing of working capital movements or, as noted above, seek support from their ultimate parent via the facilities currently in place.

Given there is no external debt, there are no covenants in place. Post year end, there have not been any significant changes to liquidity or suggestion that management's scenarios to challenge the going concern assumption as at the balance sheet date were not appropriate.

NEC Corporation has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the £72,026,552 in relation to the acquisition of SSS Public Safety Limited and Secure Solutions USA LLC during the going concern assessment period, nor any other intercompany balances due before or during the going concern assessment period.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**2.6 Share based payment**

The company had a shared based payment scheme which ran from 1 April 2018 to 31 March 2021. The scheme ended in the prior year. There are no further liabilities regarding this scheme and no costs were recorded in the period.

---

**NEC Software Solutions UK Limited**

---

**Notes to the Financial Statements  
For the Year Ended 31 March 2023**

---

**2. Accounting policies (continued)**

**2.7 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is pounds sterling.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

---

## NEC Software Solutions UK Limited

---

### Notes to the Financial Statements For the Year Ended 31 March 2023

---

## 2. Accounting policies (continued)

### 2.8 Revenue

The Company generates substantially all of its revenue from contracts with customers, whether formal or implied, for the delivery of customised software solutions, consulting services, software support and maintenance agreements and software licence agreements.

The Company applies IFRS15 "Revenue from Contracts with Customers", by recognising the cumulative effect at the date of initial application according to the transition provisions stipulated in IFRS15.

The accounting policies for revenue in the current year are as follows:

Revenue from contracts with customers is recognised upon transfer of control of products or services at an amount that reflects the consideration the Company expects to receive in exchange. This is achieved by applying the following five step model.

- i. Identify the contract
- ii. Identify separate performance obligations
- iii. Determine the transaction price
- iv. Allocate transaction price to performance obligations
- v. Recognise revenue when each performance obligation is satisfied

#### **Identifying distinct performance obligations in contracts with customers**

The Company recognises revenue from contracts with customers for rendering services. The Company identifies distinct promised services from these contracts and allocates revenue in accordance with their performance obligations. The Company accounts separately for the service if it is distinct, whereby the promise to transfer the services is separately identifiable from other promises in the contract, and a customer can benefit from the service either on its own or together with other resources that are readily available to the customer.

#### **Determining the transaction price**

The Company considers the effects of variable consideration, constraining estimates of variable consideration, the existence of a significant financing component in the contract, non-cash consideration, and consideration payable to a customer when determining the transaction price. The estimated amount of variable consideration will be included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of the cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Notes to the Financial Statements  
For the Year Ended 31 March 2023

---

2. Accounting policies (continued)

In assessing whether a contract contains a financing component and whether that financing component is significant to the contract, the Company considers the difference, if any, between the amount of promised consideration and the cash selling price of the promised services. The Company also considers the combined effect of the expected length of time between when it transfers the services to the customer and when the customer pays for those services and the prevailing interest rates in the relevant market.

**Allocating the transaction price to the performance obligation**

The Company allocates the transaction price to each performance obligation (or distinct service). To allocate the transaction price to each performance obligation on a relative stand-alone selling price basis, the stand-alone selling price at contract inception of the distinct service underlying each performance obligation in the contract is determined and the transaction price is allocated in proportion to those stand-alone selling prices. A stand-alone selling price is estimated if it is not directly observable.

**Satisfaction of performance obligation**

The Company recognises revenue when or as the Company satisfies a performance obligation at a point in time or over time. The Company recognises revenue over time if one of the following criteria is met; i) the Customer simultaneously receives and consumes the benefits provided by the Company, ii) The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced, or iii) the Company's performance does not create an asset with an alternative use to the Company and it has an enforceable right to payment for performance completed to date. If none of the above is met, the Company recognises revenue at a point in time when it is determined that control of an asset is transferred to a customer.

**Methods for measuring progress**

Revenue is recognised for a performance obligation satisfied over time only if the progress towards complete satisfaction of the performance obligation can be reasonably measured. When the progress cannot be measured reasonably, revenue is recognised only to the extent of the costs incurred until such time that it can be reasonably certain of the outcome of the performance obligation.

**Rendering services**

The major transactions regarding rendering of services are licences for customer software solutions, professional services (project management, other consultancy and training), support and maintenance, business process outsourcing and royalties.

**Revenue recognised at a point in time**

Licence revenue will be recognised when performance obligations have been met as defined by the contract. Generally, this will be when the customer acquires control of a distinct and separate asset that they contracted for. The customer must have the ability to obtain economic benefits from the asset before revenue is recognised. Implementation services are bundled together with licence revenue and recognised on the same basis because this service is not distinct from licence revenue. The customer could not obtain benefit from the licence without first receiving implementation services.

Notes to the Financial Statements  
For the Year Ended 31 March 2023

---

**2. Accounting policies (continued)**

**Revenues recognised over a period of time**

Professional services are usually charged to customers using a day rate. Revenue is recognised when the days of service have been delivered unless they relate to projects with a fixed outcome. In that case, the revenue is recognised when the outcome has been achieved.

Support and maintenance, software as a service (SaaS) and business process outsourcing services are recognised flat line over the term of the contract.

Revenue from royalties is recognised on an accruals basis in the period to which the royalty income relates. This is revenue receivable from subsidiary entities for the right to use and sell software that is owned and controlled by the Company

When the Company acts as agent, the profit element of the transaction is recognised as revenue. The Company is the agent when i) another party is responsible for fulfilling the contract, ii) the Company does not have discretion to set the price of third party goods and services, iii) the Company has no inventory or credit risk.

