

**ORACLE CORPORATION UK LIMITED**

**Strategic Report, Directors' Report and Financial Statements for the year ended 31 May 2022**

**Registered No. 1782505**

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**COMPANY INFORMATION**

**DIRECTORS**

D. Hudson  
S. Allison  
G. Sharpe  
R. O'Sullivan

**SECRETARY**

D. Hudson

**AUDITOR**

Ernst & Young, Chartered Accountants,  
Ernst & Young Building,  
Harcourt Centre,  
Harcourt Street,  
Dublin 2,  
Ireland.

**REGISTERED OFFICE**

Oracle Parkway,  
Thames Valley Park,  
Reading,  
Berkshire,  
RG6 1RA.

**BANKERS**

JP Morgan Chase Bank,  
25 Bank Street,  
Canary Wharf,  
London,  
E14 5JP.

**SOLICITORS**

Baker & McKenzie LLP,  
100 New Bridge Street,  
London,  
EC4V 6JA.

## STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 31 May 2022.

### Principal activities

Oracle Corporation UK Limited (the Company) provides products and services that address enterprise Information Technology (IT) environments. The Company's products and services include enterprise applications and infrastructure offerings that are delivered through a variety of flexible and interoperable IT deployment models. These models include on-premise deployments, cloud-based deployments, and hybrid deployments (an approach that combines both on-premise and cloud-based deployment). Accordingly, the Company offers choice and flexibility to customers and facilitate the product, service and deployment combinations that best suit customers' needs.

The Company's cloud and license business markets, sells and delivers a broad spectrum of enterprise applications and infrastructure technologies through cloud and license offerings.

The Company's cloud services offerings, which provide customers access to Oracle Cloud applications and infrastructure technologies via cloud-based deployment models that Oracle develops, provides unspecified updates and enhancements for, deploys, hosts, manages and supports and that customers access by entering into a subscription agreement for a stated period. The Company's cloud license and on-premise license deployment offerings include Oracle Applications, Oracle Database and Oracle Middleware software offerings, among others, which customers deploy within cloud-based, on-premise and other IT environments.

The Company's hardware products provide a broad selection of enterprise hardware products and hardware-related software products including Oracle Engineered Systems, servers, storage and industry-specific products, operating systems, virtualization, management and other hardware-related software, and related hardware support.

The Company also offers services to assist customers and partners to maximise the performance of their purchase.

The Company's customers include businesses of many sizes, government agencies, educational institutions and resellers that the Company market and sell to directly through the Company's sales force and indirectly through the Oracle Partner Network.

Providing choice and flexibility to customers as to when and how they deploy Oracle applications and infrastructure technologies is an important element of the Company's strategy. The Company believe that offering customers broad, comprehensive, flexible and interoperable deployment models for Oracle applications and infrastructure technologies is important to the Company's growth strategy and better addresses customer needs relative to competitors, many of whom provide fewer offerings, more restrictive deployment models and less flexibility for a customer's transition to cloud-based IT environments.

The Company continues to act as a principal in providing products and services. The distribution contract entered into by the Company covers the sale of licences and equipment (hardware) and the provision of support services and training.

The Company also provides consulting services.

### Key financial & performance indicators (KPIs)

The key financial and other performance indicators during the year were as follows:

	2022	2021	Change
	£'000	£'000	%
Turnover – continuing operations	1,823,986	1,776,853	3%
Profit on ordinary activities before interest and taxation	69,640	67,636	3%
Profit for the financial year	61,748	81,314	-24%
Shareholder's funds	311,960	53,715	481%

Total revenue has increased by 3% largely driven by increased sales across the Cloud line of business. This increase in revenue was partially driven by increased Cloud related sales across acquisition related products.

## **STRATEGIC REPORT (continued)**

### **Key financial & performance indicators (KPIs) (continued)**

The Company has reported an increase in its profit on ordinary activities before interest and taxation of £2,004,000 and the Company's cost of sales have remained consistent compared with 31 May 2021.

The movements discussed above along with an increase in the tax charge for the year as detailed further in Note 8 are driving the decrease in profit for the financial year.

Shareholder's funds increased by £258,245,000 at 31 May 2022 compared to 31 May 2021 due to the Company's profitability in the current year and other comprehensive income related to actuarial gains as detailed in Note 19.

### **Principal risks and uncertainties**

A novel strain of coronavirus (COVID-19) was first identified in late calendar year 2019 and subsequently declared a pandemic by the World Health Organisation in March 2020.

During the year ended 31 May 2022, certain variable expenditures including employee travel expenses, among others, were curtailed, primarily in response to COVID-19. The Company expects certain of these expenses may normalise in future periods provided global economic and health conditions improve.

Oracle withdrew its operations from the Russian Federation and the Republic of Belarus in March 2022. Neither of the aforementioned countries, nor Ukraine, have composed or are expected to compose a material portion of Oracle's total consolidated revenues, net income, net assets, or workforce. It is not expected to have a material adverse impact on the Company.

The Directors consider that the following are the principal risk factors that could materially and adversely affect the Company's future financial results or financial position:

- the Company does not continue to develop and release new or enhanced products and services within the anticipated time frames;
- infrastructure costs to deliver new or enhanced products and services take longer or result in greater costs than anticipated;
- there is a delay in market acceptance of, and difficulty in transitioning new and existing customers, to new, enhanced or acquired product lines or services;
- there are changes in IT trends that the Company does not adequately anticipate or address with product development efforts;
- the Company does not optimise complementary product lines and services in a timely manner or fails to adequately integrate, support or enhance acquired product lines or services;
- the risk of the current economic climate having an adverse impact on served markets;
- significant changes in the market place in which the business operates;
- the risk of unrealistic increases in wages or infrastructure costs impacting adversely on competitiveness of the Company and its principal customers;
- the risk of adverse exchange movements.
- the risk of Brexit and the potential adverse impact on the UK market.

The Company has controls in place to limit each of these potential exposures and management and the directors regularly review, reassess and proactively limit the associated risk. These risks are managed by innovative product sourcing and strict control of costs. The Company has insurances, business policies and organisation structures to limit these risks and the Board of Directors closely monitor the Company's trading activities to manage credit, liquidity and other financial risks.

## **STRATEGIC REPORT (continued)**

### **Principal risks and uncertainties (continued)**

#### *Financial risk management*

The Company's operations expose it to a variety of financial risks that include the effects of changes in interest rates. The Company has a risk management programme in place that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of debt finance.

#### *Interest rate risk*

The Company has both interest bearing assets and interest bearing liabilities. Interest bearing assets relate to cash balances and loans with group undertakings, all of which earn interest at variable rates. Interest bearing liabilities relate to amounts owed to group undertakings, of which interest is paid at variable rates.

#### *Foreign currency risk*

The Company buys and sells goods and services denominated in currencies other than Pounds Sterling. The Company manages such payments through the operation of other denominated currency bank accounts. As a result of the value of the Company's non-Pound Sterling revenues, purchases, financial assets and liabilities and cash flows can be affected by movements in exchange rates. If significant, the Company would seek to mitigate its exposure to currency movements by working with the Oracle group's Treasury department to enter into forward currency contracts.

#### *Liquidity and cashflow risk*

The Company participates in an Oracle group funding process which ensures Company funding and maximises investment returns.

#### *Price risk*

Selling prices are analysed on an annual basis, or more frequently if significant changes in selling prices are experienced, based on the global pricing model and associated go-to-market strategy.

### **Section 172(1) Statement**

The Company recognises the importance of delivering effective corporate governance in supporting the long-term success and sustainability of its business. The Company's purpose is to help people see data in new ways, discover insights and unlock endless possibilities. The Company's stakeholders are businesses of various sizes, government agencies, educational institutions and direct and indirect resellers of its products and services.

#### *Issues, Factors and Stakeholders*

When taking decisions, the Directors of the Company have access to functional assurance support, such as HR, Company Secretarial, Legal and Finance to identify matters which may have an impact on the proposed decision. This information is provided to the Directors along with any suggestions and other supporting documents. This information includes, where relevant, the likely consequences of the decision in the long term, the interests of the Company's employees, the need to foster the Company's business relationships with suppliers, customers and others, the impact of the Company's operations on the community and the environment, the desirability of the Company maintaining a reputation for high standards of business conduct, and the need to act fairly between members of the Company.

## **STRATEGIC REPORT (continued)**

### **Section 172(1) Statement (continued)**

#### *Board Governance*

The Company holds regular board meetings throughout the year and the Board is supported by a group wide focus on risk management, including a global conflict of interest policy, corporate governance guidelines and a code of ethics, which support the Board's decision-making.

The Company implements a board harmonisation policy in appointing Directors to the Board, where individuals are selected from various critical lines of business, for example, from Tax, Legal and Finance, and are selected for appointment based on expertise, experience and seniority. Drawing from personnel across the Company means that many perspectives are considered when decisions are being made, and the impact of any decision on all relevant stakeholders can be fully evaluated. In addition to broad board membership, the Directors draw on the input and expertise of other lines of business, for example Human Resources, Health and Safety and Operations, to provide information and support to board decisions.

During the year ended 31 May 2021 the Oracle Group undertook a corporate governance review to understand the impact of the new Business, Energy & Industrial Strategy (BEIS) Regulations, the new Taskforce on Climate Related Financial Disclosures (TCFD), and the new Corporate Sustainability Reporting Directive (CSRD) on its business and processes. As an outcome of the review, the Group is in the process of implementing a number of changes to its governance processes, including adopting an entity governance policy which supports the decision-making at subsidiary level by the Directors. As part of the decision making process for any principal decision, as defined by the Group as those which have a significant financial, commercial or operational impact on the Company, the Directors now receive, and consider, the potential impact of the decision on the identified stakeholder groups and any mitigating action the Company can take to reduce any adverse impact.

Matters identified that may affect the Company's performance in the long term are set out in the Principal risks and uncertainties section in the Strategic Report.

#### *Stakeholders*

The Company has identified and actively engages with key stakeholders. For details of how the Company has had regard to foster relationships with its key stakeholders, and the impact of that regard on decision making, refer to the table within the Stakeholder Engagement Statement within the Directors Report.

- The Company has identified its employee workforce, suppliers, customers, investors and the communities in which it operates as its key stakeholders. These stakeholders were identified as such based on their importance to the long-term success of the Company and the environment in which the Company operates.
- Details of decisions regarding key stakeholders are recorded in the minutes of board meetings.
- The Company uses various channels of communication to consult with its employees, including formal and informal meetings, employee surveys, intranet sites and a weekly email news bulletin. In addition, through employee representatives, employees can engage in dialogue with management.
- There is a management structure in place to encourage the stakeholder engagement process.
- The Company has invested in energy efficiency measures across its portfolio of properties in order to reduce the Company's climate change impacts, as disclosed in the Directors Report. Energy saving measures have been introduced and all electricity is now purchased from 100% renewable sources.
- The employee workforce are key to the long-term success of the Company due to the nature of the Company's activities, which include providing products and services that address all aspects of corporate information *technology environments*.

## STRATEGIC REPORT (continued)

### Section 172(1) Statement (continued)

#### *Training*

The Board of Directors is aware of the importance of undertaking regular and ongoing training to support regulatory requirements. As part of the Directors' role as employees of the Oracle Group, the Directors receive annual training on matters such as Oracle's Code of Conduct, Anti-Money Laundering, Bribery and new procedures brought into the Group. The Directors will also undergo directors' training in the future to support their legal and statutory duties. More details on the Directors' training programme can be found in the Directors' report.

#### *Principal Decisions*

Principal decisions are those which are commercially material matters of financial or operational performance that will have a material impact on the Company or on key stakeholders. When making principal decisions the Board is mindful that its strategic decisions can have long term implications for the business and its stakeholders and these implications are carefully assessed. The Directors take active steps to ensure the suggestions, views and interests of the stakeholder are captured in the decision making. The Directors hold frequent board meetings to discuss the key decisions impacting the Company.

The principal decisions taken by the Directors during the reporting period included decisions relating to COVID-19 and the legal entity combination on 1 October 2022 with Cerner Limited (UK) and Diamond (KH) UK AssetCo Limited. Cerner is an American supplier of health information technology services, devices, and hardware with subsidiaries across the globe which was acquired by Oracle Corporation on 8 June 2022.

