

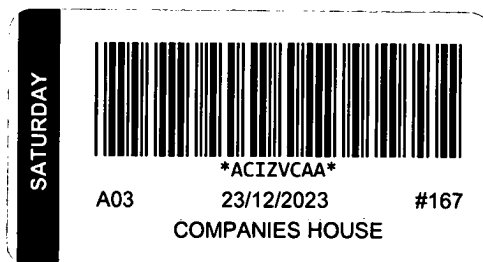
Inzpire Limited

Annual Report and Financial Statements

Year Ended

31 March 2023

Company Number 05456427



Inzpire Limited

Company Information

Directors

A M Shaw
P C Osborn
B Nolan
J R Willis

Company secretary

E J Bach

Registered number

05456427

Registered office

Landmark House West Unit 1B
Alpha Court
Kingsley Road
Lincoln
Lincolnshire
LN6 3TA

Independent auditor

BDO LLP
2 City Place
Beehive Ring Road
Gatwick
West Sussex
RH6 0PA

Inzpire Limited

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Inzpire Limited

Strategic report For the year ended 31 March 2023

Review of Inzpire's activities and performance

Inzpire had a strong financial performance in the year ended 31st March 2023. Revenue growth has been 26% on the previous year and Operating Profit doubled. Trading EBITDA was £4.7m and net assets increased 22% to £14.0m.

Trading EBITDA is defined as earnings before interest, tax, depreciation, amortisation and QinetiQ management charge. This metric is used to provide an assessment as to the underlying operating results of the Company. This is reconciled as follows:

Operating profit	£3,100,447
Add back:	
Depreciation	£604,327
Amortisation	£602,300
QinetiQ management charge	£440,473
Trading EBITDA	£4,747,547 (£4.7m rounded)

Inzpire benefits from the combination with QinetiQ plc, with increased access to contract frameworks, national and international markets. £12.0m (39%) of Inzpire's revenue is from QinetiQ.

Inzpire has eleven divisions. These are organised into four Operating Business Units ('OBUs'). Last year, there were five OBUs and during the year the decision was made by the Leadership Team to reduce the number by splitting the divisions of one of the OBUs between two OBUs. This was to align more closely the divisions with OBUs that conduct similar activities. The four OBUs cover two core business areas, Managed Services and Mission Systems. Managed Services delivers specialist managed services primarily to UK military and defence customers, and Mission Systems develops and delivers software applications for the UK and overseas military customers.

The two divisions set up in the previous year, Maritime and Space, continue to expand and are proving to be successful additions to the Inzpire portfolio.

During the year a Leadership Team ('LT') was formed comprising the OBU directors and the directors of the supporting Functions. The LT is now the primary executive function of Inzpire. The Board, which has reduced in size during the year, continues to perform statutory duties, endorse the Company strategy and hold the executive level of the Company to account where appropriate.

Managed services

The Managed Service Division's revenue grew 18.1% during the year, to £22.8m.

The business area includes:

- Helicopter Training (e.g. provision of Wildcat qualified flying instructors);
- Synthetic Training (e.g. design and delivery of training scenarios that incorporate live assets with virtual and constructive synthetic participants);
- Mission Training Devices (e.g. fixed wing, rotary and UAS simulators and other training products);
- Maritime Training;
- Space Training;
- Unmanned Aerial Vehicle ('UAV') Training;
- Integrated Sensors and Systems (e.g. supporting the delivery of Typhoon capability);
- Requirements Managers;
- Human Factors and Safety Training;
- Intelligence Training (e.g. provision of training design analysts to design and write training courses for the joint intelligence community); and
- Cyber Training.

Inzpire Limited

Strategic report (continued)
For the year ended 31 March 2023

Review of Inzpire's activities and performance (continued)

Managed services (continued)

During the year, the following key contracts were secured or renewed:

SOCIETAS;
Reaper QWIC;
29 Squadron, RAF;
FCAS;
F35 Requirement Managers;
Chicksands;
Shukra;
Newcastle;
ACDT; and
MD41A Services.

Mission systems

The Mission Systems Division grew 58% during the year, to £8.2m.

The key product areas are below:

- GECO (Air) – avionic, mission and training applications – utilised either as standalone or integration into the aircraft;
- GECO (MSS) – Mission Support System to support Air, Land and Maritime customers; and
- GECO (World) – a partnered approach to developing solutions for military customers.

The products have benefited from further investment, development and enhancement of their capabilities during the year.

During the year, the following key contracts were secured / delivered/ renewed:

- UK MoD - Euro No. 2 Urgent Operational Requirement ('UOR'); and
- Lockheed Martin - GECO for Military Flying Training System ('MFTS').

Research and development

The main area of research and development ('R&D') investment was within Mission Systems where additional capability was added to the GECO suite of products. Expenditure in relation to R&D totalled 10.6% of the Mission Systems revenue. As at 31 March 2023, intangible assets, which includes capitalised development costs, amounted to £2,330,390 (2022 - £2,065,213).

During the year to 31 March 2023, we have invested other R&D projects, including continuing the development work on Inzpire's Compact Agile Simulation Equipment ('CASE') products which will be used for military training. We have also invested in a project to explore mixed reality technology in relation to Unmanned Aerial Vehicle ('UAV') training. As at 31 March 2023, tangible assets, which includes assets under construction and transfers out of this category, amounted to £2,325,028 (2022 - £2,577,547).

Inzpire Limited

Strategic report (continued)
For the year ended 31 March 2023

Principal Risks and Uncertainties facing Inzpire

Financial risk management objectives and policies

The Company's operations expose it to financial risks that include the effects of changes in foreign exchange rates, interest rates, credit risks and liquidity risks. The Company's objective is to manage these risks and mitigate them where possible. The Company operates policies in relation to these risks, and there has been no change to these policies in the year or since the year end.

In terms of liquidity risks, the Company manages its capital to ensure that it will be able to continue as a going concern. Inzpire has a cash surplus and takes advantage of cash pooling arrangements with QinetiQ. Ultimately, QinetiQ is the parent Company and manages its capital to ensure that entities within the Group, such as Inzpire, will be able to meet their obligations as they fall due. QinetiQ has access to a revolving credit facility with its relationship banks, which was undrawn at the year end.

As a subsidiary of QinetiQ, the Company is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments. The Company does not currently expect any counterparties to fail to meet their obligations. Credit risk is mitigated by a QinetiQ Board-approved policy of only selecting counterparties with a strong investment grade long-term credit rating for cash deposits.

The risk of exposure to the movement of foreign exchange rates is mitigated to a large extent by our policy of hedging all foreign currency transactions greater than £0.1m. Hedging contracts are managed by the Treasury team in related party, QinetiQ Limited. There are no significant overseas investments, so the Company is not exposed to translational currency exposure on overseas net assets.