**2.9 Leases**

**The Company as a lessee**

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- the amount expected to be payable by the lessee under residual value guarantees;

The lease liability is included in 'Creditors' on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected

Notes to the Financial Statements  
For the Year Ended 31 March 2023

---

2. Accounting policies (continued)

2.9 Leases (continued)

payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company has elected not to assess whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Intangible Assets', 'Tangible Fixed Assets' and 'Investment Property' lines, as applicable, in the Statement of Financial Position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.19.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

**2.10 Leased assets: the Company as lessee**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful life. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Notes to the Financial Statements  
For the Year Ended 31 March 2023

---

2. Accounting policies (continued)

2.11 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if, and only if, certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over 5-10 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.12 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.13 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Pensions

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

**Defined benefit pension plan**

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date, if any, out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 101 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate

Notes to the Financial Statements  
For the Year Ended 31 March 2023

---

**2. Accounting policies (continued)**

**2.14 Pensions (continued)**

valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

**2.15 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**2.16 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

---

**NEC Software Solutions UK Limited**

---

**Notes to the Financial Statements  
For the Year Ended 31 March 2023**

---

**2. Accounting policies (continued)**

**2.17 Goodwill**

The company accounts for the hive up of the assets from subsidiaries as business combinations of entities under common control using the net book value method.

Goodwill is capitalised as an intangible asset and is not amortised. Instead it is reviewed annually for impairment with any impairment in carrying value being charged to profit or loss. The Companies Act 2006 requires acquired goodwill to be reduced by provisions for depreciation calculated to write off the amount systematically over a period chosen by the directors, not exceeding its useful economic life. It has been deemed, however, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view. The effect of this departure has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

**2.18 Other intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The estimated useful lives range as follows:

Capitalised development	-	5 - 10 years
Purchased software	-	3 years

**2.19 Tangible fixed assets**

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful life, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- Lesser of 50 years or life of the lease
Motor vehicles	- 4 years
Fixtures, fittings and equipment	- Between 3 and 10 years

The assets' residual values, useful life and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

---

**NEC Software Solutions UK Limited**

---

**Notes to the Financial Statements  
For the Year Ended 31 March 2023**

---

**2. Accounting policies (continued)**

**2.20 Impairment of fixed assets and goodwill**

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

**2.21 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

Notes to the Financial Statements  
For the Year Ended 31 March 2023

---

2. Accounting policies (continued)

2.22 Impairment excluding inventories and deferred tax assets

*Financial assets (including receivables)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

*Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes.

Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

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

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the Financial Statements  
For the Year Ended 31 March 2023

---

2. Accounting policies (continued)

2.23 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**Contract assets**

A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditional on something other than the passage of time. Contract assets include costs incurred to fulfil a contract prior to the completion of the relevant performance obligation(s). Contract assets also arise when services recognised over a period of time are billed in arrears or if performance obligations are not met ahead of invoices being raised for the same. Amounts in contract assets are reduced when invoices are raised to customers. Invoiced amounts are included in Trade debtors. Payments are normally due 30 days from invoice date.

Costs incurred to fulfil a contract are recognised as an asset when all the following criteria are met: i) the costs relate directly to a customer contract (or a specified anticipated contract), ii) the costs generate or enhance resources of the Company that will be used to satisfy the performance obligations in future; and iii) the costs are expected to be recovered. These costs include direct labour, direct materials and the allocation of overheads that relate directly to a contract.

Contract assets recognised in respect of costs to obtain or fulfil a contract are amortised on a systematic basis that is consistent with the transfer of services to which the asset relates.

2.24 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.25 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**Contract liabilities**

A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received (or the amount is due) from the customer. Contract liabilities are created when revenue recognised over a period of time is billed in advance of delivery. Contract liabilities also arise when invoices are raised for services recognised at a point in time ahead of the satisfaction of performance obligations. Contract liabilities are recognised as revenue when the Company completes the performance obligations on the contract.

---

**NEC Software Solutions UK Limited**

---

**Notes to the Financial Statements  
For the Year Ended 31 March 2023**

---

**2. Accounting policies (continued)**

**2.26 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

*Property provisions*

A property provision is recognised when a reasonable estimate can be made of the dilapidation costs that will be payable at the termination date of the lease.

**3. Turnover**

An analysis of turnover by class of business is as follows:

	<b>2023</b>	2022
	<b>£000</b>	£000
Government and Housing	61,796	55,191
Safety	52,712	54,508
Health	51,935	51,250
	<u>166,443</u>	<u>160,949</u>

Analysis of turnover by country of destination:

	<b>2023</b>	2022
	<b>£000</b>	£000
United Kingdom	156,763	150,570
Rest of Europe	3,980	4,577
Rest of the World	5,700	5,802
	<u>166,443</u>	<u>160,949</u>

---

**NEC Software Solutions UK Limited**

---

**Notes to the Financial Statements  
For the Year Ended 31 March 2023**

---

**4. Operating loss**

The operating loss is stated after charging/(crediting):

	<b>2023</b>	2022
	<b>£000</b>	£000
Depreciation of tangible fixed assets	5,016	4,759
Amortisation of intangible assets	12,023	13,218
Impairment of goodwill	5,645	12,814
Impairment of intangible assets	2,810	-
Exchange differences	(531)	228
Defined contribution pension cost	3,937	3,830
Defined benefit pension cost	977	840

**5. Auditor's remuneration**

	<b>2023</b>	2022
	<b>£000</b>	£000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	317	288

NEC Software Solutions UK Limited bears the fee for its non-trading subsidiaries and parent entities, being Argon NPS (Holdings) Limited, Argon NPS Limited, Northgate Public Services Limited, NPS (Holdings) Limited, Garden Private Holdings Limited. Prior year amount included the cost for APD Mobile Data Limited and NPS (UK11) Limited, which have been liquidated. The amounts charged in the current financial year was £56,045 (2022: £65,950).

