Nominet UK Annual Report and Financial Statements

For the year ended 31 March 2024

Company No. 03203859

Contents

Officers and professional advisers

Company registration number	03203859
Registered office	Minerva House Edmund Halley Road Oxford Science Park Oxford OX4 4DQ
Directors	Andrew Green CBE – Chair Paul Fletcher Carolyn Bedford Simon Blackler Philip Buckingham (resigned 4 July 2023) Ashley La Bolle Eva Lindqvist Kieren McCarthy Sally Tilleray Patsy Wilkinson Steven Wright (appointed 17 October 2023)
Company Secretary	Victoria Burnett
Bankers	National Westminster Bank PLC 91 London Road Headington Oxford OX3 9AF
Solicitors	CMS Cameron McKenna Nabarro Olswang LLP Cannon Place 78 Cannon Street London EC4N 6AF
Investment managers	Quilter Cheviot Limited Senator House 85 Queen Victoria Street London EC4V 4AB
Independent auditors	Haysmacintyre LLP Chartered Accountants 1 Queen Street Place London EC4R 1AG

Chair and CEO Statement

Welcome to our new look Annual Report. As part of a new approach to keeping members informed, we have adopted a new streamlined approach to our Annual Report. This has enabled us to publish this year's report earlier, so that financial results can be seen by our members more quickly. However, this does not mean that any information will be lost: financial reporting is not reduced in scope, and the half year update will be issued mid-year. Financial reporting will be complemented by a quarterly bulletin from the CEO, and a report each year on the philanthropic programmes we are supporting.

We run Nominet for public benefit and prioritise running a world-class registry for our members and the wider world. After investing in our core services and technology, we use surplus funds to support causes that benefit society, including internet safety and promoting digital skills.

The market we operate in is evolving, and industry pressures are starting to impact both demand for domains and purchasing decisions for Protective DNS services.

Although the decline in new registrations and renewals in the .UK registry over the year are modest, we are taking steps to ensure .UK continues to thrive in future, with a review of registry strategy now underway.

We continue to operate additional services that are aligned to our purpose and build on our registry and DNS expertise.

Despite having successfully delivered the PDNS project for the UK government for five years, we were unsuccessful in retaining this major contract. We are now in the run-off phase of the contract and expect revenues to cease in Q3 of FY25, with a corresponding loss of revenue of £2.3m in FY25

This is especially disappointing as the Cyber business would otherwise have been profitable in FY25. Our FY24 figures show the losses had narrowed to £0.8m.

We have adapted our approach to any future PDNS bids to meet the twin objectives of profitability while offering a competitive service. Our PDNS work with the Australian government is ongoing. While the second-year extension to the current contract was secured, a tender process for future work is underway.

Given the reduction in revenues, including reduced projections for domain name renewals and registrations, we have put in place a revised operating model to bring increased focus and efficiency to how we run the group. We have merged two business units (one focused on .UK and registry services, the other on Cyber and DNS) that were managed autonomously to create one central team focused on service delivery and business growth. The changes made have been significant (40 redundancies and 19 redeployments), and we will continue to review and adapt our operations to ensure that we operate efficiently and effectively in a competitive market, while retaining our quality and reputation as a world-class provider. The annualised savings are c.£3.8m. Approximately two-thirds of this are expected to be realised in FY25, and full impact from the following the year due to the phasing of the restructuring programme.

Even with the loss of the UK PDNS contract, and lower domain name renewals indicative of a maturing market, we see no immediate need to increase pricing, but we will continue to regularly review.

We continued with the modernisation of our critical Technology Platforms to ensure they adapt to changing technology and the challenging cyber security environment. Technical systems and infrastructure overheads in the year increased by £3.0m (from £13.7m in FY23 to £16.7m in FY24), and capital expenditure by £1.9m (from £9.0m in FY23 to £10.9m in FY24). This has been primarily driven by the continued spend to modernise our technology infrastructure, alongside the impact of inflationary increases. These key initiatives have progressed as expected over the year, ensuring that we continue to deliver a resilient and effective service to our customers.

The Enterprise Platform Renewal cumulative spend to date is £24.9m (£17.5m capex and £7.4m opex). We expect the modernisation project to complete in FY26. However, we will continue to invest on an ongoing basis, albeit at lower levels, to ensure we maintain the quality and relevance of our platforms.

Informed by a recent consultation, we will modernise the technical systems and processes our registrars and registrants use to register and manage .UK domain names. This will improve the customer experience, increase security, and deliver efficiencies.

Nominet made a commitment in 2021 to reduce reserves by c.£50m, linked to a wider c.£65m commitment to support causes that contribute to the positive societal impact that Nominet is proud to make. To date, we have distributed £30.3 million with a further £18.6 million committed in future years, with four flagship projects underway. We are developing a plan to identify the key areas, communities and opportunities where our support would make a big difference moving forward.

We are proud of the positive role we play in the digital economy and continue to make changes that will ensure we can provide a safe, secure and efficient registry into the future.

It is important to our future to ensure the long-term financial stability of the business. We will achieve this by understanding and responding to market development, operating effectively, investing in our registry to ensure it remains one of the best in the world, finding opportunities for growth that build on our expertise, and ensuring we support the causes that are important to us and our sector.

Finally, we'd like to thank our members for their continuing support, and our people for their professionalism and efforts over the past year.

Andrew Green, CBE
Chair
17 July 2024

Paul Fletcher
CEO
17 July 2024

Strategic report

Introduction

The principal activity of the Company and Group is the provision of DNS services for internet domains, primarily within the .UK namespace. The principal activities of the subsidiaries are described in note 11. A description of the Group's strategy and business model is set out in the Chair and CEO's statement.

The Company and Group financial statements have been prepared in accordance with UK-adopted international accounting standards.

Business review and key financial indicators

The trading results for the year and the Group and Company's financial position as at 31 March 2024 are shown in the financial statements (from page 36). Key financial and non-financial indicators are shown below.

Revenue

Group revenue increased in the year by £2.3m (4.2%) to £56.4m driven by a £2.7m increase in Cyber revenue offset by a £0.4m reduction in Registry revenue. The .UK register at 31 March 2024 closed at 10.7 million DUM (31 March 2023 – 11.0 million) with .UK market share at 53.4% of the domain market share (31 March 2023 – 54%).

Operating charges (excluding Social Impact)

Other operating costs (which are all costs excluding social impact) are £54.4m (FY23: £46.0m), an increase of £8.4m. The major movements are as follows: Technical systems and infrastructure overheads in the year increased by £3.0m to support the technology modernisation; an uplift in staffing to support infrastructure modernisation and inflationary increases to staff costs (£2.8m); £1.2m of accelerated amortisation and impairment of PDNS related intangible assets in FY24 following the loss of the contract to deliver PDNS services to the NCSC and the planned retirement of some of the other Cyber assets that are being replaced with new technology; and FY23 benefited from a £1.4m exchange gain that did not occur in FY24.

The overall operating profit for Nominet's trading activities (excluding social impact spend) decreased to £1.9m (FY23: £8.1m), primarily as a result of the increase in operating costs noted above.

The overall operating loss of £8.0m (FY23: £3.8m) reflects the significant social impact spend of £9.9m (FY23: £11.9m) combined with the increase in operating costs.