Security

Due to the nature of the Company's business and as a supplier in National Security supply chains, we constantly review the security threat to the Company and employ a holistic security threat approach through four interlocking pillars; Physical, Information, Cyber and Personnel. We also closely monitor the development of ongoing conflicts such as in Ukraine and Israel and how these might impact the threat level for the Company.

COVID-19

Throughout the financial year, the Company continued to deliver on contracts and was not significantly affected during the year by COVID-19. We do not foresee a significant impact to our financial performance during the current year.

Cost of living crisis

The increasing costs in fuel and utilities costs in recent months are reflected in the Company's forecasts and do not pose a significant risk to the Company as they form a relatively minor part of our cost base. The impact on our staff is more significant and the LT has taken steps to help staff with the rising cost of living. This included a minimum salary increase in monetary terms and the introduction of a monthly Cost of Living Allowance ('COLA'), which was initially a temporary salary uplift for the first six months of the financial year. This was reviewed at the six month point and the LT chose to make the COLA a permanent uplift to staff salaries. As a large proportion of our cost base relates to staff costs, increases to staff salaries do have an impact on our cost base, however these has been mitigated in our forecasts and do not pose a significant ongoing financial risk. The issue of the rising cost of living will be regularly reviewed by the LT.

Inzpire Limited

Strategic report (continued)
For the year ended 31 March 2023

Principal Risks and Uncertainties facing Inzpire (continued)

Financial risk management objectives and policies (continued)

Reliance on UK MoD

A significant amount of the Company's revenue is generated directly from the UK MoD (£11.1m). The reliance on this customer is a risk that the Leadership Team closely monitors. Whilst the reliance is significant, the Company's revenue is generated from a number of different areas within the UK Military which mitigates this risk to a degree. During the year the Company has generated £12.0m revenue from working with our parent Company, QinetiQ. This revenue is mostly from long term framework agreements and as such is not assessed as a risk to Inzpire. Inzpire also has many UK and international customers, which has further reduced our dependence on UK MoD.

Corporate responsibility and sustainability, environment, social and governance

Environment

The Company has a Carbon Reduction Plan ('CRP') which sets out the route to reduce our carbon footprint to net zero by 2040. Our latest issue of the CRP is available from the Inzpire website at <https://www.inzpire.com/about-us/corporate-responsibility>. We have also created an Environmental, Social and Governance ('ESG') Forum which meets regularly throughout the year to shape the Company's approach to these key issues. We have developed an ESG policy and implemented various projects to help the Company achieve its net zero goal. These include transferring our energy supply to a green provider, embedding environmental aspects into our strategic planning and conducting an audit of our supply chain to ensure environmental aspects are considered.

We introduced a "Go Green Car Scheme" in 2020 and more recently a "Electric Dreams Scheme" with Octopus. These schemes are tax efficient ways to lease an Electric Vehicle ('EV') and has been very successful. 13% of our staff are now using the schemes. Staff also have access to electric charging points which are installed at the Company's head office in Lincoln, powered by environmentally sourced 'green' energy. These charging points are free to use by our staff and visiting customers. In addition to the Go Green Car Scheme, there is a car sharing scheme and also a Cycle to Work scheme available to staff.

Health, safety and wellbeing of employees

The health, safety and wellbeing of our people is paramount. The Company has developed a Wellbeing Strategy for staff and formed a Health Environment Wellbeing and Safety ('HEWS') Committee which is building the foundations for an employee led group. The Company holds regular wellbeing events for staff throughout the year. Inzpire has a dedicated Learning, Development & Talent Manager who focuses specifically on the development and growth of our staff, and providing development opportunities for those leaving school, college and university. The Company continue to focus on "on the job" training for staff, and created a virtual learning environment for our staff.

The Company gives full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. If an employee becomes disabled during the period they are employed by the Company, the Company would continue their employment and arrange appropriate training for the employees. The Company promotes training, career development and promotion of disabled persons employed by the Company. ("Employment" in this context means employment other than employment to work wholly or mainly outside the United Kingdom, and "employed" and "employee" are to be construed accordingly and "disabled person" means the same as in the Disability Discrimination Act 1995(1)).

Inzpire Limited

Strategic report (continued) For the year ended 31 March 2023

Corporate responsibility and sustainability, environment, social and governance (continued)

Fostering relationships with partners, suppliers, customers and others

The Company continued to work closely with partners, suppliers and customers to enable the delivery of the capabilities of defence and security. As a matter of routine, the Company carries out contract performance reviews and collects, collates and reviews customer feedback forms to enable us to ensure the customer relationship is managed effectively. Feedback is regularly reviewed by the Leadership Team.

Community & Society

The Company engages in community support, such as volunteer work and providing talks on specialist topics at schools and universities. The Company supports a group of STEM ambassadors, who attend events and promote science, technology and engineering careers for students. The Company makes annual donations to several core national and international charities and actively supports fundraising events.

Section 172 Statement

The Directors welcome their responsibilities to promote the success of the Company in accordance with Section 172 of the Companies Act 2006.

The Board of Inzpire Limited confirm that during the year under review, it has acted to promote the long-term success of the Company for the benefit of the shareholders and ensures that all decisions are taken for the long term, and collectively and individually aims to always uphold the highest standard of conduct. Similarly, the Directors acknowledge that the business can only grow and prosper over the long term if they understand and respect the views and needs of the Company's investors, customers, employees, suppliers and other stakeholders to whom the Company is accountable, as well as the environment the Company operates within.

Inzpire Limited is part of the QinetiQ Group, and remains operationally independent. The operational decision making is delegated to the Directors of Inzpire Limited.

During the year, a Leadership Team ("LT") was formed, comprising Inzpire directors representing the four OBUs and all of the supporting functions. The Leadership Team is collectively responsible for the operational performance of the Company and a delegation matrix is in place to ensure that:

- Decisions put before the LT are within approved budgets and previously approved management / project plans, and operate in conjunction with our Operating Framework processes;
- Managers are able to delegate authority provided to them, however they remain responsible for any resulting approval of decisions and are therefore not able to delegate accountability or responsibility; and
- Authorising managers must obtain and follow appropriate professional advice (e.g. technical, commercial, procurement, HR, legal, financial, treasure and trade controls).

The LT ensures that as a Company we act, at all times, in accordance with the highest professional standards and we do not accept any behaviour or practice that compromises our values, or which is incompatible with our core principles. This doctrine extends to all our business dealings and to our relationships with others throughout the countries in which we operate.

During the year, the LT undertook a review of the strategy for the Company, facilitated by a consultancy company. The updated strategy sets out the direction for the Company over the next five years, covering the Company's customers, staff and future growth. The LT also approved the Integrated Strategic Business Plan, which is the financial plan underpinning the strategy for the next five years.