#### *Covid 19*

A novel strain of coronavirus (COVID-19) was first identified in late calendar year 2019 and subsequently declared a pandemic by the World Health Organisation in March 2020.

During the year ended 31 May 2022, certain variable expenditures including employee travel expenses, among others, were curtailed, primarily in response to COVID-19. The Company expects certain of these expenses may normalise in future periods provided global economic and health conditions improve.

The Company has controls in place to limit each of these potential exposures and management and the Directors regularly review, reassess and proactively limit the associated risk. The Company has insurances, business policies and organisation structures to limit these risks and the Board of Directors closely monitor the Company's trading activities.

#### *Culture*

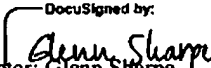
With the Company's core values of mutual respect, integrity, customer satisfaction, quality, teamwork, fairness, communication, compliance, innovation and ethics the focus and strategy is underpinned by the behaviours and attitudes of the Company's employees and ultimately the directors. The Directors ensure that the decisions made are in line with Oracle's code of conduct and consider the impact on different stakeholder groups, as well as ensuring a diverse and collaborative environment and ensure that all suppliers and customers are treated fairly.

The Company has comprehensive HR policies in place to support and develop employees and to create a culture that values all employees, including an Equal Employment Opportunity policy and an Education and Training policy. There is a comprehensive employee consultation mechanism in place. The Company has invested in energy efficient measures to reduce its climate change impacts.

#### **Future developments**

The Company intends to continue to develop its range of products and services.

By order of the Board

DocuSigned by:  
  
Director: Glenn Sime  
Date: 24 February 2023

## **DIRECTORS' REPORT**

The Directors present their report and audited financial statements for the year ended 31 May 2022.

### **Directors and their interests**

The current directors are listed on page 2.

Neither the Directors, nor their immediate families, have any material interest in the shares of the Company or in the share capital of any other group company including the ultimate parent company Oracle Corporation.

### **Results for the year and state of affairs as at 31 May 2022**

The Statement of Comprehensive Income and the Statement of Financial Position for the year ended 31 May 2022 are set out on pages 22 and 23 respectively. During the year the Company made a profit of £61,748,000 (2021: £81,314,000). Shareholder's funds at 31 May 2022 were £311,960,000 (2021: £53,715,000).

### **Dividends**

No dividends were declared or paid during the year (2021: £nil).

### **Acquisitions**

An active acquisition program is an important element of the Company's corporate strategy. In recent years, the Company's ultimate parent undertaking, Oracle Corporation, has invested significantly in acquiring companies, products, services and technologies. Oracle Corporation's acquisition program supports the Company's long-term strategic direction, strengthens its competitive position, particularly in the applications and cloud software marketplace and expands its customer base.

On 1 March 2022, Oracle Corporation UK Limited acquired the trade and related net assets of Federos Software UK Limited for consideration of £31,131. Federos provides a carrier grade Service Assurance platform that provides real-time cross-domain operational intelligence, helping network operations implement closed-loop workflow automation.

### **Charitable and political donations**

During the year the Company made charitable donations of £773,000 (2021: £517,000). There were no political donations made during the year (2021: £nil).

### **Events since the year end**

On 8 June 2022, Oracle Corporation completed the acquisition of Cerner Corporation. Cerner is an American supplier of health information technology services, devices, and hardware with subsidiaries across the globe. On 1 October 2022 the Company has undertaken a legal entity combination with Cerner Limited (UK) and Diamond (KH) UK AssetCo Limited.

Other than as described in these financial statements there were no significant events after the year end, affecting the Company, which require adjustment to, or disclosure in, the financial statements.

### **Going concern**

The financial statements have been prepared under the historical cost convention, on the going concern basis and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom (including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101)). In preparing the financial statements, the Directors consider it appropriate to continue to use the going concern assumption on the basis that the Company has sufficient sources of cash flow and the Company's ultimate parent company, Oracle Corporation, has indicated that it will provide such financial support to the Company to enable it to meet its obligations as they fall due up to 31 March 2024 but only in the event funds are not otherwise available to the Company to meet its liabilities.

To the best of the Directors' current knowledge, COVID-19 will not have a material adverse impact on the Company's ability to continue as a going concern.

## **DIRECTORS' REPORT (continued)**

### **Going concern (continued)**

Oracle withdrew its operations from the Russian Federation and the Republic of Belarus in March 2022. Neither of the aforementioned countries, nor Ukraine, have composed or are expected to compose a material portion of Oracle's total consolidated revenues, net income, net assets, or workforce. It is not expected to have a material adverse impact on the Company.

### **Employees**

#### *Employee involvement*

Oracle places considerable value on the ongoing involvement of its employees and continues its practice of keeping them informed on matters affecting them and on various factors affecting Oracle's performance. Employees are informed through a number of channels including formal and informal meetings, employee surveys, intranet sites and a weekly email news bulletin. In addition, through employee representatives, employees can engage in dialogue with management. This furthers the aims, plans and objectives of the business and enables Oracle management to seek the views and ideas of its employee.

#### *Disabled employees*

Oracle is an Equal Employment Opportunity Employer. Oracle believes in treating each employee and applicant for employment fairly and with dignity. Oracle bases employment decisions on merit, experience and potential, without regard to race, colour, national origin, sex, marital status, sexual orientation, gender identity, age, religion, disability, protected veteran status, or any other characteristic prohibited by local law.

Oracle's Equal Employment Opportunity policy is founded on the philosophy that employees and applicants for employment must be treated equitably. Oracle does not discriminate based on personal preference or physical characteristics, and experience confirms that supporting policies and practices with a strong commitment to equal employment opportunity is a good business practice. Oracle seeks to build an inclusive workforce and work environment. Oracle makes every effort to attract, invest in, and develop the talents of diverse people who reflect the society and community in which we live.

Oracle welcomes and supports people of all races, ethnicities, cultures, and religions and seeks to foster teamwork and effective partnerships among employees. Oracle provides equitable treatment and reasonable accommodations for employees with disabilities in accordance with individual needs, business realities or local laws. These accommodations may include job retraining, an adjusted work schedule, special equipment or transportation, medical leave or job modification to optimise their performance.

### **Research and development**

Research and development expenditure, other than on fixed assets, is expensed to the Statement of Comprehensive Income in the year in which it is incurred. The amount included in the Statement of Comprehensive Income in respect of such expenditure is £25,421,000 (2021: £11,840,000)

### **Environment & sustainability statement**

This statement has been prepared in accordance with the Company's regulatory obligation to report greenhouse gas (GHG) emissions pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 which implement the government's policy on Streamlined Energy and Carbon Reporting.

**DIRECTORS' REPORT (continued)**

**Environment & sustainability statement (continued)**

During the reporting period 1 June 2021 to 31 May 2022, the Company's measured Scope 1 and 2 emissions (location-based) totalled 1,693 tCO<sub>2</sub>e (2021: 1,994 tCO<sub>2</sub>e). This comprised:

Scope	FY2021/22 (tCO <sub>2</sub> e)	FY2020/21 (tCO <sub>2</sub> e)
Scope 1	349	527
Scope 2 (location-based)	1,344	1,467
Scope 2 (market-based)	45	65
Total Scope 1 & 2 (location-based)	1,693	1,994
Total Scope 1 & 2 (market-based)	394	592
Intensity Ratio	0.007	0.009
Scope 3	954	1,826

In order to reduce the Company's climate change impacts, the Company is investing in energy efficiency measures across its portfolio. During the current reporting period, energy efficiency actions such as monthly meetings to review energy performance and opportunities, replacement of a chiller with a more energy efficient one, regular HVAC (Heating, Ventilation and Air Conditioning) review meetings and working towards the LEED (Leadership in Energy and Environmental Design) criteria. The reporting boundary includes certain Scope 3 emission categories. Measured Scope 3 emissions totalled 954 tCO<sub>2</sub>e (2021: 1,826 tCO<sub>2</sub>e). During the year, the Company's total fuel and electricity consumption totalled 8,231 MWh in the UK (2021: 9,694 MWh). The split between fuel and electricity consumption is displayed below:

Activity	2022 (MWh)	2021 (MWh)
Electricity	6,331	6,910
Fuels (natural gas, diesel, fugitive emissions)	1,900	2,784

**Methodology**

The Company has taken guidance from the UK Government Environmental Reporting Guidelines (March 2019), the GHG Reporting Protocol - Corporate Standard, and from the UK Government GHG Conversion Factors for Company Reporting document for calculating carbon emissions. Energy usage information (gas and electricity) has been obtained directly from the Company's energy suppliers and HH/AMR (Half-Hourly Automated Meter Reading) data, where available, for those supplies with HH/AMR meters. For supplies where there wasn't complete twelve-month energy usage available, flat profile estimation techniques were used to complete the annual consumption. Fuel usage data was provided for the Company, diesel fuel usage in generators and data for refrigerants. The Company also wishes to voluntarily disclose Scope 3 emissions associated to business travel, waste and water use. CO<sub>2</sub>e emissions were calculated using the appropriate emission factors from the UK Government GHG conversion information and retained within the organisation's Greenhouse Gas Inventory Management Plan for reference where required. The Company publishes global climate related issues and greenhouse gas emission reporting through the Carbon Disclosure Project (CDP- <https://www.cdp.net/en>). The group reporting includes the Company's global direct and indirect greenhouse gas emissions, including from colocation data centres.

## **DIRECTORS' REPORT (continued)**

### **Statement of Corporate Governance Arrangements**

The Company has not applied a corporate governance code during the period, as it is not mandatory to do so. The Company operates with a robust level of governance across the business, with clear governance infrastructure. The Company has a number of policies and procedures in place globally to support the Group and to ensure its Directors operate appropriately and develop the business. This approach is designed to promote the long-term success of the Company and its subsidiary businesses both within the UK and globally, to minimise risk and to create value for shareholders. The Company's stakeholders are its employees, charities, customers, suppliers, partners, shareholders, and the communities in which it operates. The Board is comfortable that formal application of a corporate governance code is not essential for the Company at this time. Set out below, in further detail, is the infrastructure which the Board presently has in place, along with details of a proposed governance roadmap which the Board has committed to implement.

### **Application of Governance**

This section provides an overview of how the Company applied its corporate governance practices for the financial year ended 31 May 2022. The Directors are mindful of corporate governance and seek to demonstrate understanding of their accountability and statutory responsibilities, including application of Section 172 under the Act.

In response to the ever-increasing focus on corporate governance for private companies and the need for transparency, the Directors of the Company have proactively instigated a review of the Company's current UK corporate governance framework, with a particular focus on the changes required to support the disclosures required under the Regulations.

A key output of this review, and as set out in the Section 172 statement, is that the Oracle Group is in the process of implementing a number of changes to the governance framework, including adopting an entity governance policy which will support decision making at a subsidiary level by Directors.

The entity governance policy will formalise and set out key corporate governance operating standards, including the Group's delegations and operational governance framework and the process for making principal decisions, as detailed and defined in the Section 172(1) Statement, to ensure that the Company, its statutory Directors and its management are able to comply with its obligations under the Regulations, and to support the governance and key controls underpinning the decision-making process across the Oracle Group.

In making its decision, the Board of Directors will be required to consider the outcome of any stakeholder impact assessment that has been undertaken to support it making that principal decision (details of the principal decisions made during the reporting period, and the governance process behind principal decisions, are set out within the Section 172 Statement section of the Strategic Report).

The Company continues to apply corporate governance as follows:

- governance of the Company continues to be supported by a robust structure which allows for constructive debate and challenge by its members. This approach enables Directors to make effective decisions, at the right time and based on the right information;
- the culture is one of openness and constructive debate. The Company's Directors are able to voice their opinions in a relaxed and respectful environment, allowing coherent discussion. When running Board meetings, the Chairperson maintains a collaborative atmosphere and ensures that all Directors have the opportunity to contribute to the debate;
- delegated authorities throughout the organisation enable effective decision making at appropriate levels; and
- a UK focused team to ensure that the Directors' receive the right information at the right time to support their decision-making processes. This includes a dedicated company secretary to support with information-flows.