Business unit performance

Segmental business unit reporting is shown in note 2 (page 46).

Cyber Business revenue increased by 21% to £15.3m (FY23: £12.6m) due to an increase in the contractual revenue profile of our PDNS services for governments in the UK and Australia, and new revenue from the delivery of DNS services to the NHS.

The Cyber Business loss reduced by £1.6m compared to the previous year to £0.8m (FY23: £2.4m).

Registry revenue was £41.1m (FY23: £41.6m), with the decrease due to a small reduction in domain registrations and renewals.

The Registry surplus for the year was £9.8m (FY23: £14.8m). Staff costs were impacted by inflation, and IT costs increased significantly due to the impact of the investment in our technology infrastructure.

Investments

Investments are included in the consolidated statement of financial position at their fair value. With income, realised gains, withdrawals and market movements, the fair value of the investment portfolio decreased during the year and closed at £91.0m (FY23: £96.3m), with the reduction due to £16.2m of withdrawals from the portfolio (FY23: £11.8m), offset by an overall return of £10.8m (FY23: negative return £6.7m) as global markets reacted favourably to changes in interest rate expectations. In percentage terms, on an absolute basis, the portfolio returned 12.7% in the year to 31 March 2024 and 14.4% in the three years to 31 March 2024.

During the period we realised £4.0m of net gains on the disposal of investments within the portfolio (FY23: £7.5m) and investment income from the portfolio during the year was £2.2m (FY23: £2.1m).

Full details of the movement in investments for the year are shown in note 12 (page 56).

Intangible Assets

The statement of profit or loss includes £1.2m of accelerated amortisation and impairment of PDNS related intangible assets in FY24 following the loss of the contract to deliver PDNS services to the NCSC and the planned retirement of some of the other Cyber assets that are being replaced with new technology.

Balance sheet and cash flow

Retained earnings for the Group decreased by £2.0m during the year to £88.5m (FY23: £90.5m). Cash used in operations before tax payments was £3.4m (FY23: £5.3m).

The other key cash movements included capital expenditure and other development costs totalling £11.2m (FY23: £9.2m). Cash balances held at the period end increased by £2.1m to £2.9m (FY23: £3.3m decrease). The increase was planned to meet some large scheduled payments in April 2024.

Social Impact

We have continued with our commitment to social impact in the year, with a total spend of £9.9m (FY23: £11.9m).

SPEND IN FY24

Total Spend in FY24 (£k):	9,943
Total of Programme Spend in FY24* (£k):	9,378
Operating costs (£k):	565
Operating cost/Total spend ratio	5.7%

Note: In addition to the £9,378k of direct programme spend, the £3.97m put into our Charities Aid Foundation (CAF) account in FY23 was distributed to two organisations (Micro:bit and Good Things Foundation) in FY24. These payments are included in the grants to these organisations in the 'Our biggest grants in FY24' table on the following page.

SPEND OVER TIME

In 2021 we committed to spending *up to* £65m (funded from reserves or annual surplus) on activities that benefit the wider public. To date, this has focused on initiatives delivering social impact.

£k	FY21	FY22	FY23	FY24
In-year	3,710	4,758	11,906	9,943
Cumulative		8,468	20,374	30,317

There is a further £18.6 million committed in future years.

OUR BIGGEST GRANTS IN FY24

We supported 16 organisations during the year. The table below outlines grants over £250k:

Partner/programme	Amount (£k)
Micro:bit Educational Foundation	**5,108**
Institute of Coding	**2,750**
UK Safer Internet Centre (UKSIC)	**1,599**
Good Things Foundation	**1,500**
The Lucy Faithfull Foundation	**300**
Internet Watch Foundation	**250**

A further £390k was put into our CAF account in FY24. This is included in the total programme spend for FY24 shown above.

Outlook and future developments

- **Round 2 GTLDS:**

In 2026, for the first time in ten years, organisations will be able to apply to secure their own top-level domain. The process, run by ICANN, will open in Q2 2026, creating opportunities for suppliers of registry services. The market for these services will be highly competitive, and Nominet has strategic partnerships in place to encourage adoption of the company as the registry operator of choice. Our experience running .UK, one of the largest country codes, as registry services provider for a number of global brands, and our selection as EBERO provider means we have a strong track record to build on.

- **The Domain market:**

In a maturing market, the challenge is to ensure high renewal rates of .UK are maintained, while attracting sufficient new registrations to deliver growth. In common with European country code registries, the proportion of domains names actively used for developed websites is c.40%. We will be exploring potential to encourage greater usage in future.

We continue to monitor proposed regulation that may affect our operations. The NIS2 directive mandates verification procedures for registries operating in the EU and sets out requirements for publication of non-personal data, and cybersecurity. Post Brexit, the impact on the industry, Nominet members and Nominet itself is as yet unclear.

- **DNS services**

Nominet continues to offer DNS services, such as the Public Services Network (PSN), and is well placed to bid for future opportunities in this area. The market for government Protective DNS services is increasingly competitive, with potential customers focused on the most cost-effective solutions.

- **Registry Modernisation**

Nominet consulted on proposals to make significant changes to the .UK registry platform over the next two years. The proposals aim to modernise systems and processes, standardise some of the registry systems with IETF defined standards where appropriate and retire some legacy interfaces. Proposals are being refined to reflect consultation feedback, and a comprehensive programme to engage with registrars on plans and rollout will follow from Autumn 2024.

Principal risks and uncertainties

The primary risk areas for Nominet are identified below together with a description of the steps we are taking to manage those risks.

Description of risk	What we are doing to manage the risk
Critical infrastructure disruption Critical to our business and customers is the core infrastructure and technology through which our services are provided Complexity of infrastructure, obsolescence/lifecycle management, transitioning to new infrastructure, our international footprint, and the increasing threat of disruption by threat actors keep this a significant risk	• Investment in the resilience of our critical DNS and registry infrastructure with strengthened disaster recovery capabilities • Robust ISO22301 certified business continuity plans in place which are tested and reviewed on a regular basis • Strong and effective IT & Security policies and operational controls that are certified to the ISO20000 and ISO27001 standards • Adoption of secure coding principles and best practices • Active within industry and community groups to share and receive alerts, information and best practice
Critical supplier failure or supply-chain vulnerabilities and disruptions Significant dependencies on cloud services, deploy-as-a-service solutions, in-country delivery partners and third-party suppliers	• ISO22301 certified Business Continuity Management System and Business Continuity Plans • Resilience, redundancy and continuity measures built into critical services • Strengthened supply-chain risk management, with careful purchasing planning to minimise delivery delays • Critical supplier selection and due diligence controls • Critical supplier management; reviews and service level monitoring