The LT also considered options to help mitigate the impact of the cost of living crisis on our staff. During the year, extraordinary measures were taken to help our staff, including the implementation of a temporary Cost of Living Allowance for all staff and increasing our staff's salaries by a minimum amount.

Inzpire Limited

Strategic report (continued) For the year ended 31 March 2023

Section 172 Statement (continued)

The LT also published the latest Carbon Reduction Plan. This sets out the progress that has been made to reduce carbon emissions and is available on the Inzpire website.

Business Ethics

The Company will always comply with the laws and regulations applicable to the countries within which we operate and avoid operating in those countries or areas where our ethical values would be conflicted or compromised. The Company will always act with transparency in all of our dealings with clients and business partners. We respect and value our clients as well as our business partners and employees. We protect our business assets and those entrusted to us by our clients and business partners. We will not tolerate the misuse of information to gain advantage and we adhere to our principles even when it becomes difficult to do so.

Company Culture

Equality of opportunity, inclusion and diversity within the workplace, and professional kindness to others are the minimum our colleagues can expect. We are proud of our workplace culture; from our earliest days, we set out to be different to standard businesses in terms of our approach to our people. We want to not only provide a safe and supportive environment for all, but to be a positive example for other employers. More can be found on this topic on the Company website www.inzpire.com/careers/life-at-inzpire.

Customers

Our customers are the foundation of our success and key to our vision and strategy. We strive to apply our strengths to their advantage to deliver mission-led innovation, and invest time in understanding and responding to their needs. Inzpire frequently 'goes the extra mile' to support customers. Inzpire is proud of the fact we have over 5,000 years of military experience in the Company, who have a clear understanding of the customers' requirements. They are supported by very high calibre staff in our specialist functions. This allows us to respond flexibly and provide the highest quality support to our customers.

An example of working innovatively and flexibly with our customers to achieve the best outcome was the delivering another Urgent Operational Requirement ('UOR') to the UK MoD during the year. We responded to similar UOR in the previous financial year and we again were able to deliver a complex project within a very short timescale.

Employees

Inzpire is a people business and our employees are critical to our success. One of Inzpire's goals is to treat our staff uncommonly well. The Company continually improves the working environment for staff, and our employees enjoy a wide range of benefits at Inzpire. For example, our staff enjoy an innovative 'uncapped' annual leave policy, as well as pension, healthcare and dental benefits.

The Company has a flexible working policy, which allows office-based staff to decide where best to carry out their duties. The head office in Lincoln provides our staff with additional bright, modern, clean and energy efficient office space in which to work.

The Company reports Gender Pay Gap information to the parent company, and these can be reviewed as part of the wider QinetiQ Group's reporting on the QinetiQ website at www.qinetiq.com/en/our-Company/sustainability/diversity-and-inclusion.

Our methods of engagement include Quarterly 'Peakon' staff surveys, Quarterly Updates by the LT, Global roadshows led by the QinetiQ CEO and Global Leadership Team, Global Employee Voice Group ('GEV') and other engagement forums. The Company has senior leadership champions for Equality Diversity and Inclusion ('EDI') matters.

Inzpire Limited

Strategic report (continued)
For the year ended 31 March 2023

Section 172 Statement (continued)

Shareholders

Inzpire Limited is a wholly owned subsidiary of QinetiQ Group. Inzpire remains operationally independent and operational decision making is delegated to the LT. Through the business combination, Inzpire is benefitting from greater access to international markets through QinetiQ as well as long-term framework contracts. Where appropriate, on certain contracts Inzpire might join with its parent Company to deliver contracts and on others, Inzpire will deliver contracts independently. This flexibility provides the best solution for the customers and the wider QinetiQ Group.

Suppliers

We work collaboratively with our suppliers to deliver the best solutions for our customers and ensure we treat our suppliers fairly and with integrity, supporting Sustainable Procurement. We also ensure that our suppliers are compliant with the Modern Slavery Act 2015. Our suppliers are paid promptly, and within the agreed terms. We engage regularly with our suppliers to ensure we are partnering effectively to support our customers. This gives us insight into industry developments and ensures good collaboration between the Company, its partners and suppliers.

Social Impact

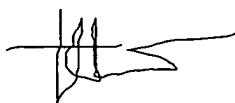
By donating to charities and giving back to the community, we endeavour to help more people access new opportunities and experiences. We actively encourage and support our team members as they undertake fundraising and volunteering initiatives. In the last year alone, we have sponsored a range of activities and projects from local junior sports teams and individual sportsmen and women to military events such as families' days and award ceremonies.

We are also passionate about inspiring young people about science, technology, engineering and maths (STEM) and making careers in these subjects more accessible. We support schools, colleges and universities through a variety of activities, including STEM events. More information about our STEM events can be found on our website www.inzpire.com/about-us/stem. Inzpire also supports the Jon Egging Trust, who are involved in the development of disadvantaged young people. The Company supports its military Reservists, and we ensure that they are given the time and resources to undertake their reserve roles effectively.

Regulators

We have a Governance, Risk Management and Compliance ('GRC') function in the Company which oversees and co-ordinates our regulatory activities. We engage with regulators via meetings, audits and reports to understand changing regulation. Through this engagement, we are able to ensure we continue to meet the high standards expected by regulators.

This report was approved by the board on December 20th 2023 and signed on its behalf.



A M Shaw
Director

Inzpire Limited

Directors' report For the year ended 31 March 2023

The Directors present their report together with the audited financial statements for the year ended 31 March 2023.

Principal activity

The principal activities of the Company in the year under review were the provision of consultancy and training services to, and the development of, aviation related IT systems for the Ministry of Defence and the Defence Industry.

Results and dividends

The profit for the year, after taxation, amounted to £2,545,218 (2022 - £1,007,784).

The directors do not recommend the payment of a dividend (2022 - £Nil).

Directors

The Directors who served during the year were:

J Priest (resigned 30 November 2022)
H M Griffiths (resigned 9 December 2022)
J A Wood (resigned 9 December 2022)
A Whittle (resigned 28 February 2023)
R I Havercroft (resigned 28 February 2023)
A M Shaw
P C Osborn
S J Gilbert (resigned 9 December 2022)
B Nolan (appointed 21 September 2022)

Subsequent to the year end, on 22 May 2023, J R Willis was appointed as a director of the Company.

Matters covered in the Strategic report

Financial risk management, likely future developments in the business of the Company, research and development, and employee matters are not shown within the Directors' report as they are instead included within the Strategic report under s414C(11).

Going concern

We have confidence in our financial forecasts, which are based on a clear understanding of our cost base and the repeat nature of our business, underpinned by the volume of forecast revenue already secured by contracts.