## **DIRECTORS' REPORT (continued)**

### **Purpose and Values**

Oracle's purpose is to help people see data in new ways, discover insights and unlock endless possibilities. At the heart of this purpose are the following values:

- mutual respect;
- integrity;
- customer satisfaction;
- quality;
- teamwork;
- fairness;
- communication;
- compliance;
- innovation; and
- ethics.

These values drive the focus, define the strategy and underpin the behaviours and attitudes of the Company's employees and senior management in their work, establishing a holistic and robust approach to risk management and corporate governance.

### **Board Composition**

Governance is an integral part of the way the Company delivers its strategy, and why it has such long-standing and dedicated Directors on the Company Board. As part of the proposed entity governance policy which the Company will be implementing, the Directors of the Company will regularly review the structure, size and composition of the Board in order to ensure it comprises the right people with the requisite skills and experience, including diversity of thought and approach, who can provide strong and effective leadership to the business, and support delivery of the Company's strategy. The Company has composed a Board with a balance of skills, backgrounds, experience and knowledge required to compliment the promotion of the long term success of the Company, and to identify the impacts of the Board's decisions on the Company's stakeholders, and where relevant, the likely consequences of those decisions in the long-term. Individual Directors have sufficient capacity to make a valuable contribution that is aligned to the Company's activities.

Below is a brief biography of the Directors of the Company:

#### *David Hudson*

Mr. Hudson has been an Oracle employee for over 20 years and currently serves as Senior Vice President of EMEA Legal, Regional General Counsel and Compliance and Ethics Officer. Mr. Hudson manages over 120 indirect reports across the EMEA region. Mr. Hudson brings to the Board his extensive knowledge and experience of legal and compliance matters, as well as substantial in-depth knowledge of the Oracle business and its stakeholders and Oracle's Compliance and Ethics Program.

#### *Simon Allison*

Mr. Allison has been an Oracle employee for over 20 years and currently serves as Vice President of EMEA Tax. Mr. Allison brings to the Board his considerable knowledge and experience of tax matters and the ability to evaluate how such matters may impact the business. Mr. Allison also has extensive and intricate knowledge of the Oracle business operations and its policies and processes.

#### *Glenn Sharpe*

Mr. Sharpe has been an Oracle employee for over 15 years and currently serves as Senior Finance Director responsible for the UK and Ireland. Mr. Sharpe is responsible for the financial risk and compliance aspects of Oracle's legal entities across the EMEA region. This incorporates financial risk management, local statutory compliance and Board of Directors responsibilities. Mr. Sharpe provides the Board with an important financial perspective on its operations.

#### *Ryan O'Sullivan*

Mr O'Sullivan has been an Oracle employee for over 5 years and currently serves as Legal Director managing the UK legal team. Mr O'Sullivan has extensive and in-depth knowledge of the UK business and its customers. Mr O'Sullivan has considerable commercial legal knowledge and experience providing the Board with important insight into Oracle's business, its customers and partners.

## **DIRECTORS' REPORT (continued)**

### **Training**

On appointment, each director undertakes an induction programme. As employees of Oracle, the Directors receive regular compliance training which covers various legislative updates including Anti-Bribery and Corruption, Conflicts of interest, Environmental Health and Safety, Global Compliance Training, Insider Trading, Respectful Workplace and Unconscious Bias training. The regularity of the training ensures that the Directors will maintain a clear understanding of their responsibilities and accountabilities. The Directors will also undertake Directors' duties and corporate governance training to further support them in the delivery of their director roles.

### **Opportunity & Risk**

The Board perceives its main opportunity to success is its people and the products and services that it provides. It is critical to the Company's success to attract, retain, develop, motivate and keep the best people with the right capabilities at all levels. Failure to achieve this would be detrimental to the services delivered by the Company.

The Board of Directors is responsible for identifying significant risks to the business and for ensuring that appropriate internal controls and risk management are in place, such as innovative product sourcing, strict control of costs, and close attention to customer service levels. Oracle has a global system for managing risk and controls, including innovative product sourcing, cost control, close attention to customer service levels, insurance, business policies and organisational structures and the Board receives reports when necessary on the oversight of this risk and the Directors' review, reassess and limit the risks when relevant. More details on the principal risks facing the business can be found in the Strategic Report.

The Board is ultimately responsible for enhancing and protecting the brand and reputation of the Company. As such, the Board recognises the importance of receiving regular, timely and accurate information on any matter affecting the brand and reputation, allowing it to take appropriate action when required.

### **Stakeholder relationship and engagement**

The Board has considered the stakeholders that are impacted by the Company and its business activities, and consider its employees, suppliers, investors and the communities in which it operates to be its key stakeholders. For details of how the Company engages with its key stakeholders, please refer to the Employee Engagement Statement and Stakeholder Engagement Statement below.

### **Employee Engagement Statement**

The Company remains committed to its employees and works hard to ensure they are supported and developed in all areas. The Oracle Group places considerable value on the ongoing engagement of its employees and keeps them informed on matters affecting them and the various factors affecting Oracle's performance.

During the reporting period, the Company employed an average number of 2,605 (2021: 2,523) employees in the United Kingdom and its overseas branches, as detailed in note 4 to these financial statements.

The table below describes how the Company engages with, and had regard to, its employees and their interests, and the effect of that regard, including on the decisions taken by the Company during the reporting period:

**DIRECTORS' REPORT (continued)**

**Employee Engagement Statement (continued)**

Employees' interests	How we have engaged	How the engagement has impacted decision making
<p>Matters of key concern for the Company's employees include:</p> <ol style="list-style-type: none"> <li>1. receiving regular business updates on areas such as business changes and new initiatives;</li> <li>2. sustainability</li> <li>3. training;</li> <li>4. career development; and opportunities;</li> <li>5. pay; and</li> <li>6. diversity and inclusion</li> </ol>	<p>The Company engages with employees on a continual basis, and through a number of different channels, including formal and informal meetings, employee surveys and a weekly email news bulletin.</p> <p>The Company ensures all engagement is undertaken in line with Oracle's Equal Employment Opportunity policy.</p>	<p>The results obtained from employee surveys are communicated within the business to address any employee concerns or needs.</p>

Stakeholder information is provided to the Board as part of the decision making process, and in particular employee's views are taken into account in decisions likely to affect their interests. These views are also considered when making Principal Decisions, as further detailed in the Company's S172 Statement section of the Strategic Report.

**Stakeholder Engagement Statement**

The Company's stakeholders trust and rely on the Company. The Company is fully committed to maintaining its values and its relationships with its employees, suppliers, shareholders and local communities, and knows that business success depends upon its relationships, both inside and outside the organisation. The Company aims to build enduring relationships with employees, governments, suppliers and communities in which it operates. The Company works with business partners in an honest, respectful and responsible way, and seeks to work with others who share its commitment to mission-critical work.

The Company's activities affect a wide variety of individuals and organisations. The Company's approach to its stakeholders is the same; engage, listen and respond to their differing needs and priorities as an everyday part of the mission-led business approach, where the focus is on supporting partners. The Company uses the input and feedback gathered to inform its decision-making, and to consider the impact it makes on stakeholders as part of its principal decision-making process. As a mission-led company, the Company focuses on engagement with its stakeholders to ensure that it continues to deliver its purpose.

**DIRECTORS' REPORT (continued)**

**Stakeholder Engagement Statement (continued)**

The various ways the Company engage with stakeholders are below:

Stakeholder Group	Importance	What Engagement took place?	What influence did this have on the Board's decisions?
Employees	The Company is proud to be an employer who celebrates change and diversity and works hard to retain exceptional talent. The Company supports people by ensuring employees receive access to sufficient training and support. When making decisions the Company ensures employees are aware of the factors behind the decisions and are consulted where appropriate. Please see the Employee Engagement Statement section of the Directors' Report for more details.		
Regulatory bodies	Compliance with laws and regulations is one of the core business values of the Oracle group.	The Company regularly liaises with regulatory bodies such as HMRC, The Pensions Regulator and Companies House.	The business complies with all applicable laws and regulations.
Investors	The ultimate shareholders are the Company's investors, who are crucial to Oracle's success.	The Company regularly engages with its ultimate owner, Oracle Corporation, through its parent, who engages through quarterly earning calls, periodic financial and other reports and other SEC filings.	The Oracle group regularly considers the impact of its decisions on its investors and this is undertaken at an Oracle Corporation level.
Customers	The Oracle group seeks to meet the requirements of its customers.	Surveys and regular collection of feedback.	Results are discussed by the Board, as well as various management teams for the different business divisions.
Partners	The cooperation of partners plays a vital role in providing high quality products and services.	The Company engages clearly with partners to set out expectations.	The Oracle group requires partners to comply with all applicable laws and regulations and to adhere to the Oracle Partner Code of Ethics and Business Conduct.

**DIRECTORS' REPORT (continued)**

**Stakeholder Engagement Statement (continued)**

<b>Stakeholder Group</b>	<b>Importance</b>	<b>What Engagement took place?</b>	<b>What influence did this have on the Board's decisions?</b>
Suppliers	The Company strives to develop mutually advantageous relationships with suppliers.	Surveys and regular collection of feedback.	The Company has controls in place to limit potential exposures and the Directors regularly review, reassess and proactively limit any associated risks to ensure that suppliers are well-informed and continue to work with Oracle.
Communities and environment	Oracle is committed to developing practices and products that help protect the environment, its people and future generations.	Calendar of events for wider engagement in the community and social impact. The Company continues to prepare an annual energy and carbon statement for inclusion in the financial statements – see the 'Environment and sustainability' statement in the Directors' Report.	The Oracle Group implements good corporate citizenship through volunteering and giving programmes. Energy saving measures have been introduced including replacement of a chiller with a more energy efficient one, regular HVAC review meetings, and installation of timeclocks on water heaters.
Ultimate shareholder	The ultimate shareholder oversees and monitors the activities of the Company.	The Company engages with its parent through ongoing dialogue and regular updates in relation to budgetary and operational sign-off for decisions.	The impact of the engagement and the view of Oracle Corporation drives the Company's global business.

For further details on the Principal Decisions made during the reporting period that affect stakeholders, refer to the Company's S172 Report.

**Disclosure of information to auditor**

The Directors confirm that, so far as they are aware, there is no relevant material audit information, being information needed by the auditors in connection with preparing this report, of which the Company's auditor is unaware. The Directors also confirm they have taken all the steps that they ought to have taken in order to make them aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**DIRECTORS' REPORT (continued).**

**Non-preparation of group financial statements**

In accordance with the exemption granted by Section 401 of the Companies Act 2006, the Company does not prepare consolidated financial statements as publicly available consolidated group financial statements are drawn up by the ultimate parent undertaking of the Company. As a result, these accounts present information relating to the Company as an individual undertaking and do not contain consolidated financial information as the parent of a group. The Company and its subsidiaries are included in the consolidated financial statements of Oracle Corporation, a company incorporated in the United States of America with principal place of business being 2300 Oracle Way, Austin, Texas 78741, USA.

**Directors' responsibility statement**

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable UK law and regulations. UK 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 with applicable accounting standards in the United Kingdom (including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101)). Under UK 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 for that period.

In preparing those financial statements, the Directors are required to:

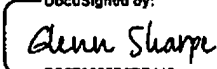
- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

**Independent auditor**

In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for the reappointment of Ernst & Young, Chartered Accountants, as auditor of the Company.

By order of the Board

DocuSigned by:  
  
Director: Dawn Sharpe  
Date: 24 February 2023



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORACLE CORPORATION UK LIMITED**

### **Opinion**

We have audited the financial statements of Oracle Corporation UK Limited (the "Company") for the year ended 31 May 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Shareholder's Equity and the related notes 1 to 25, 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 FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 May 2022 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.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### **Conclusions relating to going concern**

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

- In conjunction with our walkthrough of the Company's financial close process, we confirmed our understanding of management's going concern assessment process and also engaged with management to ensure the risk factors we identified were considered in their assessment.
- We obtained management's going concern assessment, including their business forecasts and the letter of support from the Company's ultimate parent undertaking which confirms they will provide financial support to enable the Company to meet its obligations as they fall due up to 31 March 2024.
- We considered the methods used to calculate the cashflow forecast and determined that they were appropriate.
- We tested the assumptions used in the cash flow forecast and assessed how management has reflected the impact of the economic climate in the forecast.
- We performed reverse stress testing to assess any unexpected changes to the liquidity of the Company.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORACLE CORPORATION UK LIMITED (Continued)**

### **Conclusions relating to going concern (continued)**

- We compared prospective financial information used in cash flow forecasts with historical results and results achieved to date.
- We assessed the ability of the Company's ultimate parent undertaking to provide the financial support by obtaining the going concern assessment of the ultimate parent undertaking. We validated their conclusions by reviewing the most recent financial statement filings and market analysis reports related to the ultimate parent undertaking.
- We read the Company's going concern disclosures included in the Financial Statements in order to assess that the disclosures were appropriate and in conformity with financial reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period up to 31 March 2024.