Fees payable to the auditor in connection with tax services are £54,416 (2022: £129,040) and £73,526 (2022: £36,000) for other assurance services. These amounts are not included in the above total.

---

**NEC Software Solutions UK Limited**

---

**Notes to the Financial Statements  
For the Year Ended 31 March 2023**

---

**6. Employees**

Staff costs were as follows:

	<b>2023</b>	2022
	<b>£000</b>	£000
Wages and salaries	73,609	73,581
Social security costs	7,970	7,653
Cost of defined benefit scheme	977	840
Cost of defined contribution scheme	3,937	3,830
	<u>86,493</u>	<u>85,904</u>

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2023</b>	2022
	<b>No.</b>	No.
Sales	74	63
Operations	1,103	1,020
Development	300	303
Support functions	130	164
	<u>1,607</u>	<u>1,550</u>

**Director's remuneration**

	<b>2023</b>	2022
	<b>£000</b>	£000
Director's remuneration	1,489	1,990
Pension contributions	2	2
	<u>1,491</u>	<u>1,992</u>

The aggregate remuneration of the highest paid director was £896k (2022: £869k), and company pension contributions of £2k (2022: £nil) were made to a direct contribution scheme on their behalf.

---

**NEC Software Solutions UK Limited**

---

**Notes to the Financial Statements  
For the Year Ended 31 March 2023**

---

**7. Interest receivable**

	<b>2023</b>	2022
	<b>£000</b>	£000
Interest receivable on intra-company loan	1,820	-
Group interest receivable	159	109
	<u>1,979</u>	<u>109</u>
	<u><u>1,979</u></u>	<u><u>109</u></u>

**8. Interest payable and similar expenses**

	<b>2023</b>	2022
	<b>£000</b>	£000
Bank interest payable	3,228	514
Right-of-use assets	463	474
	<u>3,691</u>	<u>988</u>
	<u><u>3,691</u></u>	<u><u>988</u></u>

**9. Other finance costs**

	<b>2023</b>	2022
	<b>£000</b>	£000
Net interest (receivable)/payable on defined pensions benefit obligations	(137)	247
	<u>(137)</u>	<u>247</u>
	<u><u>(137)</u></u>	<u><u>247</u></u>

---

NEC Software Solutions UK Limited

---

Notes to the Financial Statements  
For the Year Ended 31 March 2023

---

10. Taxation

	2023 £000	2022 £000
<b>Corporation tax</b>		
Current tax on income for the year	-	-
Adjustments in respect of prior years	3,677	(1,892)
<b>Foreign tax</b>		
Current tax on income for the year	149	344
Adjustments in respect of prior years	476	133
<b>Total current tax</b>	<u>4,302</u>	<u>(1,415)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(240)	1,215
Adjustments in respect of prior years	163	(277)
<b>Total deferred tax</b>	<u>(77)</u>	<u>938</u>
<b>Taxation on profit on ordinary activities</b>	<u><u>4,225</u></u>	<u><u>(477)</u></u>

---

**NEC Software Solutions UK Limited**

---

**Notes to the Financial Statements  
For the Year Ended 31 March 2023**

---

**10. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are explained below:

	<b>2023</b>	2022
	<b>£000</b>	£000
Loss on ordinary activities before tax	(2,510)	(3,361)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022: 19%)	(477)	(639)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	(1,612)	2,951
Deferred movement - current year	(240)	-
Adjustments to tax charge in respect of overseas tax not fully relieviable in the UK - current tax	149	-
Adjustments to tax charge in respect of prior periods - current tax	4,153	(1,759)
Adjustments to tax charge in respect of prior periods - deferred tax	163	(277)
Remeasurement of deferred tax for changes in tax rates	-	(753)
Adjustment to tax charge in respect of current year losses carried forward	2,089	-
<b>Total tax charge for the year</b>	<b>4,225</b>	<b>(477)</b>

**Factors that may affect future tax charges**

The UK corporation tax rate remains at 19% for the full year (2022: 19%). On 3 March 2021, the Government announced that with effect from 1 April 2023 the corporation tax rate would increase to 25% for companies with profits of over £250,000.

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly. The deferred tax asset at 31 March 2023 has been calculated based on these rates, reflecting the expected timing of reversal of the related timing differences (2022: 19%).

---

NEC Software Solutions UK Limited

---

Notes to the Financial Statements  
For the Year Ended 31 March 2023

---

11. Exceptional items

	<b>2023</b>	2022
	<b>£000</b>	£000
One off acquisition costs	6,892	3,681
	<u>6,892</u>	<u>3,681</u>

Exceptional items relate to professional fees on acquisition and legal advice on the CMA investigation. These fees are not expected to continue upon completion of the project.