The Company was largely unaffected by COVID-19 in the year ending 31 March 2023 and we continued delivery to our customers without interruption. In the current year, restrictions due to the pandemic have been lifted. The situation is being monitored by the Directors but we do not expect any issues related to COVID-19 this year.

It is deemed that there is little or no credit risk to the Company. The Company has good cash reserves and no loan finance. The Company is part of the QinetiQ Group, and therefore has access to additional cash, should it ever be required. As such, we are confident the Company can meet its liabilities as they fall due.

Taking into account the factors detailed above and considering the net assets and net current assets positions as at 31 March 2023, the Directors therefore consider it appropriate to prepare the Company's financial statements on a going concern basis.

Inzpire Limited

Directors' report (continued) For the year ended 31 March 2023

Post balance sheet events

At an Inzpire Limited board meeting held on 27 October 2023 a resolution was passed to pay a dividend for the amount of £6,000,000 to the Company's immediate parent company, QinetiQ Holdings Limited. The dividend was paid on 16 November 2023 and was settled by crediting an intercompany account with QinetiQ an amount of £2,189,905 and transferring cash of £3,810,095 from the Company's current bank account.

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.

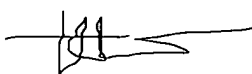
Qualifying third party indemnity provisions

The Group of which the Company is a member maintains appropriate Directors' and Officers' Liability Insurance on behalf of the directors, general counsel and company secretary. In addition, individual qualifying third party indemnities are given to the directors, general counsel and company secretary which comply with the provisions of Section 234 of the Companies Act 2006, and were in force throughout the year and up to the date of signing the Directors' report.

Auditor

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

This report was approved by the board on December 20th 2023 and signed on its behalf.



A M Shaw
Director

Inzpire 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 the Directors have elected to prepare the financial statements in accordance United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 year.

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Inzpire Limited

Independent auditor's report to the members of Inzpire Limited

Opinion on the financial statements

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 profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Inzpire Limited ("the Company") for the year ended 31 March 2023 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Inzpire Limited

Independent auditor's report to the members of Inzpire Limited (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

- adequate accounting records have not been kept, 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.

Responsibilities of Directors

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

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

Inzpire Limited

Independent auditor's report to the members of Inzpire Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

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

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice), UK company law and UK tax legislation.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of any correspondence with tax authorities for any instances of non-compliance with laws and regulations; and
- Review of financial statement disclosures and agreeing to supporting documentation.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Inzpire Limited

Independent auditor's report to the members of Inzpire Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Fraud (continued)

Based on our risk assessment, we considered the areas most susceptible to fraud to be revenue recognition, capitalisation of development costs and management override of controls.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Testing a sample of suppliers over a defined risk criteria, with particular focus on any evidence of potential fictitious suppliers or facilitation payments;
- Testing a sample of revenue contracts, with particular focus on the percentage completion estimated and evidence of performance-related milestones being met, to supporting documentation; and
- Testing the estimates and judgements applied in the capitalisation of the development costs and amortisation thereon;

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:



Owen Pettifor (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
Gatwick, UK

Date: 20 December 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Inzpire Limited

Statement of comprehensive income For the year ended 31 March 2023

	Note	2023 £	As restated 2022 £
Turnover	4	30,992,385	24,496,676
Cost of sales		(20,316,183)	(16,795,091)
Gross profit		10,676,202	7,701,585
Administrative expenses		(7,713,042)	(6,390,279)
Other operating income	5	137,287	91,281
Operating profit	6	3,100,447	1,402,587
Interest receivable and similar income	9	67,943	27,348
Interest payable and similar expenses	10	(6,562)	(16,071)
Profit before tax		3,161,828	1,413,864
Tax on profit	11	(616,610)	(406,080)
Profit for the financial year		2,545,218	1,007,784

Prior year comparatives have been restated due to a change in accounting policy for Research and Development Expenditure Credits ('RDEC'). See note 26 for further details.

All amounts relate to continuing operations.

There was no other comprehensive income for 2023 (2022 - £Nil).

The notes on pages 18 to 42 form part of these financial statements.

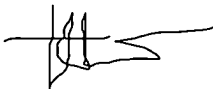
Inzpire Limited
Registered number: 05456427

Statement of financial position
As at 31 March 2023

	Note	2023 £	As restated 2022 £
Fixed assets			
Intangible assets	12	2,330,390	2,065,213
Tangible fixed assets	13	2,325,028	2,577,547
		<u>4,655,418</u>	<u>4,642,760</u>
Current assets			
Stocks	14	453,999	176,555
Debtors: amounts falling due within one year	15	11,524,756	8,917,774
Cash and cash equivalents	16	4,210,620	2,057,100
		<u>16,189,375</u>	<u>11,151,429</u>
Current liabilities			
Creditors: amounts falling due within one year	17	(5,869,726)	(3,328,323)
		<u>10,319,649</u>	<u>7,823,106</u>
Net current assets		<u>14,975,067</u>	<u>12,465,866</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	18	(105,708)	(254,317)
Deferred taxation	19	(875,364)	(762,772)
		<u>13,993,995</u>	<u>11,448,777</u>
Net assets		<u><u>13,993,995</u></u>	<u><u>11,448,777</u></u>
Capital and reserves			
Called up share capital	20	406	406
Capital redemption reserve	21	194	194
Profit and loss account	21	13,993,395	11,448,177
		<u>13,993,995</u>	<u>11,448,777</u>

Prior year comparatives have been restated due to a change in accounting policy for Research and Development Expenditure Credits ('RDEC'). See Note 26 for further details.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on December 20th 2023.



A M Shaw
Director

The notes on pages 18 to 42 form part of these financial statements.

Inzpire Limited

Statement of changes in equity For the year ended 31 March 2023.

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2022	406	194	11,448,177	11,448,777
Comprehensive income for the year				
Profit for the year	-	-	2,545,218	2,545,218
Total comprehensive income for the year	-	-	2,545,218	2,545,218
At 31 March 2023	406	194	13,993,395	13,993,995

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

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2021	406	194	10,440,393	10,440,993
Comprehensive income for the year				
Profit for the year	-	-	1,007,784	1,007,784
Total comprehensive income for the year	-	-	1,007,784	1,007,784
At 31 March 2022	406	194	11,448,177	11,448,777

The notes on pages 18 to 42 form part of these financial statements.

Inzpire Limited

Notes to the financial statements For the year ended 31 March 2023

1. General information

Inzpire Limited is a private company incorporated in England and Wales under the Companies Act. It is a company limited by shares. The address of the registered office is given on the Company Information page and the nature of the Company's operations and principal activities are given in the Strategic report and 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 (see note 3).

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 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 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 requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present 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; and
- 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.