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

### **Other Information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORACLE CORPORATION UK LIMITED (Continued)**

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

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 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
- 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 set out on page 17 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.

### **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.

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are FRS 101, the Companies Act 2006 and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including Health and Safety, anti-bribery and corruption and GDPR;



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORACLE CORPORATION UK LIMITED (Continued)**

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

- We understood how the Company is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas. We corroborated our enquires through reading board resolutions and any correspondence with relevant authorities, and we noted that there is no contradictory evidence;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override related to posting of manual journals outside of the routine financial statement close process. Our procedures to address this risk include making enquiries of management, those charged with governance and others within the entity, as to whether they have knowledge of any actual or suspected fraud. The audit procedures to address the fraud risk included testing manual journals falling under specific criteria. The audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing journals identified by specific risk criteria. We read the minutes of board resolutions to identify any non-compliance with laws and regulations. We also made enquiries with the management of the Company regarding compliance with laws and regulations.

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

### **Use of our report**

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

*Ernst & Young*

Marie Treacy (Senior statutory auditor)  
for and on behalf of Ernst & Young Chartered Accountants, Statutory Auditor  
Dublin  
24 February 2023

**STATEMENT OF COMPREHENSIVE INCOME**

	<i>Note</i>	2022 £'000	2021 £'000
<b>Turnover - continuing operations</b>	2.13	<b>1,823,986</b>	<b>1,776,853</b>
Cost of sales		<u>(1,055,198)</u>	<u>(1,059,357)</u>
<b>Gross profit</b>		<b>768,788</b>	<b>717,496</b>
Administrative expenses		<u>(699,148)</u>	<u>(649,860)</u>
<b>Profit on ordinary activities before interest and taxation</b>		<b>69,640</b>	<b>67,636</b>
Interest receivable and similar income	5	<b>2,368</b>	<b>1,569</b>
Interest payable and similar charges	6	<b>(10,167)</b>	<b>(9,018)</b>
Profit on disposal of fixed assets		<u>737</u>	<u>1,899</u>
<b>Profit on ordinary activities before taxation</b>	7	<b>62,578</b>	<b>62,086</b>
Taxation (charge)/credit on profit on ordinary activities	8	<u>(830)</u>	<u>19,228</u>
<b>Profit for the financial year</b>		<u><b>61,748</b></u>	<u><b>81,314</b></u>
<b>Other comprehensive income: items that will not be reclassified to profit and loss</b>			
Actuarial gain/(loss) on pension scheme	19	<b>190,438</b>	<b>(21,815)</b>
Movement on deferred tax relating to actuarial gain/(loss)	17	<u>(20,983)</u>	<u>41,596</u>
<b>Other comprehensive income net of tax</b>		<u><b>169,455</b></u>	<u><b>19,781</b></u>
<b>Total comprehensive income for the year</b>		<u><b>231,203</b></u>	<u><b>101,095</b></u>

The notes on pages 25 to 53 are an integral part of these financial statements.

The financial statements on pages 22 to 53 were authorised for issue by the Board of Directors on 24 February 2023 and were signed on its behalf.

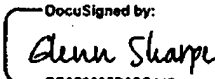
**STATEMENT OF FINANCIAL POSITION**

	Note	2022 £'000	2021 £'000
<b>Non-current assets</b>			
Intangible assets	9	165,288	165,572
Tangible assets	10	397,634	332,749
Investments	11	-	-
Right of use assets	12	94,783	89,667
Debtors: amounts falling due after one year	13	194,681	182,761
		<u>852,386</u>	<u>770,749</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	13	900,921	785,465
Cash at bank	14	164,970	142,915
		<u>1,065,891</u>	<u>928,380</u>
<i>Creditors: amounts falling due within one year</i>	15	<u>(1,312,901)</u>	<u>(1,157,527)</u>
<b>Net current liabilities</b>		<u>(247,010)</u>	<u>(229,147)</u>
<b>Total assets less current liabilities</b>		605,376	541,602
<i>Creditors: amounts falling due after one year</i>	15	(101,795)	(92,901)
Provisions for liabilities	16	(176)	(786)
Pension liability	19	(191,445)	(394,200)
<b>Net assets</b>		<u>311,960</u>	<u>53,715</u>
<b>Capital and reserves</b>			
Called up share capital	18	10,200	10,200
Other reserves		260,647	233,605
Profit and loss account - surplus/(deficit)		41,113	(190,090)
<b>Shareholder's funds</b>		<u>311,960</u>	<u>53,715</u>

The notes on pages 25 to 53 are an integral part of these financial statements.

The financial statements on pages 22 to 53 were authorised for issue by the Board of Directors on 24 February 2023 and were signed on its behalf.

Approved by the Board

DocuSigned by:  
  
Director  
Date: 24 February 2023

**STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY**

	Called up share capital	Other reserves	Profit and loss account – surplus/(deficit)	Shareholder's funds/(deficit)
	£'000	£'000	£'000	£'000
<b>At 1 June 2020</b>	10,200	217,051	(291,185)	(63,934)
Profit for the financial year	-	-	81,314	81,314
Other comprehensive income - net of tax	-	-	19,781	19,781
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>-</u>	<u>101,095</u>	<u>101,095</u>
Share based payment transaction (note 21)	-	16,554	-	16,554
<b>As at 31 May 2021</b>	<u>10,200</u>	<u>233,605</u>	<u>(190,090)</u>	<u>53,715</u>
Profit for the financial year	-	-	61,748	61,748
Other comprehensive income - net of tax	-	-	169,455	169,455
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>-</u>	<u>231,203</u>	<u>231,203</u>
Share based payment transaction (note 21)	-	27,042	-	27,042
<b>As at 31 May 2022</b>	<u>10,200</u>	<u>260,647</u>	<u>41,113</u>	<u>311,960</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. General information

Oracle Corporation UK Limited (the Company) provides products and services that address enterprise Information Technology (IT) environments. The Company's products and services include enterprise applications and infrastructure offerings that are delivered through a variety of flexible and interoperable IT deployment models. These models include on-premise deployments, cloud-based deployments, and hybrid deployments (an approach that combines both on-premise and cloud-based deployment). Accordingly, the Company offers choice and flexibility to customers and facilitate the product, service and deployment combinations that best suit customers' needs.

The Company's cloud and license business markets, sells and delivers a broad spectrum of enterprise applications and infrastructure technologies through cloud and license offerings.

The Company's cloud services offerings, which provide customers access to Oracle Cloud applications and infrastructure technologies via cloud-based deployment models that Oracle develops, provides unspecified updates and enhancements for, deploys, hosts, manages and supports and that customers access by entering into a subscription agreement for a stated period. The Company's cloud license and on-premise license deployment offerings include Oracle Applications, Oracle Database and Oracle Middleware software offerings, among others, which customers deploy within cloud-based, on-premise and other IT environments.

The Company's hardware products provide a broad selection of enterprise hardware products and hardware-related software products including Oracle Engineered Systems, servers, storage and industry-specific products, operating systems, virtualization, management and other hardware-related software, and related hardware support.

The Company also offers services to assist customers and partners to maximise the performance of their purchase.

The Company's customers include businesses of many sizes, government agencies, educational institutions and resellers that the Company market and sell to directly through the Company's sales force and indirectly through the Oracle Partner Network.

The Company continues to act as a principal in providing products and services. The distribution contract entered into by the Company covers the sale of licences and equipment (hardware) and the provision of support services and training.

The Company also provides consulting services.

Oracle Corporation UK Limited is a private limited company incorporated and domiciled in the United Kingdom with a registered address at Oracle Parkway, Thames Valley Park, Reading, Berkshire, RG6 1RA, United Kingdom.

The immediate parent undertaking and controlling party is Oracle Corporation UK Holdings Limited, a Company incorporated in England and Wales, whose principal place of business is Oracle Parkway, Thames Valley Park, Reading, Berkshire, RG6 1RA, United Kingdom. The ultimate parent undertaking and controlling party is Oracle Corporation, a Company incorporated in the State of Delaware, USA.

### 2. Summary of significant accounting policies

#### 2.1 Going concern

The financial statements have been prepared under the historical cost convention, on the going concern basis and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom (including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101)). In preparing the financial statements, the Directors consider it appropriate to continue to use the going concern assumption on the basis that the Company has sufficient sources of cash flow and the Company's ultimate parent company, Oracle Corporation, has indicated that it will provide such financial support to the Company to enable it to meet its obligations as they fall due up to 31 March 2024 but only in the event funds are not otherwise available to the Company to meet its liabilities.

To the best of the Directors' current knowledge, COVID-19 will not have a material adverse impact on the Company's ability to continue as a going concern.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.1 Going concern (continued)

Oracle withdrew its operations from the Russian Federation and the Republic of Belarus in March 2022. Neither of the aforementioned countries, nor Ukraine, have composed or are expected to compose a material portion of Oracle's total consolidated revenues, net income, net assets, or workforce. It is not expected to have a material adverse impact on the Company.

#### 2.2 Basis of preparation

The financial information presented in these financial statements has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) and Interpretations issued by the International Accounting Standards Boards (IASB) and with International Accounting Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) Interpretations.

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards issued by the Financial Reporting Council and the Companies Act 2006. The financial statements comply with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and the Companies Act 2006. The financial statements are prepared under the historical cost convention unless otherwise stated. The Company has however availed of the following disclosure exemptions available under FRS 101:

- IAS 1 *Presentation of Financial Statements* paragraph 79 (a) (iv) and paragraph 134 to 136 - Information about its objectives, policies and processes for managing capital and puttable financial instruments, including:
  - 10(d), statement of cash flows
  - 16, statement of compliance with all IFRS
  - 38A, requirement for minimum of two primary statements, including cash flow statements
  - 111, cash flow statement information
- IAS 7 *Statement of Cash Flows*.
- IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* Paragraph 30 and 31 – requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective.
- IAS 16 *Property Plant and Equipment* paragraph 73 (e) – Reconciliation of the carrying amount at the beginning and end of the period.
- IAS 24 *Related Party Disclosures* paragraph 17 and 18A (disclosure of key management personnel) and the disclosure of related party transactions entered into between two or more members of a group as per paragraph 8(k) of FRS 101.
- IAS 36 *Impairment of Assets* paragraph 134 (d) to 134 (f) - Disclosures regarding detailed information about the estimates used to measure recoverable amounts of cash generating units containing goodwill or intangible assets with indefinite useful lives.
- IAS 38 *Intangible Assets* paragraph 118 (e) - Reconciliation of the carrying amount at the beginning and end of the period.
- IFRS 2 *Share-based Payments* paragraph 45 (b) and 46 to 52 - The number and weighted average exercise price in respect of each category of movement in share options during the year.
- IFRS 3 *Business Combinations* paragraphs 62, B64 (d), (e), (g), (h), (j) – (m), (n – ii), (o-ii), (p), (q-ii), B66 and B67 – Disclosures outlining the primary reasons for the business combinations, a qualitative description of the factors that make up the goodwill, recognised goodwill, information in relation to any contingent consideration arrangements, fair value (and other related disclosures) of acquired receivables, information in relation to contingent liabilities, goodwill expected to be deductible for tax purposes, the revenue and profit or loss of the combined entity for the current reporting period as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period.
- IFRS 7 *Financial Instruments Disclosures* – exemption available from all disclosures of this standard.
- IFRS 13 *Fair Value Measurement* paragraphs 91 to 99.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.2 Basis of preparation (continued)

- IFRS 15 *Revenue from Contracts with Customers* – The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to 119(c), 120 to 127, and 129.
- IFRS 16 *Leases* – the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93.