---

**NEC Software Solutions UK Limited**

---

**Notes to the Financial Statements  
For the Year Ended 31 March 2023**

---

**12. Goodwill**

	Government & housing £000	Health & DRMS £000	Safety £000	Total £000
<b>Cost</b>				
At 1 April 2022	178,461	16,715	29,971	225,147
Reclassification as held for sale			(4,588)	(4,588)
At 31 March 2023	178,461	16,715	25,383	220,559
<b>Amortisation and impairment</b>				
At 1 April 2022	58,686	2,793	19,821	81,300
Impairment charge			5,645	5,645
Reclassification as held for sale			(83)	(83)
At 31 March 2023	58,686	2,793	25,383	86,862
<b>Net book value</b>				
At 31 March 2023	119,775	13,922	-	133,697
At 31 March 2022	119,775	13,922	10,150	143,847

£139.5m of £225.1m opening goodwill balance relates to legacy businesses transferred into NEC Software Solutions UK Limited prior to 2008. The assets and trade of these businesses continue to operate across all areas of the business, having long established trading relationships with their customer base. This would include the SX3, Blue 8, Kendric Ash and First Software businesses acquired and hived up into NEC Software Solutions UK Limited prior to 2008 and earlier.

Reclassification as held for sale relates to the sale of ICCS Divestiture and the Duties Divestiture Businesses in August 2023 following the CMA investigation into the acquisition of the SSS Public Safety Limited.

Goodwill and intangible assets with an indefinite useful life must be tested for impairment on at least an annual basis. An impairment loss is recognised when the recoverable amount of an identified cash generating unit ("CGU") is less than the carrying value of the CGU at the date of testing.

The CGUs to which the goodwill has been allocated to were Government and Housing, Health and Safety, consistent with prior periods and how management prepares their management information.

Allocation of legacy goodwill by segment, reported in prior year, was updated as at 31 March 2023 to reflect the current organisational structure more accurately.

The carrying value of the CGU is based on the assets and liabilities that support the operational activities of the Group. The determination of recoverable amount, being the higher of value-in-use and fair value less costs to dispose, is inherently judgmental and requires management to make multiple estimates. The recoverable amount of each CGU has been determined on a value-in-use basis, using discounted cash flows derived from the Company's approved mid-term plan.

---

**NEC Software Solutions UK Limited**

---

**Notes to the Financial Statements  
For the Year Ended 31 March 2023**

---

The key assumptions for each CGU are:

Cash generating unit	Terminal growth rate	Discount rate
Government and Housing	1% (2022: 1%)	10.7% (2022: 10.7%)
Health	2% (2022: 2%)	10.7% (2022: 10.7%)
Safety	3% (2022: 3%)	10.7% (2022: 10.7%)

The period on which management approved forecasts are based on the five year plan approved by the board in November 2022. Following the five year forecast period, the terminal growth rates above are applied. The terminal growth rate was determined based on management's estimate of the long-term growth rate of the industry in which each operating segment operates, consistent with the assumptions that a market participant would make.

In respect of the Government and Housing and the Health CGU, there is considerable levels of headroom such that the directors are comfortable that any realistic movement in the key assumptions above would not result in the value-in-use falling below the CGU carrying value.

The Directors have recognised an impairment of £5.6m in relation to Safety CGU reflecting the calculated recoverable amount being lower than the CGU carrying value. A further £2.8m impairment was allocated against Safety intangible assets (note 13).

While an impairment has been recognised, changes to the assumptions in the value-in-use calculation or any deterioration in other macro or business-level assumptions supporting the CGU's recoverable amount could necessitate the recognition of additional impairment losses in future periods.

The table below shows the sensitivity of the recoverable amount to reasonable changes in key assumptions. The table assumes no related response by management (e.g. to drive further cost savings) and is hence theoretical in nature:

	Adjustment to level of impairment increase (-ve) / decrease (+ve) £000
Discount rate adjusted by 200 bps	-6,690 / 11,440
Terminal growth adjusted by 100 bps	-2,830 / 3,670

**NEC Software Solutions UK Limited**

**Notes to the Financial Statements  
For the Year Ended 31 March 2023**

**13. Intangible assets**

	<b>Assets under construction £000</b>	<b>Capitalised development £000</b>	<b>Brand £000</b>	<b>Software £000</b>	<b>Customer relationships £000</b>	<b>Total £000</b>
<b>Cost</b>						
At 1 April 2022	1,354	102,008	420	11,759	17,232	132,773
Additions - external	-	-	-	160	-	160
Additions - internal	599	16,744	-	-	-	17,343
Reclassified to held for sale	-	(8,597)	(196)	(172)	(5,567)	(14,532)
At 31 March 2023	<u>1,953</u>	<u>110,155</u>	<u>224</u>	<u>11,747</u>	<u>11,665</u>	<u>135,744</u>
<b>Amortisation</b>						
At 1 April 2022	-	53,320	55	2,443	1,179	56,997
Charge for the year on owned assets	-	9,044	59	1,571	1,349	12,023
Reclassified to held for sale	-	(5,167)	(58)	(18)	(1,142)	(6,385)
Impairment charge	-	1,227	68	-	1,515	2,810
At 31 March 2023	<u>-</u>	<u>58,424</u>	<u>124</u>	<u>3,996</u>	<u>2,901</u>	<u>65,445</u>
<b>Net book value</b>						
At 31 March 2023	<u>1,953</u>	<u>51,731</u>	<u>100</u>	<u>7,751</u>	<u>8,764</u>	<u>70,299</u>
At 31 March 2022	<u>1,354</u>	<u>48,688</u>	<u>365</u>	<u>9,316</u>	<u>16,053</u>	<u>75,776</u>

The Directors have recognised an impairment of £2.8m in relation to Safety CGU reflecting the calculated recoverable amount being lower than the CGU carrying value.