Inzpire Limited

Notes to the financial statements For the year ended 31 March 2023

2. Accounting policies (continued)

2.3 Going concern

We have confidence in our financial forecasts, which are based on a clear understanding of our cost base and the repeat nature of our business, underpinned by the volume of forecast revenue already secured by contracts.

The Company was largely unaffected by COVID-19 in the year ending 31 March 2023 and we continued delivery to our customers without interruption. In the current year, restrictions due to the pandemic have been lifted. The situation is being monitored by the Directors but we do not expect any issues related to COVID-19 this year.

It is deemed that there is little or no credit risk to the Company. The Company has good cash reserves and no loan finance. The Company is part of the QinetiQ Group, and therefore has access to additional cash, should it ever be required. As such, we are confident the Company can meet its liabilities as they fall due.

Taking into account the factors detailed above and considering the net assets and net current assets positions as at 31 March 2023, the Directors therefore consider it appropriate to prepare the Company's financial statements on a going concern basis.

2.4 Impact of new international reporting standards, amendments and interpretations

There are no amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 March 2023 that have had a material impact on the Company.

2.5 Turnover

Turnover is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

The Company recognises turnover when a performance obligation is satisfied, which is when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company primarily provides service contracts and installation services to customers. Turnover for these contracts is recognised by stage of completion by reference to milestones stipulated by the contract, which each constitutes a distinct performance obligation.

Determining the transaction price:

The Company's turnover is derived from fixed price contracts for each turnover stream and therefore the amount of turnover to be earned from each contract is determined by reference to those fixed prices.

Allocating amounts to performance obligations:

For most contracts, there is a fixed price for each product or service sold. Therefore, there is no judgement involved in allocating the contract price to allocate to each turnover stream sold to one customer. Where a customer orders more than one service, the Company is able to determine the split of the total contract price between each turnover stream by reference to each standalone selling price. All turnover streams are capable of being, and are, sold separately.

Inzpire Limited

Notes to the financial statements For the year ended 31 March 2023

2. Accounting policies (continued)

2.5 Turnover (continued)

Goods sold

The Company recognises revenue on the sale of products at a point in time once control has been transferred to the customer. Control is generally transferred to customers on delivery of products or when the customer has the significant risks and rewards of ownership of the product, which is when performance obligations have been met. Customers typically do not have a right of return or refund. The transaction price for sale of products is agreed at contract inception. When the Company develops a bespoke product for a customer with no alternative use to the Company, revenue is recognised over time using the input method.

Service contracts

Service contracts are transferred to the customer over a period of time as the Company fulfils its performance obligations. At contract inception the Company undertakes an assessment to determine how many distinct performance obligations exist within a contract. As part of the assessment the Company obtains an understanding of the overall deliverable to the customer through discussions with business units and project leads. Each individual deliverable in the contract is then assessed to determine if it is an input into the overall deliverable, and therefore part of a single performance obligation, or if it is a stand-alone separable deliverable with its own transaction price and therefore a distinct performance obligation in its own right. Each distinct performance obligation identified within a contract is accounted for separately.

Certain service contracts have a similar pattern of transfer of control to the customer where each year is effectively the same from a performance obligation perspective. The Company accounts for these as a series of distinct service performance obligations satisfied annually over the contract term. The transaction price for a contract is determined at contract inception based on a fixed margin. Any required adjustment will be made against the transaction price in the period in which it occurred. The Company does not offer any right of return or refunds which could impact transaction price at inception.

The transaction price is allocated between each distinct performance obligation identified in a contract based on the stand-alone selling price of each performance obligation. Each performance obligation will be costed and the transaction price will be based on a fixed margin. This amount would be the stand-alone selling price of each performance obligation if contracted with a customer separately.

Long-term service contracts allow for modifications to the original order. If a contract modification is determined to be distinct and the price of the contract increases by an amount of consideration that reflects the Company's stand-alone selling prices for the additional promised goods or services, the Company accounts for this as a separate contract. If a contract modification is not distinct, the Company accounts for this as if it were part of the existing contract. A cumulative catch-up adjustment to revenue is then recognised to recognise the effect that the contract modification has on the transaction price and the Company's measure of progress towards complete satisfaction of the performance obligation.

Long-term service contracts also sometimes allow for extensions to the original order. A contract extension is determined to include either additional goods or services or no additional goods or service. If a contract extension with additional goods or services is determined to be distinct and the price of the contract increases by an amount of consideration that reflects the entity's stand-alone selling prices for the additional promised goods or services, the Company accounts for this as a separate performance obligation. If a contract extension with additional goods or services is not distinct, the Company accounts for this as if it were part of the existing contract. A cumulative catch-up adjustment to revenue is then recognised to recognise the effect that the contract extension has on the transaction price and the Company's measure of progress towards complete satisfaction of the performance obligation.

Inzpire Limited

Notes to the financial statements For the year ended 31 March 2023

2. Accounting policies (continued)

2.5 Turnover (continued)

Service contracts (continued)

When the outcome of a distinct performance obligation in delivering services can be reliably estimated, revenue associated with the performance obligation is recognised over time using the input method. The input method recognises revenue over time on the percentage completion to the satisfaction of a performance obligation. The Company has determined the input method to be appropriate as it best depicts the Company's performance in transferring control of the service to the customer as it incurs costs on a particular contract.

No profit is recognised on contracts until the outcome of the contract can be reliably estimated. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately as an expense.

Licence revenue

Licence revenue is attributed to either 'right to use' or 'right to access' licences. 'Right to use' licence revenue is recognised at a point in time when the Company sells a licence to a customer and does not undertake significant further activities or involvement in developing the licence after the sale. 'Right to access' licence revenue is recognised over time when the Company maintains a significant level of involvement in developing and enhancing the licence after the sale. The level of involvement goes beyond general support, bug-fixing and upgrades, which generally only maintain the current operating level. The transaction price for intellectual property is agreed at contract inception.

2.6 Amounts recoverable on contracts

Debtors include amounts recoverable on contracts, which are stated at cost plus attributable profit to the extent that such profit is reasonably certain and after making provision for any foreseeable losses in completing contracts, less payments on account received. Payments on account represent the excess of amounts billed over that earned and are included separately within creditors.

2.7 Foreign currency translation

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.

Inzpire Limited

Notes to the financial statements For the year ended 31 March 2023

2. Accounting policies (continued)

2.8 Research and development

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Company is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Development costs are amortised on a straight line basis over the anticipated life of the benefits arising from the completed produce or project.

Deferred research and development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related research and development is written off to profit or loss.

2.9 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.

2.10 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 other creditors as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.11 Interest income

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

Inzpire Limited

Notes to the financial statements For the year ended 31 March 2023

2. Accounting policies (continued)

2.12 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 reporting 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.

