Independent auditor's report to the members of NATS Holdings Limited

Opinion on the Financial Statements

In our opinion:

> the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2023 and of the Group's profit for the year then ended;

> the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;

> the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and

> the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of NATS Holdings Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2023 which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated and Company balance sheets, the Consolidated and Company statement of changes in equity, the Consolidated cash flow statement 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 UK adopted international accounting standards and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 2 to the Group financial statements, the Group in addition to complying with its legal obligation to apply UK adopted international accounting standards , has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the Group financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRSs as issued by the IASB.

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. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the Directors at the Annual General Meeting on 31 July 2014 to audit the financial statements for the year ended 31 March 2015 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 9 years, covering the years ended 31 March 2015 to 31 March 2023. We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

> Reviewing the Directors' going concern assessment, forecasts and covenant compliance for the Group for a period of at least 12 months from the date of approval of the financial statements. This included checking that the forecasts were consistent with the latest Board approved budgets.

> Detailed enquiries and challenge of the Board and management on reasonableness of the assumptions made in the preparation of these forecasts. This included making comparisons to actual results achieved in the year.

> Reviewing Directors' reverse stress testing on forecasts and consideration of the downside scenarios that would result in a breach of the net debt to Regulatory Asset Base ("RAB") covenant. We considered the Directors' assessment of the likelihood of such circumstances arising in determining their conclusion related to going concern.

> Assessing the accuracy of the Directors' financial model by testing the mechanical integrity of forecasts, assessing the historical forecasting accuracy and future air traffic assumptions by comparing these to third party forecasts from June 2023 through to at least June 2024.

> Reviewing the terms of the Group's facility agreements and other key documents for significant matters that could impact the going concern assessment.

> Considering the adequacy of the disclosures in the financial statements against the requirements of the accounting standards and consistency of the disclosure against the forecasts and reverse stress test assessment.

Independent auditor's report to the members of NATS Holdings Limited

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

In relation to the Parent Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

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

Overview

Coverage[1]

- 99% (2022: 99%) of Group profit before tax
- 99% (2022: 99%) of Group revenue
- 99% (2022: 99%) of Group total assets

Key audit matters

	2023	2022
Recognition of licence fee revenue and amounts recoverable under regulatory agreement	Yes	Yes
Impairment of assets in the course of construction	Yes	Yes
Valuation of pension scheme liabilities	Yes	Yes
Valuation of certain pension scheme assets	Yes	Yes
Carrying value of goodwill	No	Yes

The Carrying value of goodwill is no longer considered to be a key audit matter primarily as a result of the reduced level of uncertainty due to the travel industry recovery following the COVID-19 pandemic and the level of headroom in the recoverable amount.

Impairment of assets in the course of construction was previously included within the Capital investment programme key audit matter. The remainder of the Capital investment programme is no longer considered a key audit matter as the risk of impairment has reduced following the travel industry recovery from the COVID-19 pandemic.

Materiality

Group financial statements as a whole

£6.8m (2022: £5.0m) based on 0.9% of operating costs (2022: 0.8% of operating costs).

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

There has been no significant change in the Group's operations and therefore the assessed risks of material misstatement described above, which are those that had the greatest effect on the audit strategy, the allocation of resources in the audit and directing the efforts of the audit team, are the same risks as in the prior year with the exception of the Carrying value of goodwill which is no longer deemed a key audit matter.

The Group audit team carried out full scope audits on all four significant components of the Group, being NATS Holdings Limited, NATS Limited, NATS (En Route) plc and NATS (Services) Limited, which covered 99% of the Group's revenue, assets and profit before tax. Non-significant components were subject to either specified Audit procedures or desktop review procedures performed by the group audit team.

Key audit matters

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

[1] These are areas which have been subject to a full scope audit by the group engagement team.

Independent auditor's report to the members of NATS Holdings Limited

Key audit matter		How the scope of our audit addressed the key audit matter

Recognition of licence fee revenue and amounts recoverable under regulatory agreement
 	
Total revenue and regulatory allowances in the year is £930.0m (2022: £749.8m), of which regulatory allowances under-recovered is £41.0m (2022: £202.0m).
 	