Description of risk	What we are doing to manage the risk
Cyber security As an Operator of Essential Services providing critical DNS and registry services we are an attractive target; significant threat from hostile states as a result of ongoing geopolitical tensions around the world	• Adopted the three principles of Assume Breach, Cyber Resilience and Informed Risk Based Decisions • Delivery of key security improvements to strengthen our defences • Continued investment in high quality infrastructure • Regular penetration, vulnerability, and intrusion testing • Effective internal and external security control monitoring • Participation in closed security-focused knowledge and intelligence sharing groups • Rapid controlled response to any identified security threats and vulnerabilities
Economic With global economies including the UK seeing slow growth and instability, Nominet continues to see its costs increase. The market we operate in remains challenging with strong competition	• Developing our products to remain competitive • Focus on cost control and efficiencies • Pipeline of new client opportunities
Environment Nominet is committed to achieving Net Zero emissions by 2050, however there is a risk that we fail to achieve these targets due to the challenge of reducing our emissions whilst we grow and transform our critical technical infrastructure Failure to achieve our Net Zero targets would harm our ability to contribute to the global aim of achieving climate stability and would likely lead to financial penalties in future as well as reputational harm	• We are committed to reducing our emissions and carbon footprint, and have a carbon reduction plan in place • We have modernised our onsite backup power generation and Uninterruptible Power Supply (UPS) setup to be more efficient and lower our carbon footprint • We continue to invest in sustainable woodland creation in the UK to offset our carbon emissions • We are committed to offsetting our Scope 1 and Scope 2 measured emissions
Governance The effectiveness of Nominet's governance structure is essential to ensure operational and organisational stability Governance of the wider technology industry remains a priority for the UK Government	• Through an active stakeholder engagement programme, we continue to seek input and feedback on policy and governance matters from across our stakeholder groups • Maintaining strong relationships with key Government stakeholders • Demonstrating commitment to and effectiveness of the multi-stakeholder and self-regulation models for internet governance

Description of risk	What we are doing to manage the risk
People and resources Economic volatility and supply chain disruption has continued throughout the year resulting in extended lead times for components Recruitment for specialist roles remains highly competitive	• Resource planning, forecasting and management • Succession planning and training; cascading knowledge from subject matter experts to rest of team • Critical skills analysis and planning • Competitive Employee Value Proposition to attract and retain top talent • Hybrid working implemented • Critical supplier due diligence • Advance ordering of new equipment to ensure on-time delivery • Third party risk management
Reputation and brand Significant reputational damage that harms our brand or reputation and leads to a loss of confidence amongst our members, customers and broader stakeholders	• Ensuring the high quality and availability of our services • Business continuity and service resilience plans and processes • Improving our competitiveness and agility • Balancing the needs of our broad and diverse range of stakeholders • Key stakeholder engagement and outreach • Demonstrating our ongoing multi-stakeholder policy work • Developing products and services to enhance trust and confidence in the internet • Ongoing commitment to delivering public benefit through our work

Section 172 statement

Section 172 of the Companies Act requires all directors to have regard to the impact on its stakeholders. In line with good governance practice, Nominet has reviewed its stakeholders and clarified how we work with each group.

The directors consider the following to represent the company stakeholders: the members, employees, the UK government (including but not limited to law enforcement and national security agencies), customers and business partners, UK internet users (both commercial organisations and the general public), charity partners, and wider civil society.

The table below sets out how Nominet works with each of these groups of stakeholders.

Stakeholder	How we engage
Members	Nominet is committed to engaging openly and acting in a fair manner, having regard for the views of all its members. Nominet has an extensive programme of member engagement including a virtual event programme; Member Hub; operational updates; Nominet Community; .UK Registry Advisory Council; Member GiveHub; General Meetings and consultations on .UK policy. Board members and executives have held frequent open calls for members, covering a wide range of topics and listening to member views.
Employees	Engagement surveys; weekly CEO communications; performance management framework and process; shared intranet and social forums; ad hoc interactions on key issues.
UK government including law enforcement and national security agencies	Regular engagement by public policy team, with departments, regulators and parliamentarians on relevant public policy and .UK domain policy issues. We respond to initiatives and consultations and advocate policies that help create an online world which is more connected, inclusive and secure. Regular updates are provided to DSIT as the sponsoring department; and we interact with Ofcom as regulator. Input from both DSIT, Ofcom and NCSC are carefully considered in shaping service offerings. Nominet works closely with a range of law enforcement and national security agencies to ensure that the .UK domain is secure and that national policies are correctly implemented for .UK.
Customers, suppliers, business partners	Customer priorities are carefully considered and reflected in our investment in customer services, infrastructure and engagement programmes. Nominet closely interacts with its customers through regular dialogue. Formal performance review meetings are held at regular checkpoints with government customers in the UK and internationally. Many customers are also members and have additional opportunities to engage (see above). The UKRAC provides a channel through which registrar users of Nominet's services can provide input to policies and working practices for the .UK domain. Nominet engages with and carries out due diligence on suppliers to ensure they comply with relevant law, policy standards and can meet our business requirements. Formal review meetings are held to review performance and ensure strategic alignment with our key strategic suppliers. Nominet works with industry partners through attendance at conferences and liaison events.
UK internet users (commercial and members of the public)	Reflecting the critical nature of Nominet's services to the public, we focus on stability and trustworthiness, achieving 100% DNS uptime and delivering a safe, secure namespace. We work closely with our registrars and law enforcement to take action to prevent .UK domain names being used for criminal activities.
Charity and social impact partners	Throughout FY24, Nominet had a Board committee focused on its philanthropic activities. From FY25, the full board will oversee the work formerly done by the committee – strengthening the scrutiny of strategic choices and value delivered through our partnerships. There are formal and informal engagement activities in place for each of our charity and social impact partners. These provide strategic alignment, clear goals for partnerships, and measurement of delivered results. Nominet conducts periodic formal reviews of the value created by its social impact programmes, using independent external support.
Wider civil society	Nominet is committed to reducing the impact of its activities on the environment and engaging in a positive way with the broader community. We continue to invest in the safety and security of the .UK namespace as well as proactively seeking to support the digital economy, contribute to the internet community and deliver programmes that tackle important social challenges through our philanthropic programmes. This year's progress on environmental matters is set out in the Sustainability section on page 19. Progress on wider impact is set out in the social impact section on page 7.

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

Andrew Green CBE
Chair
17 July 2024

 Company No. 03203859

Company No. 03203859

Report of the Directors

Directors

The Directors who served the Company during the year were as follows:

Carolyn Bedford
Simon Blackler
Philip Buckingham (resigned 4 July 2023)
Paul Fletcher
Andrew Green CBE
Ashley La Bolle
Eva Lindqvist
Kieren McCarthy
Sally Tilleray
Patsy Wilkinson
Steven Wright (appointed 17 October 2023)

Board and committee attendance

Director	Board	Audit & Risk Committee	Investment Committee	Nominations Committee	Public Benefit Committee	Remuneration Committee
Carolyn Bedford	9/9	4/4	2/2		1/1	
Simon Blackler	9/9			1/2	3/3	
Philip Buckingham	1/2					
Paul Fletcher	8/9	4/4		2/2	3/3	4/4
Andrew Green	9/9	3/4	1/2	2/2	3/3	4/4
Ashley La Bolle	8/9	4/4				2/4
Eva Lindqvist	8/9	3/4	2/2			4/4
Kieren McCarthy	9/9			2/2	3/3	
Sally Tilleray	8/9	4/4	2/2		3/3	
Patsy Wilkinson	8/9	4/4		2/2		4/4
Steven Wright	3/3					

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with UK-adopted international accounting standards.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group 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 accounting estimates that are reasonable and prudent
- state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and to
- 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 Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Group and Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Group and Company's auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' and officers' liability insurance and indemnity

During the year, the Group and Company maintained liability insurance for its directors and officers. The provision, which is a qualifying third-party indemnity provision as defined by Section 233 of the Companies Act 2006, was in force throughout the year and remained in force at the date of signature of the accounts.