2.13 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.

Amortisation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Development costs	- 14% on cost
Domain name, website and trademark	- 20% on cost

Amortisation is charged to the Statement of comprehensive income within administrative expenses.

2.14 Tangible fixed assets

Tangible fixed assets under the cost model 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 the assets less their residual value over their estimated useful lives using the straight-line method.

Inzpire Limited

Notes to the financial statements For the year ended 31 March 2023

2. Accounting policies (continued)

2.14 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

Assets under construction	- Not depreciated. Once ready for intended use, the asset is transferred to the relevant asset class and depreciated under the corresponding policy.
Right-of-use assets - Property	- Straight line over lease term
Plant and machinery	- 14% on cost
Fixtures and fittings	- 20% on cost
Office equipment	- 20% on cost
Computer equipment	- 20-33% on cost
Improvements to property	- 20% on cost

Depreciation is charged to the Statement of comprehensive income within administrative expenses.

The assets' residual values, useful lives 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.

2.15 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.16 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, and loans to related parties.

Financial assets

The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

The Company does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Inzpire Limited

Notes to the financial statements For the year ended 31 March 2023

2. Accounting policies (continued)

2.16 Financial instruments (continued)

Financial assets (continued)

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade debtors), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

Impairment provisions for current and non-current trade debtors are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade debtors is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade debtors. For trade debtors, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the Statement of comprehensive income. On confirmation that the trade debtor will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the Company elects to renegotiate the terms of trade debtors due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the Statement of comprehensive income (operating profit).

The Company's financial assets measured at amortised cost comprise trade and other debtors, amounts owed by group undertakings and cash and cash equivalents in the Statement of financial position.

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. Bank overdrafts are held within 'Creditors: amounts falling due within one year' (see note 17).

Inzpire Limited

Notes to the financial statements For the year ended 31 March 2023

2. Accounting policies (continued)

2.17 Financial instruments (continued)

Financial assets (continued)

Amortised cost (continued)

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

The Company does not have any liabilities held for trading nor does it voluntarily classify any financial liabilities as being at fair value through profit or loss.

Amortised cost

Trade creditors and other short-term monetary liabilities are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

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

2.17 Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the year to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonable certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Inzpire Limited

Notes to the financial statements For the year ended 31 March 2023

2. Accounting policies (continued)

2.18 Leases (continued)

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, for example, it reassesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in the Statement of comprehensive income. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Inzpire Limited

Notes to the financial statements For the year ended 31 March 2023

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Directors have had to make the following judgements:

- Determine whether there are indicators of impairment of the Company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty:

- **Intangible fixed assets (see note 12)**
Intangible fixed assets are amortised over their useful lives. The actual lives of the assets are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation and product life cycles are taken into account.
- **Tangible fixed assets (see note 13)**
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programs are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- **Leases (see note 22)**
On adoption of IFRS 16 a lease liability and corresponding right-of-use asset is recognised. The rate implicit in discounting the lease liability is based on the incremental borrowing rate of the Company and is considered a key source of estimation uncertainty.

4. Turnover

The whole of the turnover is attributable to the Company's principal activities.

Analysis of turnover by country of destination:

	2023 £	2022 £
United Kingdom	29,347,843	22,238,472
Rest of the world	1,644,542	2,258,204
	<u>30,992,385</u>	<u>24,496,676</u>

5. Other operating income

	2023 £	As restated 2022 £
Research and development expenditure credits	137,287	91,281

Inzpire Limited

Notes to the financial statements For the year ended 31 March 2023

6. Operating profit

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

	2023 £	2022 £
Depreciation of tangible fixed assets	604,327	393,343
Amortisation of intangible assets	602,300	574,718
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	54,400	45,000
Fees payable to the Company's auditor and its associates for non-audit services	7,035	5,710
Exchange differences	12,623	(3,459)
Inventory recognised as an expense	120,542	380,723
Defined contribution pension cost	1,223,793	965,115
Research and development charged as an expense	123,556	81,833
	<u> </u>	<u> </u>

Of the audit fee above, £3,000 (2022 - £2,500) was paid in respect of fellow group companies Inzpire Holdings Limited and £3,000 (2022 - £2,500) in respect of Inzpire Group Limited.

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	2023 £	2022 £
Wages and salaries	19,147,692	15,665,267
Social security costs	2,186,869	1,713,789
Cost of defined contribution scheme	1,223,793	997,930
	<u> </u>	<u> </u>
	<u>22,558,354</u>	<u>18,376,986</u>

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

	2023 No.	2022 No.
Mission Support Systems and Services	36	33
Managed Services	190	167
Central	61	53
	<u> </u>	<u> </u>
	<u>287</u>	<u>253</u>

The above represents the gross staff costs incurred during the year. Included in these amounts are the costs capitalised as development and fixed assets as follows: wages and salaries of £731,395 (2022 - £514,284), social security costs of £80,560 (2022 - £61,209) and pension costs of £51,227 (2022 - £32,815).

Inzpire Limited

Notes to the financial statements For the year ended 31 March 2023

8. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	771,017	920,073
Directors' national insurance	90,018	115,142
Company contributions to defined contribution pension schemes	60,881	52,181
	<u>921,916</u>	<u>1,087,396</u>

During the year retirement benefits were accruing to 7 Directors (2022 - 8) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £146,290 (2022 - £155,487).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £10,663 (2022 - £Nil).

9. Interest receivable and similar income

	2023 £	2022 £
Intercompany interest receivable	<u>67,943</u>	<u>27,348</u>

10. Interest payable and similar expenses

	2023 £	2022 £
Interest on lease liabilities	<u>6,562</u>	<u>16,071</u>

Inzpire Limited

Notes to the financial statements For the year ended 31 March 2023

11. Taxation

	2023 £	As restated 2022 £
Corporation tax		
Current tax on profits for the year	522,682	25,973
Adjustments in respect of previous periods	(25,216)	(620)
	<u>497,466</u>	<u>25,353</u>
Foreign tax		
Foreign tax on income for the year	6,552	30,684
	<u>6,552</u>	<u>30,684</u>
Total current tax	<u>504,018</u>	<u>56,037</u>
Deferred tax		
Origination and reversal of timing differences	99,889	169,801
Adjustments in respect of prior years	32,035	(2,825)
Impact of change in tax rate	(19,332)	183,067
Total deferred tax	<u>112,592</u>	<u>350,043</u>
Taxation on profit on ordinary activities	<u>616,610</u>	<u>406,080</u>

Inzpire Limited

Notes to the financial statements For the year ended 31 March 2023

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023 £	As restated 2022 £
Profit on ordinary activities before tax	3,161,828	1,413,864
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022:- 19%)	600,747	268,634
Effects of:		
Expenses not deductible for tax purposes and other non-taxable items	9,790	(42,176)
Deferred tax in respect of prior years	32,035	(2,825)
Tax under provided in previous years	(25,216)	(620)
Plant and machinery super deduction	(20,078)	-
Changes in tax laws and rates	19,332	183,067
Total tax charge for the year	616,610	406,080

Factors that may affect future tax charges

The Finance Act 2021 was substantially enacted in May 2021 and has increased the main corporation tax rate to from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

Prior year comparatives have been restated due to a change in accounting policy for Research and Development Expenditure Credits ('RDEC'). See note 26 for further details.