Equivalent disclosures for disclosure exemptions are included in the Consolidated Financial Statements of Oracle Corporation and are available to the public and can be obtained from Oracle's website.

The Company was, at the end of the year, a wholly-owned subsidiary of another company incorporated outside the EEA. In accordance with the exemption granted by Section 401 of the Companies Act 2006, the Company does not prepare consolidated financial statements as publicly available consolidated group financial statements are drawn up by the ultimate parent undertaking of the Company. As a result, these accounts present information relating to the Company as an individual undertaking and do not contain consolidated financial information as the parent of a group. The Company and its subsidiaries are included in the consolidated financial statements of Oracle Corporation, a company incorporated in the United States of America with principal place of business being 2300 Oracle Way, Austin, Texas 78741, USA.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

#### 2.3 New and amended standards and interpretations adopted by the Company

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 May 2021, except for the adoption of the following new standards and frameworks effective as of 1 January 2021 and adopted by the Company effective 1 June 2021.

The introduction of these standards did not have any material impact on the Company.

- Amendments to the Covid-19-Related Rent Concessions (Amendments to IFRS 16) Standards.
- Amendments related to Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

#### 2.4 Foreign exchange translation

##### *Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' which is the Company's functional currency and all values are rounded to the nearest thousand (£'000).

##### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.5 Tangible fixed assets

All property, plant and equipment is stated at historic cost, net of accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of property and equipment. Subsequent cost are included in the assets carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs, which do not meet these criteria, are recognised in the statement of Comprehensive Income during the financial period in which they are incurred. Construction in progress is stated at cost, net of accumulated impairment losses, if any.

The carrying value of the assets are reviewed at the end of the reporting period and in the event that impairment exists, the book value of the asset is reduced to its recoverable amount. The recoverable amount is the greater of the fair value of the asset less costs to sell or the value in use.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Freehold buildings	2.5% per annum
Leasehold buildings	8.33%-33% per annum or term of the lease whichever is shorter
Computer equipment	33%-50% per annum
Office equipment	20% per annum
Office furniture	10%-20% per annum

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of Comprehensive Income when the asset is derecognised. The residual values, useful lives and method of depreciation of property, plant and equipment are reviewed and adjusted, if appropriate, at each financial year-end.

#### 2.6 Leases – the Company as a lessee

The Company assesses at contract inception whether a contract is, or contains, a lease, that is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset which may be specified explicitly or implicitly. The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset.
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has the right when it has the decision-making rights that are most relevant to determining how and for what purpose the asset is used.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets identified under the standard are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Facilities; useful life of the asset, generally 2-8 years.
- Data centres and other equipment; useful life of the asset, generally 2-10 years.

The lease liabilities are initially measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.6 Leases – the Company as a lessee (continued)

purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The lease liability is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets, or is recorded in the Statement of Comprehensive Income if the carrying amount of the right-of-use asset has been reduced to zero.

The Company applied the short-term lease recognition exemption to its short-term leases of vehicles, parking lots and other equipment. It also applied the lease of low-value assets recognition exemption to leases of office equipment that are considered low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

The Company's right-of-use assets and the current and non-current portion of lease liabilities are included within the Statement of Financial Position.

The Company determined whether the arrangement was or contains a lease based on the assessment of whether:

- Fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- The arrangement had conveyed a right to use the asset either, by having the ability or right to operate or have physical access to the asset and that other parties would benefit from the output while obtaining or controlling more than an insignificant amount of the output.

#### 2.7 Dilapidations

Provision has been made, in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, for the costs expected to be incurred in returning leasehold premises to their original state when exiting at the conclusion of the agreement. The provision has been estimated using information provided by property surveyors.

#### 2.8 Income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in Other Comprehensive Income or directly in shareholder's funds. In this case, the tax is also recognised in Other Comprehensive Income or directly in shareholders' funds, respectively. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Statement of Financial Position date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. The Company shall offset current tax assets and current tax liabilities if the Company has a legally enforceable right to settle the current tax assets and liabilities, the current tax assets and liabilities relate to income taxes levied by the same taxation authority, and the Company intends to either settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.8 Income Taxes (continued)

combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Statement of Financial Position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences, carried forward tax credits or tax losses can be utilised. In accordance with the requirements of IFRS 2, Share-based Payments, the Company recognises deferred taxes related to the excess of the tax deduction of share based payments over the cumulative remuneration expense charged to the Statement of Comprehensive Income directly to Equity.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that enough taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### 2.9 Financial Instruments

##### *Financial assets*

The Company classifies its financial instruments in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial instrument and the contractual terms of the cash flows. For instruments measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

##### *Recognition and de-recognition*

Financial assets are recognised on the Statement of Financial Position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss (FVTPL), directly attributable transaction costs. A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset in its entirety the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in profit or loss.

##### *Measurement*

At initial recognition, the Company measures a financial asset at its fair value.

##### *Debt instruments*

Subsequent measurement of debt instruments depends on the entity's business model for managing the asset and the cash flow characteristics of the asset. All the Company's debt instruments are measured at amortised costs as the assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The Company's debt instruments consist of trade debtors and amounts owed by group undertakings.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.9 Financial Instruments (continued)

##### Financial assets (continued)

###### *Impairment*

For trade and intercompany receivables, the entity applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. The Company uses judgment in making assumptions around the risk of default and expected loss rates, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The general expected credit loss model under IFRS 9 requires the calculation of '12 month expected credit losses' (losses based on defaults which are possible within 12 months of the reporting date) for financial assets, unless the asset at the reporting date is not considered to be 'low credit risk' and is deemed to have had a 'significant increase in credit risk' since initial recognition, in which case lifetime expected credit losses should be recorded.

##### Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

###### *Subsequent measurement*

The measurement of financial liabilities depends on their classification, as described below:

###### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities also include derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Gains or losses on liabilities held for trading are recognised in the Statement of Comprehensive Income.

###### *Loans and Borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are recognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as a finance cost in the Statement of Comprehensive Income.

###### *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Comprehensive Income.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.10 Investments in subsidiaries

Investments in subsidiaries comprise investments in unquoted companies. They are accounted for in accordance with the requirements of IAS 27 *Separate Financial Statements* and are carried at cost less any provision for impairment.

#### 2.11 Pensions and other post-employment benefits

The Company operates one pension plan, Oracle UK Pension Plan, which has both a defined contribution and defined benefit structure for membership.

The cost of providing benefits under the defined benefit portion of the plans are determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in the Statement of Comprehensive Income on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement or a curtailment occur, the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the Statement of Comprehensive Income. Losses are measured at the date the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction.

The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year.

The difference between the expected return on plan assets and the interest cost is recognised in the Statement of Comprehensive Income as interest payable and similar charges.

Actuarial gains and losses are recognised in full in Other Comprehensive Income in the period in which they occur.

The combined scheme asset or liability in the Statement of Financial Position comprises the total of the present value of the obligation (using an appropriate discount rate) less any past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities in the published bid price. The value of a net pension asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Contributions to the defined contribution portion of the "Oracle UK Pension" scheme are recognised in the Statement of Comprehensive Income in the period in which they become payable.

#### 2.12 Share based payments

Employees of the Company receive remuneration in the form of share-based payment transactions under Oracle's Corporation Employee Option Plan, whereby employees render services as consideration for equity settled instruments (including restricted stock-based awards) of the Company's ultimate parent. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in the Statement of Comprehensive Income as an employee benefit expense with a corresponding increase in Equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the employees become fully entitled of the award ("the vesting date"), normally of four years.

The fair value is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The fair value of restricted stock-based awards is based on the market value of shares at grant date. Refer to Note 21 for additional information.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.12 Share based payments (continued)

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At the end of each reporting period, the Company revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Company or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation.

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

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

#### 2.13 Turnover

##### *Revenue recognition from contracts with customers*

The Company's sources of revenues include:

- cloud and license revenues, which include the sale of cloud services and license support; and cloud licenses and on-premise licenses, which typically represent perpetual software licenses purchased by customers for use in both cloud and on-premise IT environments;
- hardware revenues, which include the sale of hardware products, including Oracle Engineered Systems, servers and storage products, and industry-specific hardware; and hardware support revenues; and
- services revenues, which are earned from providing cloud, license and hardware-related services including consulting, advanced customer support and education services.

Cloud services revenues include revenues from Oracle Cloud Software-as-a-Service and Infrastructure-as-a-service (SaaS and IaaS, respectively, and collectively, Oracle Cloud Services), offerings, which deliver applications and infrastructure technologies, respectively, via cloud-based deployment models that the Company develops functionality for, provide unspecified updates and enhancements for, host, manage, upgrade and support that customers access by entering into a subscription agreement with the Company for a stated period.

License support revenues are typically generated through the sale of license support contracts related to cloud license and on-premise licenses purchased by customers at their option. License support contracts provide customers with rights to unspecified software product upgrades, maintenance releases and patches released during the term of the support period and include internet access to technical content, as well as internet and telephone access to technical support personnel. License support contracts are generally priced as a percentage of the net cloud license and on-premise license fees. Substantially all customers elect to renew their license support contracts annually.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.13 Turnover (continued)

#### 3. Revenue recognition from contracts with customers (continued)

IaaS offerings also include Oracle Managed Cloud Services, which are designed to provide comprehensive software and hardware management, maintenance and security services for customer cloud-based, on-premise or other IT infrastructure for a fee for a stated term.

Cloud license and on-premise license revenues represent fees earned from granting customers licenses, generally on a perpetual basis, to use our database and middleware and our applications software products within cloud and on-premise IT environments and are generally recognised up front at the point in time when the software is made available to the customer to download and use.

Revenues from the sale of hardware products represent amounts earned primarily from the sale of Oracle Engineered Systems, computer servers, storage, and industry-specific hardware. Hardware support offerings generally provide customers with software updates for the software components that are essential to the functionality of the hardware products purchased, and can also include product repairs, maintenance services and technical support services. Hardware support contracts are generally priced as a percentage of the net hardware products fees.

The Company's services are offered to customers as standalone arrangements or as a part of arrangements to customers buying other products and services. Consulting services are designed to help customers to, among others, deploy, architect, integrate, upgrade and secure their investments in Oracle applications and infrastructure technologies. Advanced customer support services are offered as standalone arrangements or as a part of arrangements to customers buying other products and services. The Company offer these advance customer support services to Oracle customers to enable increased performance and higher availability of Oracle products and services. Education services include instructor-led, media-based and internet-based training in the use of cloud, software and hardware products.

IFRS 15 is a single standard for revenue recognition that applies to all cloud, licence, hardware and services arrangements and generally requires revenues to be recognised upon the transfer of control of promised goods or services provided to the Company's customers, reflecting the amount of consideration it expects to receive for those goods or services. Pursuant to IFRS 15, revenues are recognised upon the application of the following steps:

- identification of the contract, or contracts, with a customer;
- identification of the performance obligations in the contract;
- determination of the transaction price;
- allocation of the transaction price to the performance obligations in the contract; and
- recognition of revenues when, or as, the contractual performance obligations are satisfied.

The timing of revenue recognition may differ from the timing of invoicing customers. The Company records an unbilled receivable which is included within accounts receivable on the Statement of Financial Position, when revenue is recognised prior to invoicing. The Company records deferred revenues on the Statement of Financial Position when revenues are recognised subsequent to cash collection for an invoice. The standard payment terms are generally net 30 days but may vary. Invoices for cloud license and on-premise licenses and hardware products are generally issued when the license is made available for customer use or upon delivery to the customer of the hardware product. Invoices for license support and hardware support contracts are generally invoiced annually in advance. Cloud SaaS and IaaS contracts are generally invoiced annually, quarterly or monthly in advance. Services are generally invoiced in advance or as the services are performed. Most contracts that contain a financing component are contracts financed through the financing division. The transaction price for a contract that is financed through the Company's financing division is adjusted to reflect the time value of money and interest revenue is recorded as a component of non-operating income, net within the Statement of Comprehensive Income based on market rates. Revenue arrangements generally include standard warranty or service level provisions that the Company arrangements will perform and operate in all material respects as defined in the respective agreements, the financial impacts of which have historically been and are expected to continue to be insignificant. The Company's arrangements generally do not include a general right of return relative to the delivered products or services. The Company recognises revenues net of any taxes collected from customers, which are subsequently remitted to governmental authorities.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.13 Turnover (continued)

##### *Revenue Recognition for Cloud Services*

Revenues from cloud services provided on a subscription basis are generally recognised ratably over the contractual period that the services are delivered, beginning on the date the service is made available to the Company's customers. The Company recognises revenue ratably because the customer receives and consumes the benefits of the cloud services evenly throughout the contract period. Revenues from cloud services provided on a consumption basis, such as metered services, are generally recognised based on the utilisation of the services by the customer.