Employees

We are committed to encouraging equality, equity, diversity and inclusion in the workplace, and support this through progressive, inclusive policies and practices.

We aim to maintain a welcoming and inclusive culture, reinforced at each touch point of the employee experience. Communicating who we are, what we do, how we work and what life is like inside Nominet is a key part of our approach to recruitment and onboarding.

If an employee becomes disabled, every effort is made to provide continuity of employment in the same role or a suitable alternative. The same principles are applied when an employee is affected by long term illness, where we provide support to help their return to work.

Wellbeing is a key priority, and we have a comprehensive wellbeing strategy that includes body, mind, spirit, and financial aspects.

We continue to focus on flexibility through our hybrid working offer, the introduction of regional hub spaces where needed, and the development of new flexible options to improve our ability to attract and retain a diverse team.

Gender pay gap

The gender pay gap report can be found on the Company website.

Independent auditors

A resolution to reappoint Haysmacintyre LLP as the Company's auditors and to authorise the Board to determine the auditor's remuneration will be proposed at the 2024 Annual General Meeting.

Financial instrument risks

The Group uses various financial instruments. These include cash and equity investments. The main purpose of these financial instruments is to manage the finances for the Group's operations, ensuring capital protection, long-term capital growth and income. The existence of these financial instruments exposes the Group to a number of financial risks, although as a result of cash balances available to the Group, these risks are minimal. Further details of the risks related to financial instruments and the Group's policies and procedures for managing these are given in note 23 (page 64) to the financial statements.

Post balance sheet events

Subsequent to 31 March 2024, a revised operating model was implemented through a major restructure. This restructure resulted in 40 redundancies and 19 redeployments. The total expected costs associated with the restructure are £1.3m (of which £1.2m is after the balance sheet date and will be included in the accounts for the year ending 31 March 2025).

Research & Development

The Group performs research and development activities related to the PDNS product and within the registry. The Group expenses research activities to the statement of comprehensive income and capitalises development activities where the cost meets the relevant criteria.

Corporate governance arrangements

Nominet UK is a private company limited by guarantee. It is not required to adhere to any corporate governance codes but chooses to adopt some elements of Wates Principles as appropriate.

The Board is responsible for setting the Group's vision and strategic aims, ensuring that the necessary resources are in place and holding the Executive to account for delivering the strategic objectives. In line with the provisions for structuring decisions contained in the UK Corporate Governance Code, there are several committees that focus on specific areas and regularly report into the main Board.

Directors are required to avoid conflicts of interest and must adhere to Nominet's Policy. Nominet's Board maintains a Register of Interests for directors which is reviewed annually by the auditors during their audit of the Group's financial statements. In the event that a director has a potential conflict, then they will be excluded from the relevant business and will not receive associated papers and minutes.

During the year to 31 March 2024, the Board comprised up to eight Non-Executive Directors, including the Chair, and up to two Executive Directors. (Please refer to page 14 for details of Board and Committee attendance during the year).

At the October 2023 AGM, the members elected Steven Wright to replace Philip Buckingham as elected NED. The proportion of women on the Board during the period was 50%.

From FY25 Nominet has three Board committees that meet on a regular cycle: Audit & Risk, Nominations, and Remuneration. In addition, there is a Code of Conduct Committee which meets as and when required. (In FY24 there were two additional committees: The Public Benefit Committee - elevated to the main Board and the Investment Committee, which has been incorporated into the Audit & Risk Committee.)

The Committee Terms of Reference can be found on the Company website.

Board Report on remuneration

The Committee remains sensitive to the issues affecting Executive remuneration and the views expressed by members and therefore continues to recognise that remuneration plays an important issue for a public benefit company and membership organisation operating in the technology industry across all related decision making.

FY24 has been another year of good performance across H1 and H2 balanced between delivering against the annual calendar of work alongside the need to respond appropriately to significant business changes and the impact on our headcount.

The matters addressed by the Committee during the financial year ended 31 March 2024 are described below:

Executive Director and Senior Management	• Reviewed and approved salary proposals for Executive Directors and Executive Leadership team for FY24 pay review • Calibrated and approved FY24 performance outcomes and related Bonus scheme payments for Executive Directors and Executive leadership team • Considered and reviewed external market insight when undertaking annual review of the Board fees during FY24 • Setting of business objectives, KPIs for delivery during FY25 • Considered and approved personal objectives for FY25
Employee Remuneration	• Approved all team member awards under the Company Bonus scheme for FY24 • Approved a deferred and reduced pay budget in light of the headcount reductions and organisation changes for FY25
Governance Risk and other matters	• Approved FY24 Remuneration report • Reviewed Gender Pay Gap issues and report • Updated and reviewed FY25 Remuneration calendar of work • Reviewed a benchmark of the flexible benefits offer and overall employee value proposition to ensure it was appropriately aligned to the market • Changed our brokering partnership to Aon to align with our overall approach to Compensation and Benefits • Considered feedback from colleague engagement survey • Reviewed approach to Employee and Leadership Development

The Committee continues to provide rigour and challenge to ensure appropriate governance and rigour across the application of our remuneration policy and practice, providing confidence and transparency in our approach.

FY24 Remuneration outcomes

The Remuneration Policy is available on the homepage of our website.

As outlined in the Chair and CEO Statement, Nominet has continued to deliver effectively against expectations and respond appropriately to a changing environment.

The company performance assessment for FY24 continued to be based on a broader balanced scorecard set of measures. As a result of the company performance assessment, the Remuneration Committee has been prudent in its final decisions on determining the overall company performance levels and subsequent Executive Director final bonus payment levels. Despite the business challenges and need for the organisation to quickly respond and engage in consultation on the changes required to transform the structure during the second half of the year, the Committee confirmed that overall company performance had achieved 72.5% of the expected KPI levels and the company performance element of the bonus was therefore aligned to this assessment.

PERSONAL PERFORMANCE

Performance levels were assessed for each Executive Director and relevant bonus percentage levels were aligned with their individual performance assessment rating.

CEO

The personal performance objectives for CEO (Paul Fletcher) in FY24 included providing effective strategic leadership, supporting the improvement of our governance, continuing to build confidence across the organisation and with the membership, improving the delivery of technological change and operational control and creating a great place to work. This work has been achieved at the same time as leading significant change in the organisation design.

The Committee concluded that due to his personal contribution to responding to and leading the organisation through a period of significant change and transformation, the CEO's performance was above expectations.

The annual bonus award for the CEO was based on a set of Company Objectives (70%) and Personal Objectives (30%) and resulted in a total payout for the period of 59.1% (out of a possible maximum opportunity of 75%) which equates to a payment of £180,000.

The CEO has a fixed base pay of £304,500 per annum. The CEO was awarded a salary increase of 5% during the period.

CFO

The personal performance objectives for the CFO (Carolyn Bedford) in FY24 focused on ensuring financial stability across the business whilst updating and improving capability, systems, process and practices that will ensure we are able to run an efficient and effective organisation.