**NEC Software Solutions UK Limited**

**Notes to the Financial Statements  
For the Year Ended 31 March 2023**

**14. Tangible fixed assets**

	Short-term leasehold property £000	Motor vehicles £000	Fixtures and fittings £000	Total £000
<b>Cost or valuation</b>				
At 1 April 2022	7,853	22	17,635	25,510
Additions	455	-	3,786	4,241
Disposals	(1,539)	-	(62)	(1,601)
Reclassified to held for sale	-	-	(602)	(602)
At 31 March 2023	<u>6,769</u>	<u>22</u>	<u>20,757</u>	<u>27,548</u>
<b>Depreciation</b>				
At 1 April 2022	4,132	18	9,065	13,215
Charge for the year on owned assets	-	3	2,684	2,687
Charge for the year on right-of-use assets	1,292	-	1,036	2,328
Disposals	(1,539)	-	(31)	(1,570)
Reclassified to held for sale	-	-	(410)	(410)
At 31 March 2023	<u>3,885</u>	<u>21</u>	<u>12,344</u>	<u>16,250</u>
<b>Net book value</b>				
At 31 March 2023	<u>2,884</u>	<u>1</u>	<u>8,413</u>	<u>11,298</u>
At 31 March 2022	<u>3,721</u>	<u>4</u>	<u>8,570</u>	<u>12,295</u>

The net book value of owned and leased assets included as "Tangible fixed assets" in the Statement of Financial Position is as follows:

	2023 £000	2022 £000
Tangible fixed assets owned	5,861	5,960
Right-of-use tangible fixed assets	5,437	6,335
	<u>11,298</u>	<u>12,295</u>

---

**NEC Software Solutions UK Limited**

---

**Notes to the Financial Statements  
For the Year Ended 31 March 2023**

---

**14. Tangible fixed assets (continued)**

Information about right-of-use assets is summarised below:

**Net book value**

	<b>2023</b>	2022
	<b>£000</b>	£000
Property	2,884	3,721
Fixtures and fittings	2,553	2,614
	<u>5,437</u>	<u>6,335</u>

**Depreciation charge for the year ended**

	<b>2023</b>	2022
	<b>£000</b>	£000
Property	1,292	1,399
Fixtures and fittings	1,036	851
	<u>2,328</u>	<u>2,250</u>

---

**NEC Software Solutions UK Limited**

---

**Notes to the Financial Statements  
For the Year Ended 31 March 2023**

---

**15. Fixed asset investments**

	<b>Investments in subsidiary companies £000</b>
<b>Cost or valuation</b>	
At 1 April 2022	105,247
Revaluations	(3,758)
	101,489
At 31 March 2023	101,489

Following the completion of the CMA investigation the Company made a correction to the initially recognised fair value of the intra-company loan with SSS Public Safety Limited under IFRS9.

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>
Digital Healthcare Limited <sup>1</sup>	Ordinary	100%
Medical Imaging UK Limited <sup>1</sup>	Ordinary	100%
MIDRSS Limited	Ordinary	100%
NEC Software Solutions ANZ Pty Limited	Ordinary	100%
NEC Software Solutions Canada Limited	Ordinary	100%
Secure Solutions USA LLC	Ordinary	100%
SSS Public Safety Limited	Ordinary	100%
SX3 Limited (Hong Kong)	Ordinary	100%
We Are Snook Limited	Ordinary	100%
 Liquidated since 31 March 2023:		
APD Mobile Data Limited <sup>1</sup>	Ordinary	100%
Charter Systems Limited <sup>1</sup>	Ordinary	100%
NPS (UK11) Limited <sup>1</sup>	Ordinary	100%
Vantage Health Limited <sup>1</sup>	Ordinary	100%
 Liquidation process commenced:		
APD Communications Limited <sup>1</sup>	Ordinary	100%
i2N Ltd <sup>1</sup>	Ordinary	100%
Vantage Diagnostics Ltd <sup>1</sup>	Ordinary	100%

---

**NEC Software Solutions UK Limited**

---

**Notes to the Financial Statements  
For the Year Ended 31 March 2023**

---

**15. Fixed asset investments (continued)**

**Subsidiary undertakings (continued)**

The Competitions and Markets Authority (CMA) investigation into the acquisition of SSS Public Safety Limited and Secure Solutions USA LLC by NEC Software Solutions UK Limited was closed on 7 August 2023. On the 2 August 2023 NEC Software Solutions UK Limited has completed the sale of ICCS Divestiture Business and the Duties Divestiture Businesses. The sale of the entities was a requirement of the CMA to satisfy that no competition issue existed with the acquisition of SSS Public Safety Limited and its US entity by NEC Software Solutions UK Limited. Full details are available at the CMA website: <https://www.gov.uk/government/organisations/competition-and-markets-authority>.

The following companies were liquidated during fiscal year to 31 March 2023: Health Information Systems (UK) Limited and NPS (UK13) Limited. The following companies have been liquidated since the end of fiscal year to 31 March 2023: NPS (UK11) Limited, APD Mobile Data Limited, Charter Systems Limited and Vantage Health Limited. The APD Communications Limited, Vantage Diagnostics Ltd and i2N Ltd are in the process of a voluntary liquidation and they are expected to be completed by the end of fiscal year to 31 March 2024.