##### *Revenue Recognition for License Support and Hardware Support*

The Company's primary performance obligations with respect to license support contracts are to provide customers with technical support as needed and unspecified software product upgrades, maintenance releases and patches during the term of the support period, if and when they are available. The Company is obligated to make the license and hardware support services available continuously throughout the contract period. Therefore, revenues for license support contracts and hardware support contracts are generally recognised ratably over the contractual periods that the support services are provided.

##### *Revenue Recognition for Cloud License and On-Premise License*

Revenues from distinct cloud license and on-premise license performance obligations are generally recognised upfront at the point in time when the software is made available to the customer to download and use. Revenues from usage-based royalty arrangements for distinct cloud licenses and on-premise licenses are recognised at the point in time when the software end user usage occurs. For usage-based royalty arrangements with a fixed minimum guarantee amount, the minimum amount is generally recognised upfront when the software is made available to the royalty customer.

##### *Revenue Recognition for Hardware Products*

The hardware product and related software, such as an operating system or firmware, are highly interdependent and interrelated and are accounted for as a combined performance obligation. The revenues for this combined performance obligation are generally recognised at the point in time that the hardware product is delivered to the customer and ownership is transferred to the customer.

##### *Revenue Recognition for Services*

Services revenues are generally recognised over time as the services are performed. Revenues for fixed price services are generally recognised over time applying input methods to estimate progress to completion. Revenues for consumption-based services are generally recognised as the services are performed.

##### *Allocation of the Transaction Price for Contracts that have Multiple Performance Obligations*

Many of the Company's contracts include multiple performance obligations. Judgment is required in determining whether each performance obligation is distinct. Oracle products and services generally do not require a significant amount of integration or interdependency; therefore products and services are generally not combined.

The Company allocates the transaction price for each contract to each performance obligation based on the relative standalone selling price (SSP) for each performance obligation within each contract.

The Company use judgment in determining the SSP for products and services. For substantially all performance obligations except cloud licenses and on-premise licenses, the Company is able to establish SSP based on the observable prices of products or services sold separately in comparable circumstances to similar customers. The Company typically establish an SSP range for products and services which is reassessed on a periodic basis or when facts and circumstances change. Cloud licenses and on-premise licenses have not historically been sold on a standalone basis as the vast majority of all customers elect to purchase license support contracts at the time of a cloud license and on-premise license purchase.

License support contracts are generally priced as a percentage of the net fees paid by the customer to access the license. The Company is unable to establish SSP for its cloud licenses and on-premise licenses based on observable prices given the same products are sold for a broad range of amounts (that is, the selling price is highly variable) and a representative SSP is not discernible from past transactions or other observable evidence. As a result, the SSP for a cloud license and an on-premise license included in a contract with multiple performance obligations is determined by applying a residual approach whereby all performance obligations within a contract are first allocated a portion of the transaction price based upon their respective SSPs with any residual amount of transaction price allocated to cloud license and on-premise license revenues.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.13 Turnover (continued)

##### *Deferred Sales Commissions*

The Company defer sales commissions earned by its sales force that are considered to be incremental and recoverable costs of obtaining a cloud, license support and hardware support contract. Initial sales commissions for the majority of these aforementioned contracts are generally deferred and amortised on a straight-line basis over a period of benefit that the Company estimate to be four to five years. The Company determines the period of benefit by taking into consideration the historical and expected durations of customer contracts, the expected useful lives of technologies, and other factors. Sales commissions for renewal contracts relating to cloud-based arrangements are generally deferred and then amortised on a straight-line basis over the related contractual renewal period, which is generally one to three years.

##### *Remaining Performance Obligations from Contracts with Customers*

Trade receivables, net of allowance for doubtful accounts, and deferred revenues are reported net of related uncollected deferred revenues in the Statement of Financial Position.

Remaining performance obligations represent contracted revenues that had not yet been recognised, and include deferred revenues, invoices that have been issued to customers but were uncollected and have not been recognised as revenues, and amounts that will be invoiced and recognised as revenues in future periods.

Segmental analysis is not provided as in the opinion of the Directors the disclosures required by paragraph 68 of Schedule 1 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (“the Regulations”) would be seriously prejudicial to the interest of the Company and the Directors have availed of the exemption contained within paragraph 68(5) of Schedule 1 of the Regulations.

#### 2.14 Research and development costs

Research and development expenditure, other than on fixed assets, is expensed to the Statement of Comprehensive Income in the year in which it is incurred.

#### 2.15 Restructuring provision

Provision for restructuring costs are made in accordance with IAS 37 *Provisions, contingent liabilities and contingent assets*. The amount recognised is the discounted value of the estimated future charge. The provision is reviewed annually and any unutilised provision is released to the Statement of Comprehensive Income.

#### 2.16 Business combinations

The Company applies the acquisition method in accounting for business combinations apart from business combinations under common control as described below. The consideration transferred by the Company to acquire the net assets is calculated as the sum of the acquisition-date fair value of assets transferred and liabilities incurred which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Company recognised identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree’s financial statements prior to the acquisition.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the fair value of consideration transferred over the acquisition date fair values of identifiable net assets.

Goodwill is carried at cost less accumulated impairment losses.

The Company applies the merger accounting method for business combinations under common control which lack commercial substance.

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**2. Summary of significant accounting policies (continued)**

**2.17 Intangible assets**

Intangible assets acquired as part of a business combination that qualify for separate recognition are recognised initially at their fair value.

UK Company law requires that goodwill is written off over a period of time which does not exceed its useful economic life. However, the Company does not believe this gives a true and fair view because not all goodwill declines in value. In addition, since goodwill that does decline in value rarely does so on a straight-line basis, straight-line amortisation of goodwill over an arbitrary period does not reflect the economic reality. The Company considers goodwill an indefinite-lived intangible asset that is not amortised over an arbitrary period, rather, the Company accounts for goodwill in accordance with FRS 101.

Therefore in order to present a true and fair view of the economic reality under FRS 101, goodwill is considered indefinite-lived and is not amortised. The Company is not able to reliably estimate the impact on the financial statements of the true and fair override on the basis that the useful economic life of goodwill cannot be predicted with a satisfactory level of reliability nor can the pattern in which goodwill diminishes be known. The Company performs a qualitative assessment at the end of each reporting period to determine if any events or circumstances exist, such as an adverse change in business climate or a decline in the overall industry that would indicate that it would more likely than not reduce the fair value of a reporting unit below its carrying amount, including goodwill.

All intangible assets are accounted for subsequently using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual value and useful lives are reviewed at each reporting date. The following useful lives are applied:

Customer relationships	4.75 years
Software support agreements	11.75 years
Other support agreements	8.75 years

**2.18 Impairment of non-financial assets**

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Goodwill is tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use.

To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.19 Current versus non-current classifications

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle, held primarily for the purpose of trading, expected to be realised within twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when it is expected to be settled in the normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Company classifies all other liabilities as non-current. Deferred tax assets classified as non-current assets.

### 3. Critical accounting estimates and judgments

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that may affect the reported amount of assets and liabilities, revenues, expenses and the resultant provisions and fair values. Such estimates are necessarily based on assumptions about several factors and actual results may differ from reported amounts.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

*a) Useful economic lives of tangible fixed assets*

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See Note 10 for the carrying amount of the tangible fixed assets, and Note 2.5 for the useful economic lives for each class of assets.

*b) Defined benefit pension scheme*

The Company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the Statement of Financial Position. The assumptions reflect historical experience and current trends. See Note 19 for the disclosures of the defined benefit pension scheme.

*c) Impairment of financial, non-financial assets and goodwill*

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and use an interest rate to discount them. Estimated uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**3. Critical accounting estimates and judgments (continued)**

*d) Leases - Determining the lease term of contracts with renewal and termination options*

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

The Company applies judgment in evaluating whether it is reasonably certain the option to renew or terminate the lease will be exercised. The Company considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The renewal periods for leases of facilities and data centres are typically not included as part of the lease term as these are not reasonably certain to be exercised.

*e) Share Based Payments*

Employees of the group receive remuneration in the form of stock options awarded under the equity plan. As part of the preparation of the financial statements, management need to make judgments, estimates and assumptions on elements of the valuation model to calculate a share based payment expense, see Note 21 for the disclosures of the share based payment expense.

**4. Staff costs**

Particulars of employees (including executive directors) are shown below:

	2022 £'000	2021 £'000
<b>Employee costs during the year amounted to:</b>		
Wages and salaries	304,859	286,947
Social security costs	34,941	33,432
Pension costs	11,724	10,935
Share based payment transaction (Note 21)	27,042	16,554
	<u>378,566</u>	<u>347,868</u>

The average monthly number of persons employed by the Company during the year was as follows:

	2022 Number	2021 Number
Sales	2,169	2,081
Research and development	18	4
General and administration	364	383
Marketing	54	55
	<u>2,605</u>	<u>2,523</u>

The remuneration of the Directors was as follows:

	2022 £'000	2021 £'000
Emoluments	711	634
Company contributions to money purchase pension scheme	56	55
	<u>767</u>	<u>689</u>

The above amounts do not include any gains made on the exercise of share options. There were no directors who exercised share options during the year or prior year.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**4. Staff costs (continued)**

The number of directors who were members of pension schemes was as follows:

	2022 Number	2021 Number
Money purchase and defined benefit schemes	<u>3</u>	<u>3</u>

The amounts above for remuneration include the following in respect of the highest paid director:

	2022 £'000	2021 £'000
Emoluments	243	245
Company contributions to money purchase pension scheme	26	30
	<u>269</u>	<u>275</u>

The highest paid director did not exercise share options during the year.

The highest paid director had accrued entitlements under a defined benefit pension scheme as follows:

	2022 £'000	2021 £'000
Accrued pension	<u>117</u>	<u>322</u>

**5. Interest receivable and similar income**

	2022 £'000	2021 £'000
Interest receivable from other group undertakings	1,031	743
Owned building lease income	971	353
Bank interest receivable	300	296
Other interest	66	177
	<u>2,368</u>	<u>1,569</u>

**6. Interest payable and similar charges**

	2022 £'000	2021 £'000
Restructuring provision- unwinding of discount (Note 16)	-	1
On loans from other group undertakings	816	195
Operating lease interest accretion (Note 12)	1,577	2,414
Other finance costs (Note 19)	7,684	6,377
Bank interest expense	67	31
Other	23	-
	<u>10,167</u>	<u>9,018</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**7. Profit on ordinary activities before taxation**

Profit on ordinary activities before taxation is stated after charging/ (crediting):

	2022 £'000	2021 £'000
Depreciation of tangible assets owned (Note 10)	135,396	120,946
Amortisation of ROU assets (Note 12)	26,765	31,744
Amortisation of intangible assets (Note 9)	284	284
Operating lease rentals - plant and machinery	9	30
Auditor's remuneration:	191	199
Research and development expenditure	25,421	11,840
Restructuring costs	5,036	8,786
Defined pension contributions	11,724	10,935
Foreign exchange (gain)/loss	<u>(6,130)</u>	<u>12,210</u>

The statutory auditor did not provide any tax advisory or non-audit services to the company during the period.

Restructuring costs above relate to a restructuring initiative. The total expense of £5,036,000 (2021: £8,786,000) includes an expense of £87,000 due to dilapidation provision (2021: £201,000 due to onerous lease provision) which had a tax impact of £17,000 (2021: £38,000) and an expense of £4,949,000 (2021: £8,585,000) due to severance which had a tax impact of £940,000 (2021: £1,631,000).