The accounting policies for 'revenue recognition' and for 'Amounts recoverable or payable under regulatory agreement' are included in note 2.
 	
Note 4 includes details of total revenue and regulatory allowances. Notes 17 and 22 include details of the amounts recoverable and payable under regulatory agreement.
 	
Note 3 sets out the significant estimation uncertainty in respect of the recognition of the shortfall in revenue and regulatory allowances.
	All licence fee revenue and amounts recoverable under regulatory agreement are recognised in NATS (En Route) plc ("NERL")
	
	As a result of the significant impact of COVID-19 on flight volumes and the CAA opening a price control review, the recognition of licence fee revenue and regulatory allowances under recovered is subject to significant estimation uncertainty.
	
	This estimation includes management judgement in respect of the outcome of the CAA price control review, the basis for their assessment of efficient costs and the period over which any amounts recoverable under regulatory agreement will be recovered.
	
	As a result of the above, the recognition of licence fee revenue and amounts recoverable under regulatory agreement and the related disclosures were considered an area of audit focus.
		Our procedures included:
		> Understanding the regulatory framework in respect of licence fee revenue and regulatory allowances under recovered and assessing that these have been appropriately accounted for in accordance with the applicable accounting standards.
		> Completing a test in total on the NERL revenue, corroborating each of the underlying revenue streams to supporting contract documentation, to check that the revenue is appropriately recognised.
		> Checking that airspace revenue is being accounted for in line with the provisions of the air traffic services licence, the regulatory charging mechanisms for the reference period and the basis for the on-going price control review being conducted by the CAA.
		> Reviewing publicly available information, including CAP2394 published in October 2022 which set out the CAA's initial proposals for the next price control review (NR23), in comparison to Management's approach to determining licence fee entitlement.
		> Challenging management's judgement as to whether it is highly probable their assessment of the costs the CAA will determine to be recoverable, will not give rise to a significant risk of revenue reversal. This included challenging management's assessment of:
		  > the period over which any regulatory allowances under-recovered would be recovered by reviewing the relevant CAP documents and consideration of alternative recovery periods; and
		  > the determination of an efficient cost base by reviewing the appropriateness of the costs included.
		> Confirming the appropriateness of the discount rate used by management to determine the present value of the regulatory allowances under-recovered by comparing to external market data.
		> Challenging management's basis for spreading the recognition of the annual licence fee revenue and regulatory allowance entitlement throughout the year by considering the appropriateness of alternative input and output based recognition bases.
		> Reviewing the disclosures presented in respect of the above within the financial statements and checking compliance with the requirements of the accounting standards.
		
		Key observations
		As a result of performing the procedures above, we consider the judgements made in the recognition of licence fee revenue and amounts recoverable under regulatory agreement were reasonable, and the related disclosures were acceptable.

Independent auditor's report to the members of NATS Holdings Limited

Key audit matter	How the scope of our audit addressed the key audit matter
Impairment of assets in the course of construction The carrying value of assets in the course of construction within other intangible assets is £420.6m (2022: £383.2m) and within property, plant and equipment is £181.8m (2022: £162.3m). The accounting policy for these is included in note 2. Notes 13 and 14 set out details of amounts invested. The group invests significant sums in the sustainment and development of air traffic control infrastructure. A substantial proportion of the costs incurred are the amounts charged by staff employed by the group that are capitalised to specific projects. Management makes judgements around the useful economic lives of currently deployed systems, in assessing indicators of impairment and considering the feasibility of individual projects. Due to the two judgements noted above, the carrying value of assets in the course of construction and the related disclosures were considered an area of focus for our audit.	**Our procedures included:** > Reviewing management's assessment of any indicators of impairment for a sample of current capital projects carried forward as either tangible or intangible assets and checking the appropriateness of their conclusions through challenge of the project managers, outside of the group finance team, to gain an understanding of the capital projects. > Testing a sample of capitalised projects that included verifying the appropriateness of the labour rates being used and the amount of labour time being capitalised per project to supporting payroll information. > In considering the feasibility of individual projects we challenged the project managers and reviewed the performance to date against the expected performance. > Testing the operating effectiveness of the control relating to the review and documentation which takes place on a project-by-project basis. > Reviewing the related disclosures within the financial statements and checking that they complied with the requirements of the accounting standards. **Key observations** We consider that the impairment of assets under the course of construction is appropriately treated and the related disclosures to be acceptable.