The Company has a direct interest in the nine subsidiaries as listed in the table above.

The registered office of all subsidiaries marked <sup>1</sup> is First Floor, Imex Centre, 575-599 Maxted Road, Hemel Hempstead HP2 7DX, United Kingdom.

The registered office of all other subsidiaries is as follows:

We Are Snook Limited: Suite 7.02, Clockwise Savoy Tower, 77 Renfrew Street, Glasgow, G2 3BZ, Scotland.

MIDRSS: NPS Care, 36 South Mall, Cork City, County Cork, T12 PNC0, Ireland.

NEC Software Solutions ANZ Pty Limited: 01 Suite 11, Level 11, 60 Castlereagh Street, Sydney, NSW 2000, Australia.

NEC Software Solutions Canada Limited: 340 Albert Street Suite, 1400 Ottawa, Ontario K1R 0A5, Canada.

SX3 Limited (Hong Kong): 22nd Floor, Tai Yau Building, 181 Johnson Road, Wan Chai, Hong Kong.

SSS Public Safety Limited: Unit B1 Methuen South, Methuen Park, Chippenham, SN14 0GT, United Kingdom.

Secure Solutions USA LLC: 850 New Burton Road, Suite 201 Dover, DE 19904, USA.

**16. Debtors**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Due after more than one year</b>		
Amounts owed by group undertakings	-	28,258
	<u>                    </u>	<u>                    </u>

---

**NEC Software Solutions UK Limited**

---

**Notes to the Financial Statements  
For the Year Ended 31 March 2023**

---

**16. Debtors (continued)**

	<b>2023</b>	2022
	<b>£000</b>	£000
<b>Due within one year</b>		
Amounts owed by group undertakings	108,823	85,992
Trade debtors	23,458	31,818
Contract assets	21,564	24,306
Contract costs	10,249	12,440
Tax recoverable	413	2,719
Prepayments and accrued income	3,562	4,049
Other debtors	152	286
<b>Total debtors: due within one year</b>	<u>168,221</u>	<u>161,610</u>

All intercompany balances in this paragraph are payable on demand.

Amounts owed by group undertakings includes an amount of £32.0m, representing the loan to the SSS Public Safety Limited, a subsidiary of the Company. The loan is a facility for eight years and carries interest at 0.85%. In the prior year this loan was included in debtors due after more than one year. In the current financial year, following the completion of the CMA investigation in August 2023 and the review of the terms of the agreement, the loan was reclassified into debtors due within one year.

The rest of the amounts owed by group undertakings are non-interest bearing, except for the cash pool balance with NEC Capital, which is charged interest at market rate.

**17. Cash and cash equivalents**

	<b>2023</b>	2022
	<b>£000</b>	£000
Cash at bank and in hand	257	139
	<u>257</u>	<u>139</u>

---

## NEC Software Solutions UK Limited

---

### Notes to the Financial Statements For the Year Ended 31 March 2023

---

#### 18. Non-current Assets Held for Sale and Discontinued Operations

As a requirement of the CMA investigation into the acquisition of SSS Public Safety Limited and Secure Solutions USA LLC from Capita plc, it was determined that NEC Software Solutions UK Limited could complete the acquisition and as part of the remedy required to alleviate the competition concerns NEC Software Solutions UK Limited was recommended to divest of its ICCS business and its Duties business. These assets were sold, effective date 1 August 2023, and for that purpose, were reclassified as assets held for sale in the balance sheet for the financial year end 31 March 2023.

IFRS15 Non-current Assets Held for Sale and Discontinued Operations requires for a non-current asset (or disposal group) to be classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The assets must also be available for immediate sale in their present condition and that the sale is highly probable to complete (IFRS5, para. 7).

The CMA approved the sale of these assets on the 10 February 2023 as an acceptable remedy to lift their action and the ultimate holding company of NEC Software Solutions UK Limited, NEC Japan, approved the sale of these assets, known as Eagle and Falcon, on 28 March 2023, thus satisfying the requirements of IFRS5.

In order to fully satisfy the IRFS reporting requirements Management must show that they are fully committed to the sale by having an active programme to locate, negotiate and complete the sale with an identified buyer. NEC Software Solutions UK Limited met all these requirements by engaging RSM UK advisers in Jan 2023 to prepare the necessary due diligence for sale, obtaining the necessary approval from the parent company, NEC Japan and inviting offers from potential buyers. The assets must also be marketed at reasonable price. The final buyer was identified in May 2023 and, as required by the CMA, was completed within the year, 10 August 2023 being the final date for sale.

<b>Assets reclassified as held for sale</b>	<b>£000</b>
Goodwill	4,505
Intangible assets NBV	8,147
Tangible assets NBV	192
Debtors: amounts falling due within one year	6,355
Revaluation of carrying value to FV less costs to sell	(569)
	<b>18,630</b>
<b>Liabilities classified as held for sale</b>	
Creditors: amounts falling due within one year	(7,217)
	<b>(7,217)</b>
<b>Total asset held for sale</b>	<b>11,413</b>

#### Measurement of the assets held for sale

IFRS5 para. 15 requires the assets to be measured at their carrying amount and fair value less any amounts for reasonable selling costs associated with the disposal. Immediately before this classification as Held for Sale, they must be valued in accordance with applicable IFRSs. The assets identified in the table above have been measured accordingly and are considered by Management to be a fair presentation of the assets held for sale at 31 March 2023.