**8. Taxation charge/(credit) on profit on ordinary activities**

<i>a) Analysis of charge in the year:</i>	2022		2021	
	£'000	£'000	£'000	£'000
<i>Current tax</i>				
UK corporation tax for the year	10,996		9,899	
Adjustments in respect of previous periods	338		(355)	
Foreign tax	<u>193</u>		<u>267</u>	
Total current tax		11,527		9,811
<i>Deferred tax</i>				
Origination and reversal of timing differences	(7,738)		(10,273)	
Adjustments in respect of previous periods	144		1,261	
Effect of changes in tax rates	<u>(3,103)</u>		<u>(20,027)</u>	
Tax charge/(credit) on profit on ordinary activities		<u>(10,697)</u>		<u>(29,039)</u>
		<u>830</u>		<u>(19,228)</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**8. Taxation charge/(credit) on profit on ordinary activities (continued)**

*b) Factors affecting tax charge for the year:*

The tax assessed on the profit on ordinary activities for the year is different than the standard rate of UK corporation tax of 19% (2021: 19%). The differences are reconciled below:

	2022 £'000	2021 £'000
Profit on ordinary activities before tax	<u>62,578</u>	<u>62,086</u>
Profit on ordinary activities multiplied by the standard rate of tax in the UK of 19% (2021: 19%)	11,890	11,796
<i>Effects of:</i>		
Recognition of deferred tax assets on share-based payments	705	(790)
Expenses not deductible for tax purposes	978	893
Adjustments in respect of previous periods	482	906
Effect of change in tax rate	(3,103)	(20,027)
Group relief not paid for	(120)	(613)
Foreign tax	193	218
Share based payments	(2,395)	(761)
Unrecognised deferred tax asset	<u>(7,800)</u>	<u>(10,850)</u>
<b>Total tax charge/(credit) for the year</b>	<u>830</u>	<u>(19,228)</u>

The recognition of deferred tax assets on tax losses forward and share based payment credits is further described in Note 17.

*c) Factors that may affect future tax charges*

Based on current capital investment plans, the Company expects to claim capital allowances in excess of depreciation in future years.

*d) Tax rate*

Changes to UK corporation tax rates were substantively enacted by the Finance Bill 2021 (on 24 May 2021). These included an increase in the corporation tax rate from 19% to 25% from 1 April 2023. Deferred tax balances have been remeasured accordingly where appropriate.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**9. Intangible assets**

	<i>Goodwill</i>	<i>Customer relationships</i>	<i>Software support agreements</i>	<i>Other support agreements</i>	<i>Total</i>
	£'000	£'000	£'000	£'000	£'000
<i>Cost:</i>					
At 1 June 2021	380,170	6,367	2,600	548	389,685
Additions	-	-	-	-	-
At 31 May 2022	380,170	6,367	2,600	548	389,685
<i>Amortisation:</i>					
At 1 June 2021	215,900	6,367	1,437	409	224,113
Charged during the year	-	-	221	63	284
At 31 May 2022	215,900	6,367	1,658	472	224,397
<i>Net book value:</i>					
At 31 May 2022	164,270	-	942	76	165,288
At 31 May 2021	164,270	-	1,163	139	165,572

The useful lives of all intangible assets, other than goodwill, are finite and disclosed in the accounting policies Note 2.17.

**10. Tangible assets**

	<i>Freehold Land</i>	<i>Freehold Buildings</i>	<i>Leasehold Buildings</i>	<i>Computer Equipment</i>	<i>Office Equipment</i>	<i>Office Furniture</i>	<i>Total</i>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Cost:</i>							
At 1 June 2021	9,258	54,304	77,361	752,234	3,630	240	897,027
Additions	-	1,162	6,091	212,007	378	193	219,831
Disposals	-	-	(2,528)	(29,767)	(17)	(231)	(32,543)
At 31 May 2022	9,258	55,466	80,924	934,474	3,991	202	1,084,315
<i>Depreciation:</i>							
At 1 June 2021	-	30,314	46,591	484,297	2,923	153	564,278
Charge for the year	-	3,899	2,219	128,888	362	28	135,396
Disposals	-	(6)	(1,022)	(11,925)	(8)	(32)	(12,993)
At 31 May 2022	-	34,207	47,788	601,260	3,277	149	686,681
<i>Net book value:</i>							
At 31 May 2022	9,258	21,259	33,136	333,214	714	53	397,634
At 31 May 2021	9,258	23,990	30,770	267,937	707	87	332,749

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**11. Investments**

	2022 £'000	2021 £'000
<i>Cost:</i>		
At 1 June and 31 May	3,146	3,146
<i>Impairment</i>		
At 1 June and 31 May	(3,146)	(3,146)
At 31 May	<u>-</u>	<u>-</u>

**Impairment charge**

In accordance with IAS 36 'Impairment of assets' the carrying value of the subsidiary at 31 May 2022 has been compared to the recoverable amount. Impairment charge represents the deficit between the carrying value and the recoverable amount at 31 May 2022. The recoverable amount was determined based on the fair market value less cost of disposal of the investment at 31 May 2022.

At 31 May 2022, the following material subsidiary is directly owned by the Company:

Subsidiary undertakings	Country of incorporation	Interest in ordinary shares	Principal activity
MF UK FC Limited	United Kingdom	100%	Holding Company

At 31 May 2022, the following material subsidiaries were indirectly owned:

Indirect subsidiary undertakings	Country of incorporation	Interest in ordinary shares	Principal activity
MICROS Systems Holdings GmbH	Germany	100%	Holding Company
Torex Retail Holdings Limited	United Kingdom	100%	Non-Trading Company
Micros Retail Holdings Europe Limited	United Kingdom	100%	Non-Trading Company
Torex Retail Solutions UK Limited	United Kingdom	100%	Dormant Company
Micros Retail Services UK Limited	United Kingdom	100%	Dormant Company
Hugin Sweda International Limited	United Kingdom	100%	Dormant Company
Anker Limited	United Kingdom	100%	Dormant Company

**12. Right of use assets/ leases**

The Company has lease contracts for facilities and data centres, used in its operations. Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	<u>Facilities</u> <u>(£'000)</u>	<u>Data centres</u> <u>(£'000)</u>	<u>Dilapidations</u> <u>(£'000)</u>	<u>Total</u> <u>(£'000)</u>
As at 1 June 2021	6,843	82,549	275	89,667
Additions	-	38,021	-	38,021
Disposals	(4,596)	(1,394)	(150)	(6,140)
Amortisation expense	(1,878)	(24,762)	(125)	(26,765)
As at 31 May 2022	<u>369</u>	<u>94,414</u>	<u>-</u>	<u>94,783</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**12. Right of use assets/ leases (continued)**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	<i>Facilities</i>	<i>Data centres</i>	<i>Total</i>
	<i>(£'000)</i>	<i>(£'000)</i>	<i>(£'000)</i>
As at 1 June 2021	7,106	86,277	93,383
Additions	-	38,021	38,021
Disposals	(4,634)	(2,015)	(6,649)
Accretion of interest	107	1,470	1,577
Payments	(2,198)	(25,644)	(27,842)
As at 31 May 2022	<u>381</u>	<u>98,109</u>	<u>98,490</u>
Current	381	16,861	17,242
Non-current	-	81,248	81,248

The following are the amounts recognised in the Statement of Comprehensive Income

	<i>Facilities</i>	<i>Data centres</i>	<i>Dilapidations</i>	<i>Total</i>
	<i>(£'000)</i>	<i>(£'000)</i>	<i>(£'000)</i>	<i>(£'000)</i>
Amortisation expense of right-of-use assets	1,878	24,762	125	26,765
Interest expense on lease liabilities	107	1,470	-	1,577
Total amount recognised in the Statement of Comprehensive Income	<u>1,985</u>	<u>26,232</u>	<u>125</u>	<u>28,342</u>

**13. Debtors**

	<i>2022</i>	<i>2021</i>
	<i>£'000</i>	<i>£'000</i>
<i>Amounts falling due within one year:</i>		
Trade debtors	594,824	523,750
Amounts owed by other group undertakings	200,990	190,673
Prepayments	36,955	5,737
Corporation tax	14,209	22,639
Deferred commission payments	53,322	41,905
Other current assets	621	761
	<u>900,921</u>	<u>785,465</u>
<i>Amounts falling due after one year:</i>		
Trade debtors	39,886	30,757
Other debtors	-	117
Deferred commission payments	66,278	53,084
Deferred tax asset (Note 17)	88,517	98,803
	<u>194,681</u>	<u>182,761</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**13. Debtors (continued)**

The Company currently holds loans receivable with other group undertakings that consist of a loan of £109,165,973 with OEMEA Holdings Limited and a loan of £9,059,235 with OCUK Holdings Limited, both loans are unsecured and bear interest at current effective interest rates plus 0.375% and are due in May 2023. The Company also has a loan of £39,478,058 with MF UK FC Limited that is unsecured and bears interest at current effective interest rates plus 0.375% which is due on demand. The remaining amounts owed by other group undertakings falling due within one year are unsecured and non-interest bearing which are due on demand.

During the year, £58,212,058 (2021: £51,694,009) of amortisation was recognised on deferred commissions.

The Directors consider the carrying amount of the above financial assets to be a reasonable approximation of its fair value.

**14. Restricted cash**

Included in cash at bank is a bank balance of £50,940,145 (2021: £35,943,630) which has restricted usage based on the security agreement in place between Oracle Corporation UK Limited and the Trustees of Oracle UK Pension Plan.

**15. Creditors**

	2022 £'000	2021 £'000
<i>Amounts falling due within one year:</i>		
Trade creditors	41,450	29,871
Amounts owed to other group undertakings	490,236	381,459
Other taxes and social security	58,741	72,847
Deferred revenue	651,705	607,105
Corporation tax	53,527	41,515
Provisions for lease liabilities (Note 12)	17,242	24,730
	<u>1,312,901</u>	<u>1,157,527</u>
<i>Amounts falling due after one year:</i>		
Deferred revenue	20,516	24,248
Amounts owed to other group undertakings	31	-
Provision for lease liabilities (Note 12)	81,248	68,653
	<u>101,795</u>	<u>92,901</u>

Outstanding amounts in respect of the defined contribution scheme payable at the Statement of Financial Position date were £nil (2021: £nil). Amounts owed to other group undertakings are unsecured, due on demand and are non-interest bearing or bear interest at current effective interest rates plus a margin of 0.375%.

The amount of revenue recognised during the year ended 31 May 2022 that was included in the opening deferred revenues balance as of 31 May 2021 was approximately £607,105,000 (2021: £710,814,000).

The Directors consider the carrying amount of the above financial assets to be a reasonable approximation of its fair value.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**16. Provisions for liabilities**

	<i>Restructuring Provision £'000</i>	<i>Dilapidation Provision £'000</i>	<i>Total Provision £'000</i>
At 1 June 2020	94	3,094	3,188
Charged to the Statement of Comprehensive Income	201	-	201
Transfer of provisions and effect of change in the discount rates & change in cost/square metre	-	(2,006)	(2,006)
Unwinding of discount	1	-	1
Utilised during the year	(266)	(332)	(598)
At 1 June 2021	<u>30</u>	<u>756</u>	<u>786</u>
Charged to the Statement of Comprehensive Income	-	87	87
Transfer of provisions and effect of change in the discount rates & change in cost/square metre	-	(667)	(667)
Utilised during the year	(30)	-	(30)
At 31 May 2022	<u>-</u>	<u>176</u>	<u>176</u>

The restructuring provision relates to lease termination costs and provision for onerous lease payments discounted using real pre-tax discount rates ranging from 0.65% to 0.91% (2021: 0.65% to 0.91%) in accordance with IAS 37. This provision is reviewed annually. Any unutilised provision is released at the time that the Directors do not expect any further charges to occur.

**17. Deferred taxation**

	<i>2022 £'000</i>	<i>2021 £'000</i>
Deferred tax asset excluding deferred tax on pension liability	54,825	44,843
Deferred tax asset on pension liability (see Note 19)	33,692	53,960
At 31 May	<u>88,517</u>	<u>98,803</u>
	<i>2022 £'000</i>	<i>2021 £'000</i>
At 1 June	98,803	28,168
Charge to the Statement of Comprehensive Income (see Note 8(a))	10,841	30,300
Adjustment in respect of prior years (see Note 8(a))	(144)	(1,261)
(Charge)/credit to Other Comprehensive Income	(20,983)	41,596
At 31 May	<u>88,517</u>	<u>98,803</u>
	<i>2022 £'000</i>	<i>2021 £'000</i>
<i>Net deferred tax assets:</i>		
Capital allowances in excess of depreciation	29,329	20,521
Short term timing differences	2,416	1,843
Deferred tax asset on unused losses	14,293	13,958
Deferred tax asset on pension liability (see Note 19)	33,692	53,960
Deferred tax asset on share based payments	8,787	8,521
At 31 May	<u>88,517</u>	<u>98,803</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**17. Deferred taxation (continued)**

The deferred tax asset is based on a corporation tax rate of 25% (2021: 25%).