The annual bonus award for the CFO was based on a set of Company Objectives (70%) and Personal Objectives (30%) and resulted in a total payout for the period of 49.8% (out of a possible maximum opportunity of 60%) which equates to a payment of £94,557.

The CFO has a fixed base pay of £190,000 per annum. The CFO did not have any salary review during the period.

BOARD FEES

Board fees are shown in Note 8 on page 52.

FY24 sustainability overview

METHODOLOGY

Nominet's carbon emissions data is gathered in accordance with GHG protocols and independently verified against ISO 14064–3. Our Carbon Reduction Plan is completed in accordance with PPN 06/21.

FY24 sustainability overview continued

OVERALL PICTURE

Nominet is committed to achieving net-zero emissions by 2050. In January 2023, the SBTi approved Nominet's near-term science-based emissions reduction target:

"Nominet UK commits to reduce scope 1 and scope 2 GHG emissions 42% by 2030 from a 2020 base year, and to measure and reduce its scope 3 emissions."

Nominet commits to offsetting its scope 1 & 2 market-based measured footprint through verified carbon standard initiatives.

ENERGY EFFICIENCY ACTION TAKEN

In FY23 we replaced our server room air conditioning and uninterruptible power supply (UPS) with more energy efficient units. The subsequent energy savings have contributed to the reduction of our location-based electricity emissions by 19.83%, or 23.21 tCO2e. During this time the number of employees using EVs and charging at the building on renewable energy has increased, and now accounts for over 5% of electricity.

We have a long-term commitment to hybrid working, which reduces building energy use and commuting emissions. Through the management of plant running times, during FY24 we have reduced the emissions associated with gas by 13.01%, or 3.75 tCO2e.

A project was undertaken to transform the fuel supply for a back-up generator from diesel to Hydrotreated Vegetable Oil (HVO). Diesel emissions were higher in FY24 as part of this transformation. Future emissions associated from the back-up generator will now be up to 90% lower compared to diesel use.

GREENHOUSE GAS EMISSIONS (GHG)

GHG Scope	Category	FY24 Emissions (tCO2e)	FY23 Emissions (tCO2e)
Scope 1	Natural gas	25.07	28.82
	Generator fuel	7.56	0.77
	Fugitives	0.00	42.58
Scope 2	Electricity (market-based)	0.00	0.00
	Electricity (location-based)	93.85	117.06
Scope 3	03. Fuel and energy related activities – fuel	6.17	5.00
	03. Fuel and energy related activities- electricity	24.16	40.18
	04. Post and couriers	33.11	11.61
	05. Waste	2.26	2.05
	06. Business travel	507.05	336.45
	07. Employee commuting	91.08	58.58
	07. Employee working from home	125.77	135.66
	08. Data centres	72.91	67.65
	08. Leased office	0.58	N/A
	09. DNS queries	85.51	100.41
	Total Market-Based GHG Emissions (tCO2e)	**981.22**	**829.74**
	Total Location-Based GHG Emissions (tCO2e)	**1,075.08**	**946.80**

ENERGY USE DATA

GHG Scope	Category	Unit	FY24 Energy Use	FY23 Energy Use
Scope 1	Natural gas	kWh	137,054.00	160,093.00
	Diesel	Litres	3,000.00	300.00
	Fugitives	KG	0.00	24.00
Scope 2	Electricity	kWh	453,222.50	605,330.60

INTENSITY METRIC

tCO2e per £1m revenue, for scope 1 & 2 only

	Unit	FY24	FY23
Market-Based	tCO2e/£m	0.6	1.3
Location-Based	tCO2e/£m	2.5	3.5

tCO2e/£51.17m

Going concern

The Directors continue to adopt the going concern basis of presentation for the Group and Company's financial statements. The Directors have reached this opinion after reviewing the Group and Company's annual budget, cash balances and assets held within the investment portfolio. (See Principal Accounting Policies, Going Concern).

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

Andrew Green CBE
Chair
17 July 2024

Independent auditor's report to the members of Nominet UK

Opinion

We have audited the financial statements of Nominet UK (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2024, which comprise the consolidated Statement of Profit or Loss, the consolidated Statement of Comprehensive Income, the consolidated and company Statement of Financial Position, the consolidated and company Cash Flow Statements, the consolidated and company Statement of Changes in Equity and notes to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards (UK-IAS).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2024 and of the company's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards; and
- the financial statements 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 group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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 director's 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 entity's ability to continue to adopt the going concern basis of accounting included review of management's forecasts of future performance and ability to meet its liabilities as they fall due.

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 Nominet UK's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report 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 report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Based on our understanding of the group and parent company and the industry, we identified that the principal risks of non-compliance with laws and regulations related to reporting frameworks (IFRS and the Companies Act 2006 and relevant tax compliance regulations in the UK). We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, income tax, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing accounting journal entries, in particular those journal entries which exhibited the characteristics we had identified as possible indicators of irregularities; and
- Challenging assumptions and judgements made by management, particularly in relation to the recognition of contract revenue, the value of intangible assets and the recoverability of debtors.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the 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.

Thomas Wilson (Senior Statutory Auditor)
For and on behalf of Haysmcintyre LLP, Statutory Auditors
18 July 2024

10 Queen Street Place
London
EC4R 1AG

Principal accounting policies

The Group has adopted the accounting policies set out below in the preparation of these financial statements. All of these policies have been applied consistently throughout the period unless otherwise stated.

Basis of accounting

The financial statements of the Group and parent Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the UK and those parts of the Companies Act 2006 that are relevant to companies that report in accordance with IFRS. The Group and parent Company financial statements are presented in UK Pound Sterling.

Nominet UK is a company limited by guarantee and is incorporated in England & Wales. The address of its registered office is given earlier in this document.

Basis of consolidation

The financial statements consolidate the accounts of Nominet UK and all its subsidiary undertakings ("Subsidiaries"). These are adjusted, where appropriate, to conform to Group accounting policies. All transactions and balances between group companies are eliminated on consolidation.

A separate profit and loss account for the parent Company is omitted from the Group financial statements by virtue of section 408 of the Companies Act 2006.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets transferred and liabilities incurred at the date of exchange. Where there is deferred consideration payable in cash, the amount is discounted to its present value. The fair value of deferred cash consideration is included within the Group's financial statements as a liability. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of the acquisition over the fair value of the Group's share of identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income. Acquisition related costs are expensed as incurred.

Going concern

After reviewing the Group and Company forecasts, the Directors have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future, being a period of not less than 12 months from the date of approval of these financial statements.

This assessment is further supported by the strong balance sheet of the Group and Company, the availability of liquid assets held within the investment portfolio, the significant level of recurring income from both .UK domains and other services and the stability of the Group's cost base, which has been subject to inflationary assumptions in line with current and expected levels of inflation over the forecast period. As a result, the Group and Company continues to adopt the going concern basis in preparing its financial statements.

Adoption of new and revised International Financial Reporting Standards ('IFRSs')

There were no new standards or amendments or interpretations to existing standards that became effective during the year that were material to the Group.

No new standards, amendments or interpretations to existing standards having an impact on the financial statements that have been published and that are mandatory for the Group's accounting periods beginning on or before 1 April 2024, or later periods, have been adopted early.