Independent auditor's report to the members of NATS Holdings Limited

Key audit matter	How the scope of our audit addressed the key audit matter
Valuation of pension scheme liabilities As disclosed in note 32, the Group has recorded a gross defined benefit obligation of £3,486.0m (2022: £4,957.7m) in the valuation of the net defined benefit pension asset recorded on the Group balance sheet. Note 32 also includes details of the Group's assessment of the sensitivity of the present value of the scheme obligation to changes in actuarial assumptions. The quantum of the Group's plan liabilities recorded in the net defined benefit asset on the Group's balance sheet is significant and the valuation is subjective. The determination of the gross defined benefit obligation is subject to a significant level of estimation uncertainty, based on the use of actuarial assumptions. When making these assumptions, the Directors take independent actuarial advice relating to their appropriateness. As a result of the above the valuation of pension scheme liabilities and the related disclosures were considered an area of focus for our audit.	**Our procedures included:** > With the assistance of our actuarial experts, challenging the appropriateness of the actuarial assumptions used by the Group in calculating the gross defined benefit pension obligation. This included benchmarking certain assumptions such as the discount rate, RPI and CPI against those used for similar schemes and considering whether each of these assumptions sit within an acceptable range of possible outcomes. > Assessing the competence and objectivity of management's expert. > Agreeing member number information to source data to check the accuracy thereof. > Assessing the adequacy of the disclosures within note 32 to the financial statements to check these are in line with the applicable accounting standards. **Key observations** As a result of performing the procedures above, we found that valuation of the gross defined benefit pension scheme obligations and the related disclosures to be appropriate.

Independent auditor's report to the members of NATS Holdings Limited

Key audit matter	How the scope of our audit addressed the key audit matter
Valuation of certain pension scheme assets As disclosed in note 32, the Group had £3,544.7m (2022: £5,299.6m) of plan assets that are included in the valuation of the net defined benefit asset recorded on the Group balance sheet. Those assets include investments in hedge funds and private equity funds which make up £362.4m (2022: £391.4m) of plan assets. The quantum of the Group's plan assets recorded in the net defined benefit asset on the Group's balance sheet is significant in the context of the financial statements. Some of the asset valuations, which are determined with the assistance of the investment fund managers, are highly subjective. As a result of the above the valuation of hedge fund and private equity fund scheme assets were considered an area of focus for our audit.	**Our procedures included:** > Comparing the values of investments held at the balance sheet date to external investment manager asset confirmations and statements to confirm the accuracy of the underlying valuation. > Assessing the competence of the investment fund managers and, where different, the valuers, by obtaining and reviewing relevant controls reports to understand the controls they have in place over valuation and to identify any control findings which might impact the reliability of the valuations. > Where control reports or bridging letters were not available, confirming the reasonableness of asset valuations and movements to corroborating evidence such as audited accounts. > Reviewing, with the assistance of our own internal valuation experts, management's assessment of the existence of any significant valuation movements between the date of the most recent audited financial statements of the private equity funds and the balance sheet date, with reference to any available relevant market data. **Key observations** As a result of performing the procedures above, we found that the valuation of hedge fund and private equity fund plan assets to be appropriate.