Inzpire Limited

Notes to the financial statements For the year ended 31 March 2023

12. Intangible assets

	Development costs £	Domain name, website and trademark £	Total £
Cost			
At 1 April 2022	4,332,383	36,351	4,368,734
Additions	867,477	-	867,477
At 31 March 2023	<u>5,199,860</u>	<u>36,351</u>	<u>5,236,211</u>
Amortisation			
At 1 April 2022	2,278,652	24,869	2,303,521
Charge for the year	598,674	3,626	602,300
At 31 March 2023	<u>2,877,326</u>	<u>28,495</u>	<u>2,905,821</u>
Net book value			
At 31 March 2023	<u>2,322,534</u>	<u>7,856</u>	<u>2,330,390</u>
At 31 March 2022	<u>2,053,731</u>	<u>11,482</u>	<u>2,065,213</u>

Development costs have been capitalised in respect of new products. The costs capitalised are the staff salaries in respect of time spent directly developing the new products. Amortisation for all intangible assets is charged to administrative expenses.

Within development assets there is one material item:

	Carrying value 31 March 2023 £	Carrying value 31 March 2022 £	Remaining amortisation period (years)
GECO 17.2	<u>595,402</u>	<u>-</u>	<u>7</u>

Inzpire Limited

Notes to the financial statements
For the year ended 31 March 2023

13. Tangible fixed assets

	Assets under construction £	Right-of-use assets - Property £	Plant and machinery £	Fixtures and fittings £	Office equipment £	Computer equipment £	Improvements to property £	Total £
Cost								
At 1 April 2022	338,292	515,668	1,237,328	64,545	52,123	834,044	291,474	3,333,474
Additions	131,328	-	719	14,069	8,855	181,213	15,624	351,808
Disposals	-	-	-	(2,037)	(950)	(126,928)	(7,958)	(137,873)
Transfers between classes	(136,230)	-	-	-	-	136,230	-	-
At 31 March 2023	333,390	515,668	1,238,047	76,577	60,028	1,024,559	299,140	3,547,409
Depreciation								
At 1 April 2022	-	168,584	167,198	10,238	16,561	353,162	40,184	755,927
Charge for the year	-	112,219	176,854	14,995	10,679	229,055	60,525	604,327
Disposals	-	-	-	(2,037)	(950)	(126,928)	(7,958)	(137,873)
At 31 March 2023	-	280,803	344,052	23,196	26,290	455,289	92,751	1,222,381
Net book value								
At 31 March 2023	333,390	234,865	893,995	53,381	33,738	569,270	206,389	2,325,028
At 31 March 2022	338,292	347,084	1,070,130	54,307	35,562	480,882	251,290	2,577,547

Inzpire Limited

Notes to the financial statements For the year ended 31 March 2023

14. Stocks

	2023 £	2022 £
Finished goods and goods for resale	<u>453,999</u>	<u>176,555</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

15. Debtors: amounts falling due within one year

	2023 £	As restated 2022 £
Trade debtors	4,789,136	3,063,384
Amounts owed by group undertakings	2,242,730	1,674,814
Other debtors	61,166	170,285
Prepayments and accrued income	4,203,156	3,918,010
RDEC recoverable	228,568	91,281
	<u>11,524,756</u>	<u>8,917,774</u>

Prior year comparatives have been restated due to a change in accounting policy for Research and Development Expenditure Credits ('RDEC'). See note 26 for further details.

Amounts owed by group undertakings are unsecured, interest-free and repayable on demand with the exception of the loan advanced by QinetiQ (see note 24).

As at 31 March 2023, a balance of £133,251 (2022 - £133,251) is due from Inzpire Group Limited and the current intention is that this amount will be settled within one year (2022 - after more than one year).

16. Cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	4,210,620	2,057,100
Less: bank overdrafts (see note 17)	-	(57,487)
	<u>4,210,620</u>	<u>1,999,613</u>

Inzpire Limited

Notes to the financial statements For the year ended 31 March 2023

17. Creditors: amounts falling due within one year

	2023	As restated 2022
	£	£
Bank overdrafts	-	57,487
Trade creditors	933,135	678,423
Amounts owed to group undertakings	248,824	130,136
Corporation tax payable	523,439	28,850
Other taxation and social security	1,971,624	1,035,132
Lease liabilities (see note 22)	125,485	120,662
Other creditors	196,171	168,233
Accruals and deferred income	1,871,048	1,109,400
	<u>5,869,726</u>	<u>3,328,323</u>

Prior year comparatives have been restated due to a change in accounting policy for Research and Development Expenditure Credits ('RDEC'). See note 26 for further details.

Amounts owed to group undertakings are unsecured, interest-free and repayable on demand.

18. Creditors: amounts falling due after more than one year

	2023	2022
	£	£
Lease liabilities (see note 22)	<u>105,708</u>	<u>254,317</u>

19. Deferred taxation

	2023	2022
	£	£
At beginning of year	(762,772)	(412,729)
Charged to profit or loss	(112,592)	(350,043)
At end of year	<u>(875,364)</u>	<u>(762,772)</u>

Inzpire Limited

Notes to the financial statements For the year ended 31 March 2023

19. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2023 £	2022 £
Accelerated capital allowances	<u>(875,364)</u>	<u>(762,772)</u>

The company has no unused tax losses or credits.

20. Called up share capital

	2023 £	2022 £
Allotted, called up and fully paid		
406 (2022 - 406) Ordinary shares of £1 each	<u>406</u>	<u>406</u>

21. Reserves

The Company has the following reserves:

Capital redemption reserve

The capital redemption reserve contains the nominal value of own shares that have been acquired by the Company and cancelled.

Profit and loss account

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

Inzpire Limited

Notes to the financial statements For the year ended 31 March 2023

22. Leases

The Company leases assets comprising office property. Information about leases for which the Company is a lessee is presented below.