Revenue recognition

Revenue represents fees for .UK domain name registration and renewal, and other registry and cyber security services, excluding value added tax.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as deferred income in the statement of financial position (note 18). Similarly, if the Group satisfies performance obligations before it receives the consideration, the Group recognises either a contract asset or receivable in its statement of financial position. The Group takes advantage of the practical expedients afforded by IFRS 15, where appropriate, with regard to timing of payments and incremental costs incurred in obtaining contracts as their effects are not material.

.UK DOMAIN REGISTRATIONS AND RENEWALS

The Group provides .UK domains to customers via domain registrars, who are entities authorised by Nominet to register and manage .UK domains on behalf of customers. Although several services are required to register or renew a domain and provide ongoing Domain Name System (DNS) services to that domain over its registration/renewal period, the Group has assessed that these services are inseparable, and therefore constitute a single performance obligation. This performance obligation is transferred to the customer over time. The revenue for .UK domain registrations and renewals is therefore recognised on a straight-line basis over the domain registration or renewal period. Registration and renewal fees are charged in advance, and revenue relating to future accounting periods is reported in the balance sheet as deferred revenue.

The cost of registering or renewing a domain is non-refundable and no obligations therefore exist for returns or refunds.

The wholesale transaction price for a .UK domain registration or renewal has been set at £3.90 per year since January 2020. The price is determined with regard to the costs of running the registry services and the need to invest in the resilience and reliability of Nominet's systems.

PDNS

The Group provides PDNS services to national governments. Performance obligations are assessed for each individual contract. If services are distinct, a separate performance obligation is assessed for each service. Depending on their nature, performance obligations may either be transferred to a customer over time, or at a point in time on a milestone basis. Revenue for PDNS is therefore recognised on either a straight-line basis or at a point in time based on attaining specified contract milestones.

There is no right to return or provision for refunds in relation to PDNS contracts, and no obligations therefore exist for returns or refunds.

The transaction price for PDNS services is determined with reference to the expected costs of delivering the service.

Operating expenses

Operating expenses are recognised in the statement of profit or loss upon utilisation of the service or as incurred.

Donations

Donations are recognised in the statement of profit or loss once they have been reviewed and approved by the relevant internal process and paid to the receiving party.

Social impact initiatives

Payments are recognised in the statement of profit or loss on an accruals basis in line with commitments agreed by the Board.

Employee benefits

The Group has defined contribution plans under which fixed amounts are paid to employees' personal pension schemes. The employer's contributions are charged in the statement of profit or loss on an accruals basis.

Accrual is made for holiday pay, based on a calculation of the number of days holiday earned during the year, but not yet taken.

Property, plant and equipment (PPE)

PPE are stated at cost less accumulated depreciation and impairment losses. Depreciation is provided at rates calculated to write off the cost of property, plant and equipment, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold buildings	–	2% per annum – straight line
Computer equipment and software	–	20%-33% per annum – straight line
Fixtures, fittings and other equipment	–	20% per annum – straight line
Fit out costs	–	10% per annum – straight line
Right-of-use assets	–	Earlier of the useful life and lease term – straight line

Depreciation is charged to operating charges in the consolidated statement of profit or loss.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in operating charges in the statement of comprehensive income.

Intangible assets

GOODWILL

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the excess is recognised immediately in the statement of profit or loss as a bargain purchase gain. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Any impairment is charged to the statement of profit or loss and is not reversed.

OTHER INTANGIBLE ASSETS

Other intangible assets are carried at cost less accumulated amortisation and impairment losses.

An intangible asset acquired as part of a business combination is recognised outside of goodwill if the asset can be separately identified or arises from contractual or other legal rights and its fair value can be measured reliably.

Development expenditure is recognised as an intangible asset only where the Group can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits. Among other things, the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The types of cost capitalised include employee and subcontractor costs directly associated with the development activity.

The amount initially recognised for internally generated assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated asset can be recognised, development expenditure is recognised in the statement of profit or loss in the period in which it is incurred.

Other intangible assets are tested annually for impairment and carried at cost less accumulated amortisation and impairment losses. Any impairment is charged to operating charges in the statement of profit or loss.

Amortisation is charged to operating charges in the consolidated statement of profit or loss. Intangible assets with a finite life are amortised on a straight-line basis over their expected useful lives, as follows:

Generic top-level domain (gTLD) development costs	–	10 years
Other development costs	–	3–5 years

IMPAIRMENT TESTING OF GOODWILL AND OTHER INTANGIBLE 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 the business combination in which the goodwill arose and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are 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 discount rate to calculate the present value of those cash flows.

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 assets or cash-generating unit's recoverable amount exceeds its carrying amount.

Advance land lease payment

Advance land lease payments, representing payments to secure long leasehold land, are reflected in the financial statements as non-current assets.

Financial instruments

RECOGNITION AND DERECOGNITION

Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

CLASSIFICATION AND INITIAL MEASUREMENT OF FINANCIAL ASSETS

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

CLASSIFICATION AND INITIAL MEASUREMENT OF FINANCIAL ASSETS

Financial assets are classified into the following categories:

- Amortised cost;
- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVTOCI).

The classification is determined by both:

- The Group's business model for managing the financial asset;
- The contractual cash flow characteristics of the financial asset.

At initial recognition, investments are irrevocably designated FVTOCI on the basis that they are not held for trading or as contingent consideration in a business combination.

Trade and other receivables are initially recognised at amortised cost.

SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS

Investments are included in the balance sheet at their fair value at each balance sheet date. Any changes in fair value arising during the period are recognised in the consolidated statement of comprehensive income (within other comprehensive income) net of the associated deferred tax liability/asset and are never recycled to profit or loss, even if the investment is sold, impaired or otherwise derecognised.

When investments are disposed of, the cumulative gain or loss recognised in other comprehensive income is reclassified from the investments held at fair value reserve to retained earnings.

Dividends receivables are recognised in the statement of profit or loss within income from investments held FVTOCI.

After initial recognition, trade and other receivables are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. The Group uses its historical experience to calculate the expected credit losses. Management have determined the fair value of any expected credit loss to be immaterial on this basis.

CLASSIFICATION AND SUBSEQUENT MEASUREMENT OF FINANCIAL LIABILITIES

The Group's financial liabilities include trade and other payables. Financial liabilities are recognised initially at FVTPL, and subsequently measured at amortised cost using the effective interest method.

Leases

For any new contracts entered into, the Group considers whether a contract is, or contains, a lease. A lease is defined as 'a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use

The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used.

MEASUREMENT AND RECOGNITION OF LEASES

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in the statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise office equipment.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or statement of profit or loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been disclosed separately.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and term deposits with an original maturity of no more than three months.

Provisions and contingent liabilities

Provisions for legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group, and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

Taxation

Taxation on the statement of profit or loss for the periods presented comprise current and deferred tax. Taxation is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the period, using tax rates and laws enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured and calculated applying the tax rates and laws of the relevant jurisdiction, that are enacted or substantively enacted at the balance sheet date and are expected to apply in the periods in which temporary differences reverse.

Deferred tax assets related to carry-forward losses are valued on a discounted basis to reflect the time period over which the losses are expected to be recovered.