Independent auditor's report to the members of NATS Holdings Limited

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2023	**2022**	**2023**	**2022**
Materiality	£6.8m	£5m	£2.8m	£2.8m
Basis for determining materiality	0.9% of operating costs	0.8% of operating costs	2% of total assets	2% of total assets
Rationale for the benchmark applied	The level of uncertainty in respect of the COVID-19 pandemic reduced during the year with the resulting increase in air traffic. Given that costs incurred will form the basis on which the licence fee for the period will be set by the CAA, we considered that operating costs continue to provide the most appropriate measure on which to base materiality.	Due to the COVID-19 pandemic, the group had experienced significantly lower flight traffic levels and as a result incurred a loss for the year. As a result and given that costs incurred will form the basis on which the licence fee for the period will be set by the CAA, we considered that operating costs provide the most appropriate measure on which to base materiality.	This was considered the most appropriate bench-mark as the Parent Company does not trade.	
Performance materiality	£5.1m	£3.8m	£2.1m	£2.1m
Basis for determining performance materiality	75%	75%	75%	75%
Rationale for the percentage applied for performance materiality	We set our performance materiality at 75% of overall materiality. In setting the level of performance materiality, we considered a number of factors including the expected total value of known and likely misstatements (based on past experience and other factors) and management's attitude towards proposed adjustments.			

Independent auditor's report to the members of NATS Holdings Limited

Our application of materiality (continued)

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, apart from the Parent Company whose materiality is set out above, based on a percentage of between 29% and 86% (2022: 28% and 94%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £1.7m to £5.4m (2022: £1.4m to £4.7m). In the audit of each component, we further applied performance materiality levels of 75% (2022:75%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £136,000 (2022: £100,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts 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.

Corporate Governance Statement

As the Group has voluntarily adopted the UK Corporate Governance Code 2018, we are required to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability

- The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified as set out on page 22 and 23; and
- The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate as set out on page 23.

Other Code provisions

- Directors' statement on fair, balanced and understandable as set out on page 78;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks as set out on page 24;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems as set out on page 54; and
- The section describing the work of the audit committee as set out on page 51.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report

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 Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

Independent auditor's report to the members of NATS Holdings Limited

Other Companies Act 2006 reporting (continued)

Matters on which we are required to report by exception

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

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

Other voluntary reporting

Directors' remuneration

The Parent Company voluntarily prepares a Directors' Remuneration Report in accordance with the provisions of the Companies Act 2006. The Directors requested that we audit the part of the Directors' Remuneration Report specified by the Companies Act 2006 as if the Group were a quoted company.

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the requirements of the Companies Act 2006 that would have applied had the Parent Company been a quoted company under the provisions of that Act.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group that were contrary to applicable laws and regulations, including fraud. We considered the significant laws and regulations that could give rise to a material misstatement in the financial statements to be the Companies Act 2006, UK adopted international accounting standards, pension's legislation, tax legislation, the licence granted under the Transport Act 2000 and economic regulation regulated by the CAA.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, we considered the following:

- the nature of the industry, the Group's control environment and business performance;
- the results of our enquiries of management, internal audit and the Audit Committee about their own identification of the risk of irregularities, including fraud;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to the identification of the risk of irregularities, including fraud; and
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. We also discussed the potential for non-compliance with laws and regulations.

Independent auditor's report to the members of NATS Holdings Limited

Auditor's responsibilities for the audit of the Financial Statements (continued)

Fraud

We assessed the susceptibility of the financial statement to material misstatement, including fraud and considered the fraud risk areas to be management override of controls and revenue recognition.

Our procedures in response to the above included:

> agreement of the financial statement disclosures to underlying supporting documentation;

> in response to the risk of management override of controls, identifying and testing journal entries, in particular any material journal entries posted to revenue, unusual account combinations and journals posted by unexpected users by agreeing to supporting documentation;

> enquiries with management, the Audit Committee and internal legal counsel to identify any instances of known or suspected non-compliance with laws and regulations or fraud;

> review of minutes of Board meetings throughout the year to identify any instances of known or suspected non-compliance with laws and regulations or fraud, not already disclosed by management;

> review of tax compliance and involvement of our tax specialists in the audit;

> review of internal audit reports for reference to any internal control failures that could impact the Group's compliance with laws and regulations or indicate potential fraud risks; and

> challenging assumptions and judgements made by management in their significant accounting estimates and judgements, in particular in relation to revenue and regulatory allowance accounting, the valuation of certain defined benefit pension assets, the valuation of pension scheme liabilities and impairment of assets in course of construction as set out in the Key Audit Matters above.

We 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: 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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Christopher Pooles (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Reading
United Kingdom

29 June 2023

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