---

**NEC Software Solutions UK Limited**

---

**Notes to the Financial Statements  
For the Year Ended 31 March 2023**

---

**19. Creditors: Amounts falling due within one year**

	<b>2023</b>	2022
	<b>£000</b>	£000
Amounts owed to group undertakings	192,757	202,258
Contract liabilities	77,138	77,507
Accruals and deferred income	8,100	9,466
Trade creditors	7,628	7,086
Accrued costs	5,681	10,249
Other taxation and social security	4,044	5,505
Obligations under finance lease and hire purchase contracts	2,317	1,967
Other creditors	-	146
<b>Total creditors: amounts falling due within one year</b>	<u>297,665</u>	<u>314,184</u>

Included in amounts owed to group undertakings is £72,026,552 (2022: £72,026,000), being the funding of the acquisition of SSS Public Safety Limited and Secure Solutions USA LLC and £25,649,025 (2022: £28,408,150) cash pool balance with NEC Capital.

£43.3m relates to creditors created on the hive up of assets from subsidiary companies. A further £12.2m relates to Medical Imaging UK Limited and MIDRSS intercompany creditor, created as part of the cash pooling arrangement.

Amounts owed to group undertakings are payable on demand and non-interest bearing, with the exception of the cash pool balance charged interest at market rate.

The Company has a guarantee limit in place for £325k with HSBC Bank plc which is reviewed every year.

**20. Creditors: Amounts falling due after more than one year**

	<b>2023</b>	2022
	<b>£000</b>	£000
Net obligations under finance leases and hire purchase contracts	<u>3,294</u>	<u>4,468</u>

---

**NEC Software Solutions UK Limited**

---

**Notes to the Financial Statements  
For the Year Ended 31 March 2023**

---

**21. Leases**

**Company as a lessee**

The Company leases a number of properties, used for staff offices, around the UK. The Company also leases properties on behalf of subsidiaries and recharges the related costs for rent, service charge etc.

The Company has further leases in relation to contracts with O2 and for photocopiers.

Lease liabilities are due as follows:

	<b>2023</b>	2022
	<b>£000</b>	£000
Not later than one year	2,317	1,970
Between one year and five years	2,876	3,766
Later than five years	420	700
	<u>5,613</u>	<u>6,436</u>

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	<b>2023</b>	2022
	<b>£000</b>	£000
Expenses relating to short-term leases	<u>48</u>	<u>24</u>

**22. Deferred taxation**

	<b>2023</b>	2022
	<b>£000</b>	£000
At 1 April 2022	(3,052)	5,800
Charged to the profit or loss	77	(938)
Charged to other comprehensive income	2,233	(2,899)
Acquired on hive up of subsidiaries	-	(5,015)
<b>At 31 March 2023</b>	<u>(742)</u>	<u>(3,052)</u>

---

**NEC Software Solutions UK Limited**

---

**Notes to the Financial Statements  
For the Year Ended 31 March 2023**

---

**22. Deferred taxation (continued)**

The provision for deferred taxation is made up as follows:

	<b>2023</b>	2022
	<b>£000</b>	£000
Property, plant and equipment	(4,555)	(3,796)
Temporary differences	596	861
Employee benefits	276	(454)
Losses	2,941	337
	<u>(742)</u>	<u>(3,052)</u>

**23. Provisions**

	<b>Property provision £000</b>
At 1 April 2022	812
Charged to profit or loss	(5)
Utilised in year	25
<b>At 31 March 2023</b>	<u><u>832</u></u>

**24. Share capital**

	<b>2023</b>	2022
	<b>£000</b>	£000
<b>Allotted, called up and fully paid</b>		
20,003,534 (2022: 20,003,534) Ordinary shares of £1.00 each	<u>20,004</u>	<u>20,004</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

---

## NEC Software Solutions UK Limited

---

### Notes to the Financial Statements For the Year Ended 31 March 2023

---

#### 25. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. Contributions totalling £6.9m (2022: £6.9m) were paid in the year.

The Company operates a Defined Benefit Pension Scheme.

The scheme is closed to new employees, who are instead eligible to join another defined contribution scheme.

Benefits are related to salary close to retirement or leaving service (if earlier) and also to the number of years of pensionable service. Assets are held in separate, trustee administered funds. Employer contributions to the scheme are determined on the basis of regular valuations undertaken by independent, qualified actuaries. As the scheme is closed to new entrants for pension accrual, under the method used to calculate pension costs in accordance with IAS19, the cost as a percentage of covered pensionable payroll will tend to increase as the average age of the membership increases.

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

Management's view is the Company have an unconditional right to a refund of surplus from the scheme in the context of IFRIC 14 paragraphs 11(b) and 12 and, therefore, there is no impact on the Company's IAS 19 results in respect of the scheme.

The date of the last full valuation of the Scheme using individual membership data was 31 October 2022.

#### Funding

The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan. This includes the additional contributions aimed at removing the deficit of the scheme. Contributions to the defined contribution scheme are in addition to the contributions to the UK defined benefit scheme.

£2.0 million future benefit payments are due to be made by the Company in April 2024 under the agreement with the Scheme Trustees to fund a deficit. No further payments are agreed.