	Property £	
Right-of-use assets		
Balance at 1 April 2022		347,084
Depreciation charge for the year		(112,219)
Balance at 31 March 2023		<u>234,865</u>
	Due within one year £	Due after more than one year £
Lease liabilities		
Lease liabilities included in the Statement of financial position at 31 March 2023	125,485	105,708
Lease liabilities included in the Statement of financial position at 31 March 2022	<u>120,662</u>	<u>254,317</u>
		2023 £
Amounts recognised in profit or loss		
Depreciation charge for the year on right-of-use assets		112,219
Interest on lease liabilities		<u>6,562</u>

The total cash flows arising from lease liabilities for the year were £133,580 (2022 - £126,635).

23. 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. The pension cost charge represents contributions payable by the Company to the fund and amounted to £1,223,793 (2022 - £997,930), of which £51,227 (2022 - £32,815) has been capitalised during the year. Contributions totalling £188,321 (2022 - £165,994) were payable to the fund at the reporting date and are included in creditors.

Inzpire Limited

Notes to the financial statements For the year ended 31 March 2023

24. Related party transactions

The Company has taken advantage of the disclosure exemption under FRS 101 relating to the requirements of IAS 24 Related Party Disclosures to disclose transactions between wholly owned members of the Group.

During the year to 31 March 2023, the Company paid QinetiQ management fees of £440,473 (2022 - £364,777), and paid a licence fee for desks at the QinetiQ Lincoln building of £65,592 (2022 - £38,500).

During the year to 31 March 2023, the Company received income from QinetiQ relating to work carried out of £12,024,184 (2022 - £8,595,088). These amounts are included within turnover.

As at 31 March 2023, the amount due from QinetiQ to the Company in respect of work carried out was £2,081,737 (2022 - £236,333). These amounts are included within trade debtors.

As at 31 March 2023, the amount due to QinetiQ from the Company in respect of services provided was £501,165 (2022 - £437,732). These amounts are included within trade creditors.

As at 31 March 2023, the amount due from QinetiQ to the Company in respect of a loan advanced during the year was £2,109,086 (2022 - £1,541,170). Interest received by the Company on this loan was £67,943 (2022 - £27,348). This loan is unsecured, repayable on demand and subject to an interest rate of 3 month SONIA + 1.8% (2022 - 3 month SONIA + 1.2%). The loan balance outstanding is included under "Amounts owed by group undertakings" within debtors.

As at 31 March 2023, there was an amount due from the Company to QinetiQ for £248,824 (2022 - £130,136). This amount is included under "Amounts owed to group undertakings" within creditors. This balance is unsecured, interest-free and repayable on demand.

25. Controlling party

Inzpire Holdings Limited, a company registered in England and Wales, was the immediate parent company. From 29 March 2023 the immediate parent company changed to QinetiQ Holdings Limited. There was no change to the ultimate controlling party.

QinetiQ Group plc is the ultimate controlling party and the smallest and largest group for which consolidated accounts are produced. These consolidated accounts are publicly available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ. The registered address of QinetiQ Group plc is Cody Technology Park, Ively Road, Farnborough, Hampshire, England, GU14 0LX.

Inzpire Limited

Notes to the financial statements For the year ended 31 March 2023

26. Changes in accounting policies

This note explains the impact of a change in accounting policy that is effective for the first time in the Company's financial statements for the year ended 31 March 2023:

Accounting for Research and Development Expenditure Credits ('RDEC')

Following a routine Financial Reporting Council ("FRC") review of the Inzpire Limited ultimate parent company, QinetiQ Group Plc's consolidated financial statements for the year ended 31 March 2022, the Company has changed its accounting policy relating to RDEC. The Company's accounting policy has historically been to account for RDEC under IAS 12 Income Tax, as a credit within the tax charge. Following engagement with the FRC, and a review of common market practice, the Company has now decided to account for RDEC as other operating income under IAS 20 Government Grants.

The impact of this change is to move £91,281 of RDEC income for the year ended 31 March 2022 from the tax charge into other income. The impact on the Statement of financial position and related notes is to reclassify a £91,281 receivable from tax recoverable to RDEC recoverable as at 31 March 2022 with the remaining £28,850 corporation tax payable presented within creditors: amounts falling due within one year. There is no impact on net assets as at 31 March 2022 or profit after tax for the year ended 31 March 2022.

The following tables show the adjustments recognised for each individual line item as at 31 March 2023 and 31 March 2022.

	Previous policy £	Change in policy £	As presented £
Statement of financial position (extract) 2023			
Assets/(liabilities)			
Tax recoverable	-	-	-
RDEC recoverable	-	228,568	228,568
Corporation tax payable	(294,871)	(228,568)	(523,439)
Other net assets	14,288,866	-	14,288,866
Net assets	13,993,995	-	13,993,995

Inzpire Limited

Notes to the financial statements For the year ended 31 March 2023

26. Changes in accounting policies (continued)

	As originally presented £	Impact of restatement £	As restated £
Statement of financial position (extract) 2022			
Assets/(liabilities)			
Tax recoverable	62,431	(62,431)	-
RDEC recoverable	-	91,281	91,281
Corporation tax payable	-	(28,850)	(28,850)
Other net assets	11,386,346	-	11,386,346
Net assets	11,448,777	-	11,448,777
	Previous policy £	Change in policy £	As presented £
Statement of comprehensive income (extract) 2023			
Turnover	30,992,385	-	30,992,385
Cost of sales	(20,316,183)	-	(20,316,183)
Administrative expenses	(7,713,042)	-	(7,713,042)
Other operating income	-	137,287	137,287
Operating profit	2,963,160	137,287	3,100,447
Finance income	67,943	-	67,943
Finance expense	(6,562)	-	(6,562)
Profit before tax	3,024,541	137,287	3,161,828
Tax on profit	(479,323)	(137,287)	(616,610)
Profit for the year	2,545,218	-	2,545,218

Inzpire Limited

Notes to the financial statements For the year ended 31 March 2023

26. Changes in accounting policies (continued)

	As originally presented £	Impact of restatement £	As restated £
Statement of comprehensive income (extract) 2022			
Turnover	24,496,676	-	24,496,676
Cost of sales	(16,795,091)	-	(16,795,091)
Administrative expenses	(6,390,279)	-	(6,390,279)
Other operating income	-	91,281	91,281
Operating profit	1,311,306	91,281	1,402,587
Finance income	27,348	-	27,348
Finance expense	(16,071)	-	(16,071)
Profit before tax	1,322,583	91,281	1,413,864
Tax on profit	(314,799)	(91,281)	(406,080)
Profit for the year	1,007,784	-	1,007,784

27. Post balance sheet events

At an Inzpire Limited board meeting held on 27 October 2023 a resolution was passed to pay a dividend for the amount of £6,000,000 to the Company's immediate parent company, QinetiQ Holdings Limited. The dividend was paid on 16 November 2023 and was settled by crediting an intercompany account with QinetiQ an amount of £2,189,905 and transferring cash of £3,810,095 from the Company's current bank account.