The Company now has tax losses of £136,355,497 (at 25% - £34,088,874) (FY21 £147,464,355 at 25% - £36,866,089) available for offset against future trading profits. The company has a history of trading losses but has been profitable for the past 7 years. As a result, the Directors believe that this is sufficient evidence available to recognise a deferred tax asset based on the projected taxable profits for the next five years.

There was an unrecognised deferred tax asset as at 31 May 2022 for unrecognised losses of £19,795,505 at the enacted rate of 25% (2021: £22,097,310 at the enacted rate of 25%) not expected to be recovered in the next 5 years.

There was an unrecognised deferred tax asset as at 31 May 2022 for other temporary differences of £27,866,971 at the enacted rate of 25% (2021: £60,279,377 at the enacted rate of 25%) not expected to be recovered in the next 5 years.

**18. Called up share capital**

	2022 £'000	2021 £'000
<i>Authorised:</i> 20,000,000 Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>
<i>Allotted, called up and fully paid:</i> 10,200,000 Ordinary shares of £1 each	<u>10,200</u>	<u>10,200</u>

Other reserves relate primarily to the share-based payments made to employees of the Company.

The profit and loss account reserve represents accumulated comprehensive income for the financial year and prior financial years

**19. Pension and other post-employment benefits**

The Company operates a pension plan for employees, the Oracle UK Pension Plan. The plan was significantly restructured with effect from 1 June 2004, with a defined contribution and benefit structure for membership after that date. Contributions prior to 1 June 2004 are referred to as Section 1 contributions. Contributions paid after 31 May 2004 are referred to as Section 2 contributions. The Oracle UK Pension Plan is a money purchase plan but with a minimum defined benefits pension underpin that applies to Section 1 benefits only. The minimum defined benefits pension underpin does not apply to Section 2 benefits.

Under the Oracle UK Pension Plan there are no informal practices giving rise to constructive obligations that are required to be included in the measurements of scheme liabilities. The scheme does not invest in the Company's own financial instruments, including property or other assets owned by the Company.

A full actuarial valuation of the Oracle UK Pension Plan was carried out on 31 May 2019 and was the basis used to assess all the liabilities of the scheme at 31 May 2022. Scheme assets are stated at their market values at the respective Statement of Financial Position dates and overall expected rates of return are established by applying published brokers' forecasts to each category of scheme assets.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**19. Pension and other post-employment benefits (continued)**

	2022 £'000	2021 £'000
Scheme assets at fair value		
Cash, cash equivalents and investment funds	<u>96,754</u>	<u>79,584</u>
Fair value of scheme assets	96,754	79,584
Present value of scheme liabilities	<u>(288,199)</u>	<u>(473,784)</u>
Defined benefit pension scheme deficit	(191,445)	(394,200)
Related deferred tax asset (Note 17)	<u>33,692</u>	<u>53,960</u>
Net liability in the Statement of Financial Position at 31 May	<u><u>(157,753)</u></u>	<u><u>(340,240)</u></u>

The amounts recognised in the Statement of Comprehensive Income and Other Comprehensive Income for the year are analysed as follows:

	2022 £'000	2021 £'000
<i>Recognised in Statement of Comprehensive Income</i>		
Expected return on scheme assets	1,810	1,115
Interest obligation	<u>(9,494)</u>	<u>(7,492)</u>
Total interest cost	(7,684)	(6,377)
Past service cost	-	(1,300)
Total recognised in the Statement of Comprehensive Income	<u><u>(7,684)</u></u>	<u><u>(7,677)</u></u>
	2022 £'000	2021 £'000
<i>Taken to Other Comprehensive Income</i>		
Return on plan assets (excluding interest income)	(6,497)	1,764
Effect of changes in demographic assumptions	-	151
Effect of experience adjustments on plan liabilities	(35,337)	40,654
Changes in assumptions underlying the present value of scheme liabilities	<u>232,272</u>	<u>(64,384)</u>
Total pension expense recognised in Other Comprehensive Income	<u><u>190,438</u></u>	<u><u>(21,815)</u></u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**19. Pension and other post-employment benefits (continued)**

The major assumptions used by the actuary were:	2022	2021
	%	%
<i>Main assumptions:</i>		
Rate of salary increases	4.20	4.30
Rate of increase in pensions in payment	2.80	2.90
Discount rate	3.50	2.00
Expected rates of return on scheme assets:		
Equities, Diversified growth funds	5.70	4.10
Inflation assumption	3.20	3.30
<i>Post-retirement mortality:</i>		
Current pensioners at 60-65 – male	24.20	24.20
Current pensioners at 60-65 – female	25.80	25.80
Future pensioners at 40 – male	26.20	26.20
Future pensioners at 40 – female	27.80	27.80

**Changes in the present value of the plan liability are analysed as follows:**

	2022	2021
	£'000	£'000
At 1 June	473,784	439,994
Past service cost	-	1,300
Interest cost	9,494	7,492
Benefits paid	1,856	1,419
Actuarial (gains)/losses	(196,935)	23,579
At 31 May	288,199	473,784

**Changes in the fair value of plan assets are analysed as follows:**

	2022	2021
	£'000	£'000
At 1 June	79,584	54,453
Expected return on plan assets	1,810	1,115
Benefits received	1,856	1,419
Actuarial (losses)/gains	(6,497)	1,764
Employer contributions	20,001	20,833
At 31 May	96,754	79,584

**The sensitivity of the present value of the benefit obligation to changes in the weighted principal assumptions are:**

	GBP 000's	Sensitivities from Base FY 2022 (one item changed with all other things held constant)			
		Base FY 2022	Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.25% inflation rate
Present value of benefit obligations	288,199	24,038	-20,608	-26,998	27,547

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**19. Pension and other post-employment benefits (continued)**

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the Statement of Financial Position.

**20. Business combinations**

On 1 March 2022, Oracle Corporation UK Limited acquired the trade and related net assets of Federos Software UK Limited for consideration of £31,131.

**21. Share based payments**

The ultimate parent undertaking, Oracle Corporation awards stock options under the equity plan. Generally, stock options vest from one to four years from the date of grant, have a 10 year option life, and the exercise price equals or exceeds the market price on the date of grant.

The share based payment expense was £27,041,977 for the year ended 31 May 2022 (2021: £16,553,665).

During the year ended 31 May 2022, the Company had one share-based payment scheme, which is described below:

	2022	2021
Date of grant	n/a	n/a
Number granted	-	-
Contractual life	-	-
Type of arrangement	General employee share option plan	
Vesting conditions	25% annually on anniversary of grant date	

There were no share options granted during the year.

The Company uses the implied volatility of its publicly traded, longest-term options in order to estimate future stock price trends as the Company believes that implied volatility is more representative of future stock price trends than historical volatility. The fair value of the unvested portion of share-based payments granted is recognised over the remaining service period using the accelerated expense attribution method, net of estimated forfeitures. In determining whether an award is expected to vest, the Company uses an estimated, forward-looking forfeiture rate based upon the historical forfeiture rates. Stock-based compensation expense recorded using an estimated forfeiture rate is updated for actual forfeitures annually. The expected life input is based on historical exercise patterns and post vesting termination behaviour. The risk-free interest rate input is based on United States Treasury Instruments. The expected dividend rate was zero prior to the first dividend declaration by Oracle Corporation on 18 March 2009 as Oracle Corporation did not historically pay cash dividends on its common stock and did not anticipate doing so for the foreseeable future for grants issued prior to 18 March 2009. For grants issued subsequent to 18 March 2009, an annualised dividend yield based on the per share dividend declared by the Oracle Corporation Board of Directors was used.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**21. Share based payments (continued)**

The following table illustrates the number and weighted average exercise prices (WAEP) of Restricted Stock Units (all assumed as part of the business combinations) outstanding at the end of the year.

	2022	2022	2021	2021
	No.	WAEP (£)	No.	WAEP (£)
Outstanding at 31 May	1,407,311	55.13	1,173,973	36.97

The specific exercise prices and weighted average remaining contractual life of options outstanding as at the balance sheet date are as follows:

Range of exercise prices	Number ('000)	Weighted average remaining contractual life	Range of exercise prices	Number ('000)	Weighted average remaining contractual life
2022	2022	2022	2021	2021	2021
0.29 – 3.71	-	-	0.21 – 2.62	-	-
3.94 – 5.81	-	-	2.79 – 4.11	-	-
5.87 – 6.51	-	-	4.15 – 4.63	0.2	0.90
6.63 – 8.40	-	-	4.69 – 5.94	-	-
8.54 – 10.01	-	-	6.04 – 7.08	-	-
10.19 – 11.70	-	-	7.21 – 8.28	-	-
11.80 – 13.66	-	-	8.35 – 9.66	-	-
13.71 – 15.30	-	-	9.70 – 10.82	-	-
15.74 – 19.46	0.02	3.09	11.14 – 13.77	0.02	4.08
19.55 – 22.65	-	-	13.83 – 16.03	-	-
22.94 – 58.13	194	3.73	16.23 – 41.13	345	4.34
	<u>194</u>	<u>3.73</u>		<u>345</u>	<u>4.34</u>

In terms of the staff share incentive scheme, share options are offered on a combined option and deferred sale basis. Options vest over a period of four years (depending on the option type), as long as the employee is in the employment of the company on the anniversary of the grant date. All shares must be taken up by way of payment to the group of the exercise prices and any applicable withholding taxes or pursuant to a broker assisted "cashless exercise arrangement" by no later than 10 years after the date of grant. The exercise price is not less than the market value of the ordinary shares of Oracle Corporation.

In the case of termination of service due to a termination or retirement, any vested shares must be exercised by the earlier of 3 months or the original expiration date with unvested shares being forfeited.

In the event of termination due to disability or death, vested shares must be exercised by the earlier of 12 months or the original expiration date, with unvested shares being forfeited (with the exception that terminations due to death allow accelerated vesting of 2 years).

**22. Events since the year end**

On 8 June 2022, Oracle Corporation completed the acquisition of Cerner Corporation. Cerner is an American supplier of health information technology services, devices, and hardware with subsidiaries across the globe. On 1 October 2022 the Company has undertaken a legal entity combination with Cerner Limited (UK) and Diamond (KH) UK AssetCo Limited.

Other than as described in these financial statements there were no significant events after the year end, affecting the Company, which require adjustment to, or disclosure in, the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**23. Related party disclosures**

As a wholly owned subsidiary undertaking of Oracle Corporation, the Company has taken advantage of the exemption contained in FRS 101 paragraph 8(k), and has therefore not disclosed details of transactions or balances with wholly owned members of the parent company. The consolidated financial statements of Oracle Corporation can be obtained from 2300 Oracle Way, Austin, Texas 78741, USA.

**24. Immediate and ultimate parent undertaking**

The immediate parent Company and controlling party is Oracle Corporation UK Holdings Limited, a Company incorporated in England and Wales, whose principal place of business is Oracle Parkway, Thames Valley Park, Reading, Berkshire, RG6 1RA, United Kingdom.

The smallest and largest group in which the results of Oracle Corporation UK Limited are consolidated is that headed by Oracle Corporation, a Company incorporated in the State of Delaware, USA, whose principal place of business is 2300 Oracle Way, Austin, Texas 78741, USA. The consolidated financial statements of Oracle Corporation are available to the public from this address. Copies of Oracle Corporation's consolidated financial statements are also available on the Oracle website:

<http://www.oracle.com/us/corporate/investor-relations/index.html>

The ultimate parent undertaking and controlling party is Oracle Corporation, a Company incorporated in the State of Delaware, USA.

**25. Approval of financial statements**

The Directors approved the financial statements and authorised them for issue on 24 February 2023.