Foreign currency translation

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates. For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in UK Pound Sterling which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Results of the overseas subsidiaries are translated into UK Pound Sterling at the weighted average rates for the accounting period, which is effected by translating each overseas subsidiary's monthly result at exchange rates applicable to each of the respective months. Assets and liabilities denominated in foreign currencies at the balance sheet date are translated into UK Pound Sterling at the foreign exchange rate ruling at that date. Differences on exchange resulting from the translation of overseas assets and liabilities are recognised in the consolidated statement of comprehensive income.

Profit or loss from discontinued operations

A discontinued operation is a component of the Group that has either been disposed of or is classified as held for sale. A discontinued operation represents a separate major line of the business. Profit or loss from discontinued operations comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognised on the measurement to fair value, including impairment charges.

Where necessary, these disclosures are re-presented for prior periods to allow the financial effects of the discontinued operations to be seen across reporting periods.

Significant accounting estimates and judgements

When applying the Group's accounting policies, management must make assumptions and estimates concerning the future that affect the carrying amounts of assets and liabilities at the balance sheet date and the amounts of revenue and expenses recognised during the accounting period. Assumptions and estimates are based upon factors including historical experience, the observance of trends in the industries in which the Group operates, and information available from the Group's customers and other outside sources.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Capitalisation of development expenditure. Management makes judgements as to whether development expenditure has met the criteria for capitalisation or whether it should be expensed in the year. Development expenditure is capitalised only after its reliable measurement, technical feasibility and commercial viability can be demonstrated. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired;
- Recognition of contract revenues – recognised amounts of contract revenues and related receivables reflect management's best estimate of each contract's outcome and stage of completion. This includes the assessment of the profitability of on-going contracts. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty.

Other estimates and assumptions include:

- Useful lives of depreciable assets (notes 9 and 10)
- Recoverability of deferred tax assets (note 13)

These areas of estimates and judgements are not considered significant on the basis that the judgement and estimation methods used have not materially affected the carrying value of assets and liabilities at the balance sheet date.

Consolidated statement of profit or loss

	Note	31 March 2024 £000	31 March 2023 £000
Revenue	1	**56,393**	54,124
Other operating charges	3	**(54,400)**	(46,003)
Social Impact Initiatives		**(9,943)**	(11,906)
		-----------	-----------
Total operating charges		**(64,343)**	(57,909)
Operating profit before Social Impact Initiatives		**1,993**	8,121
Operating loss		**(7,950)**	(3,785)
Income from investments held at fair value through OCI	12	**2,167**	2,084
Finance income	5	**39**	25
		-----------	-----------
Loss before taxation		**(5,744)**	(1,676)
Taxation	6	**(276)**	(544)
		-----------	-----------
Loss for the year from continuing operations		**(6,020)**	(2,220)
Loss for the year from discontinued operations	4	**-**	(1,698)
		-----------	-----------
Loss for the year		**(6,020)**	(3,918)
		=======	=======

The accompanying accounting policies and notes form part of these financial statements

Consolidated statement of comprehensive income

	Note	31 March 2024 £000	31 March 2023 £000
Loss for the year		**(6,020)**	(3,918)
Other comprehensive income (OCI):			
Items that will not be subsequently reclassified to profit or loss			
Gains/(losses) on investments held at fair value through OCI net of associated deferred tax		**8,204**	(4,835)
Items that will be subsequently reclassified to profit or loss			
Exchange differences on translating foreign operations		**(39)**	(1,474)
Exchange differences on translation of discontinued operation		**-**	(41)
		-----------	-----------
Total comprehensive loss for the year		**2,145**	(10,268)
		=======	=======

The accompanying accounting policies and notes form part of these financial statements

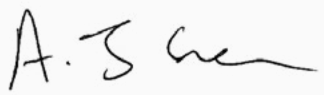
Consolidated statement of financial position

As at 31 March 2024		2024	2023
	Note	**£000**	£000
ASSETS			
Non-current assets			
Property, plant & equipment	9	**14,768**	15,246
Intangible assets	10	**16,247**	11,310
Advance land lease payment		**1,494**	1,507
Investments held at fair value through OCI	12	**90,995**	96,348
		-----------	-----------
		123,504	124,411
		-----------	-----------
Current assets			
Trade and other receivables	14	**19,383**	18,056
Current income tax asset	17	**575**	1,275
Contract asset		**103**	11
Cash and cash equivalents		**2,870**	767
		-----------	-----------
		22,931	20,109
		-----------	-----------
Total assets		**146,435**	144,520
		=======	=======
LIABILITIES			
Current liabilities			
Trade and other payables	15	**9,340**	9,200
Lease liabilities	16	**101**	104
Deferred income	18	**24,790**	25,999
		-----------	-----------
		34,231	35,303
		-----------	-----------

The accompanying accounting policies and notes form part of these financial statements

As at 31 March 2024		2024	2023
Non-current liabilities			
Deferred tax liability	13	**4,948**	4,345
Deferred income	18	**9,465**	9,226
		-----------	-----------
		14,413	13,571
		-----------	-----------
Total liabilities		**48,644**	48,874
		=======	=======
Net assets		**97,791**	95,646
		=======	=======
EQUITY AND RESERVES			
Retained earnings		**88,499**	90,522
Translation reserve		**(1,638)**	(1,599)
Investments held at fair value through OCI		**10,930**	6,723
		-----------	-----------
Total funds		**97,791**	95,646
		=======	=======

These financial statements were approved by the Directors and authorised for issue on 17 July 2024, and are signed on their behalf by:



Andrew Green CBE
Chair

Company Registration Number: 03203859

The accompanying accounting policies and notes form part of these financial statements

Company statement of financial position

As at 31 March 2024	Note	2024	2023
		£000	£000
ASSETS			
Non-current assets			
Property, plant & equipment	9	**14,768**	15,246
Intangible assets	10	**16,240**	11,304
Advance land lease payment		**1,494**	1,507
Investments held at fair value through OCI	12	**90,995**	96,348
		-----------	-----------
		123,497	124,405
		-----------	-----------
Current assets			
Trade and other receivables	14	**19,601**	18,081
Current income tax asset	17	**485**	1,314
Contract asset		**103**	12
Cash and cash equivalents		**2,457**	713
		-----------	-----------
		22,646	20,120
		-----------	-----------
Total assets		**146,143**	144,525
		=======	=======
LIABILITIES			
Current liabilities			
Trade and other payables	15	**9,396**	9,319
Lease liabilities	16	**101**	104
Deferred income	18	**24,775**	25,983
		-----------	-----------
		34,272	35,406
		-----------	-----------
Non-current liabilities			
Deferred tax liability	13	**4,886**	4,351
Deferred income	18	**9,463**	9,226
		-----------	-----------
		14,349	13,577
		-----------	-----------
Total liabilities		**48,621**	48,983
		=======	=======
Net assets		**97,522**	95,542
		=======	=======
EQUITY AND RESERVES			
Retained earnings		**86,592**	88,819
Investments held at fair value through OCI		**10,930**	6,723
		-----------	-----------
Total funds		**97,522**	95,542
		=======	=======

As permitted by section 408(3) of the Companies Act 2006, no profit or loss account of the Company is presented. The loss for the financial year dealt with in the financial statements of the Company is £6,224k (FY23: £10,727k).