#### Data breach

In March 2023, one of our service providers, Capita plc, informed us that some NEC Software Solutions UK Limited data held on their servers had been compromised by hackers. The Trustees of the Scheme have engaged with Capita plc on this regrettable issue. The Trustees wrote to all members of the Scheme regarding this issue to provide them assurance that we do not anticipate the data breach to compromise them and should not affect their personal data and provided them with external security resources to protect their data. We continue to monitor this serious issue and keep all parties fully informed about new developments of the cyber breach.

---

NEC Software Solutions UK Limited

---

Notes to the Financial Statements  
For the Year Ended 31 March 2023

---

25. Pension commitments (continued)

Reconciliation of present value of plan liabilities:

	2023 £000	2022 £000
<b>Reconciliation of present value of plan liabilities</b>		
At the beginning of the year	125,117	138,185
Current service cost	365	447
Interest cost	3,439	2,773
Changes in financial assumptions	(31,388)	(11,809)
Changes in demographic assumptions	(485)	(1,090)
Experience adjustments on benefit obligations	4,270	1,101
Benefits paid	(4,635)	(4,490)
<b>At the end of the year</b>	<b>96,683</b>	<b>125,117</b>

Reconciliation of present value of plan assets:

	2023 £000	2022 £000
At the beginning of the year	126,934	122,608
Running costs	(612)	(399)
Interest cost	3,576	2,526
Actuarial gains/(losses)	(36,535)	(204)
Contributions	6,853	6,893
Benefits paid	(4,635)	(4,490)
<b>At the end of the year</b>	<b>95,581</b>	<b>126,934</b>

**NEC Software Solutions UK Limited**

**Notes to the Financial Statements  
For the Year Ended 31 March 2023**

**25. Pension commitments (continued)**

Composition of plan assets:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Equities	10,158	12,231
LDI Funds	33,003	25,457
Multi-asset credit	8,879	8,601
Property	11,021	14,189
Diversified growth funds	-	12,501
Corporate bonds	27,927	42,814
Cash and net current assets	4,593	11,141
<b>Total plan assets</b>	<b>95,581</b>	<b>126,934</b>
	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Fair value of plan assets	95,581	126,934
Present value of plan liabilities	(96,683)	(125,117)
<b>Net pension scheme asset/ (liability)</b>	<b>(1,102)</b>	<b>1,817</b>

The amounts recognised in profit or loss are as follows:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Current service cost	365	447
Running costs	612	399
Interest on obligation	(137)	247
<b>Total</b>	<b>840</b>	<b>1,093</b>

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income was £8,932 thousand loss (2022: £11,594 thousand gain).

---

**NEC Software Solutions UK Limited**

---

**Notes to the Financial Statements  
For the Year Ended 31 March 2023**

---

**25. Pension commitments (continued)**

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	<b>2023</b>	2022
	%	%
Discount rate	4.77	2.80
Future salary increases	1.00	1.00
Retail price inflation (RPI)	3.37	3.71
Consumer price inflation (CPI)	2.74	3.06
Future pension increases (2.5% LPI)	2.14	2.31
Future pension increases (5.0% LPI)	3.19	3.53
Mortality rates		
- for a male aged 65 now	22.0	22.1
- at 65 for a male aged 45 now	23.2	23.4
- for a female aged 65 now	24.5	24.6
- at 65 for a female member aged 45 now	25.9	26.0

Assumed healthcare cost trend rates have a significant effect on the amounts recognised in profit or loss. Half a percentage point change in assumed healthcare cost trend rates would have the following effects:

	<b>2023</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
	<b>Increase</b>	<b>Decrease</b>
Discount rate	(5,725)	6,335
Inflation and related future pension growth	2,736	(2,725)
Life expectancy (1 year movement)	3,115	(3,121)

---

## NEC Software Solutions UK Limited

---

### Notes to the Financial Statements For the Year Ended 31 March 2023

---

#### 26. Post Balance sheet events

The Competitions and Markets Authority (CMA) investigation into the acquisition of SSS Public Safety Limited and Secure Solutions USA LLC by NEC Software Solutions UK Limited was closed on 7 August 2023. On the 2 August 2023 NEC Software Solutions UK Limited has completed the sale of ICCS Divestiture Business and the Duties Divestiture Businesses. The sale of the entities was a requirement of the CMA to satisfy that no competition issue existed with the acquisition of SSS Public Safety Limited and its US entity by NEC Software Solutions UK Limited. Full details are available at the CMA website: <https://www.gov.uk/government/organisations/competition-and-markets-authority>.

In May 2023 we received a notification of contract cancellation from one of our valued customers. It is regrettable that they felt we were unable to meet their requirements and made a decision to switch to a different provider. The management is liaising with the stakeholders to minimise customer impact. The maximum amount of losses management estimated are £4.2m. However a significant element of this estimate is still to be determined, and we expect the final outcome to be lower.

#### 27. Related parties exemption

The Company has elected to claim exemption under FRS101, paragraph 8(j), on disclosure of related party transactions entered into between two or more members of a wholly owned group and key management personnel compensation.

The company operated a defined benefit pension scheme. The transactions with the scheme are set out in note 25.

There were no related party transactions involving key management of the company or other related parties.

#### 28. Controlling party

The immediate parent company is NPS (Holdings) Limited, a company registered in the United Kingdom.

The ultimate parent company is NEC Corporation, a company registered in Japan.

The largest group in which the results of the Company are consolidated is that headed by NEC Corporation. No other group financial statements include the results of the Company.

Copies of the Group accounts can be obtained from the registered office at 7-1, Shiba 5-chome Minato-ku, Tokyo 108-8001 Japan.