These financial statements were approved by the Directors and authorised for issue on 17 July 2024, and are signed on their behalf by:

Andrew Green CBE
Chair

Company Registration Number: 03203859

The accompanying accounting policies and notes form part of these financial statements

The accompanying accounting policies and notes form part of these financial statements

Consolidated cash flow statement

	Note	31 March 2024 £000	31 March 2023 £000
Cash flows from operating activities			
Cash used in operations	20	**(3,447)**	(5,280)
Income taxes repaid/(paid)		**263**	(843)
		-----------	-----------
Net cash used in operating activities		**(3,184)**	(6,123)
		=======	=======
Cash flows from investing activities			
Income received from investments held at fair value through OCI	12	**2,167**	2,084
Interest received on cash balances	5	**39**	25
Purchase of property, plant and equipment	9	**(3,461)**	(2,587)
Purchase of intangible assets	10	**(7,739)**	(6,590)
Income re-invested in investments held at fair value through OCI	12	**(5,825)**	(9,178)
Disposal of available for sale investments	12	**20,147**	19,253
		-----------	-----------
Net cash generated from investing activities		**5,328**	3,007
		=======	=======
Cash flows from financing activities			
Principal elements of lease payments		**(4)**	(161)
		-----------	-----------
Net cash used in financing activities		**(4)**	(161)
		=======	=======
		-----------	-----------
Net increase/(decrease) in cash and cash equivalents		**2,140**	(3,277)
Cash and cash equivalents at start of year		**767**	4,040
Effect of foreign exchange on cash and cash equivalents		**(37)**	4
		-----------	-----------
Cash and cash equivalents at end of year		**2,870**	767
		=======	=======

The accompanying accounting policies and notes form part of these financial statements

Company cash flow statement

	Note	31 March 2024 £000	31 March 2023 £000
Cash flows from operating activities			
Cash used in operations	20	**(3,977)**	(3,968)
Income taxes repaid/(paid)		**392**	(860)
		-----------	-----------
Net cash used in operating activities		**(3,585)**	(4,828)
		=======	=======
Cash flows from investing activities			
Income received from investments held at fair value through OCI	12	**2,167**	2,084
Interest received on cash balances	5	**39**	25
Payments for financial assets at amortised cost		**-**	(1,464)
Purchase of property, plant and equipment	9	**(3,458)**	(2,587)
Purchase of intangible assets	10	**(7,737)**	(6,246)
Income re-invested in investments held at fair value through OCI	12	**(5,825)**	(9,178)
Disposal of available for sale investments	12	**20,147**	19,253
		-----------	-----------
Net cash generated from investing activities		**5,333**	1,887
		=======	=======
Cash flows from financing activities			
Principal elements of lease payments		**(4)**	(161)
		-----------	-----------
Net cash used in financing activities		**(4)**	(161)
		=======	=======
		-----------	-----------
Net increase/(decrease) in cash and cash equivalents		**1,744**	(3,102)
Cash and cash equivalents at start of year		**713**	3,815
		-----------	-----------
Cash and cash equivalents at end of year		**2,457**	713
		=======	=======

The accompanying accounting policies and notes form part of these financial statements

Consolidated statement of changes in equity

	Investments held at fair value through OCI	Retained earnings	Translation reserve	Total
	£000	£000	£000	£000
Balance at 1 April 2023	6,723	90,522	(1,599)	95,646
Loss for the year	-	(6,020)	-	(6,020)
Gains on investments held at fair value through OCI net of associated deferred tax	8,204	-	-	8,204
Transfer of realised gains on investments held at fair value through OCI	(3,997)	3,997	-	-
Exchange differences on translating foreign operations	-	-	(39)	(39)
	-----------	-----------	-----------	-----------
Balance at 31 March 2024	**10,930**	**88,499**	**(1,638)**	**97,791**
	=======	=======	=======	=======
Balance at 1 April 2022	19,061	86,853	-	105,914
Transfers	-	84	(84)	-
Loss for the year	-	(3,918)	-	(3,918)
Losses on investments held at fair value through OCI net of associated deferred tax	(4,835)	-	-	(4,835)
Transfer of realised gains on investments held at fair value through OCI	(7,503)	7,503	-	-
Exchange differences on translating foreign operations	-	-	(1,515)	(1,515)
	-----------	-----------	-----------	-----------
Balance at 31 March 2023	6,723	90,522	(1,599)	95,646
	=======	=======	=======	=======

The accompanying accounting policies and notes form part of these financial statements

Company statement of changes in equity

	Investments held at fair value through OCI	Retained earnings	Total
	£000	£000	£000
Balance at 1 April 2023	6,723	88,819	95,542
Loss for the year	-	(6,224)	(6,224)
Gains on investments held at fair value through OCI net of associated deferred tax	8,204	-	8,204
Transfer of realised gains on investments held at fair value through OCI	(3,997)	3,997	-
	-----------	-----------	-----------
Balance at 31 March 2024	**10,930**	**86,592**	**97,522**
	=======	=======	=======
Balance at 1 April 2022	19,061	87,208	106,269
Loss for the year	-	(5,892)	(5,892)
Losses on investments held at fair value through OCI net of associated deferred tax	(4,835)	-	(4,835)
Transfer of realised gains on investments held at fair value through OCI	(7,503)	7,503	-
	-----------	-----------	-----------
Balance at 31 March 2023	6,723	88,819	95,542
	=======	=======	=======

Nominet UK's constitution does not allow any profit to be distributed to members. Instead, funds are retained to develop on-going operations, future investments and to support social impact initiatives.

The accompanying accounting policies and notes form part of these financial statements

Notes to the financial statements

1. Revenue

The revenue and profit before tax are attributable to the two business units Registry and Cyber. An analysis of revenue by these categories and the geographical location of the customers is given below:

			31 March 2024			31 March 2023
	UK	**Overseas**	**Total**	UK	Overseas	Total
	£000	**£000**	**£000**	£000	£000	£000
Registry	**18,735**	**22,391**	**41,126**	20,425	21,148	41,573
Cyber Business	**8,671**	**6,596**	**15,267**	8,337	4,214	12,551
	-----------	-----------	-----------	-----------	-----------	-----------
Total	**27,406**	**28,987**	**56,393**	28,762	25,362	54,124
	=======	=======	=======	=======	=======	=======

Revenue for the year ended 31 March 2024 includes a release of £25,999k of prior year deferred revenue.

2. Business unit reporting

	31 March 2024	31 March 2023
	£000	£000
Revenue		
Registry	**41,126**	41,573
Cyber Business	**15,267**	12,551
	-----------	-----------
Total	**56,393**	54,124
	=======	=======
Profit/(loss)		
Registry	**9,842**	14,807
Cyber Business	**(754)**	(2,410)
	-----------	-----------
Total business unit profit	**9,088**	12,397
	=======	=======
Depreciation of owned property, plant & equipment	**(3,939)**	(3,956)
Depreciation of non-current asset	**(11)**	(11)
Amortisation of intangible assets	**(2,244)**	(1,269)
Impairment of intangible assets	**(528)**	-
Loss on disposal of intangible assets	**(30)**	-
Social Impact Initiatives	**(9,943)**	(11,906)
Exchange rate movements	**(38)**	1,318
Other administrative costs not allocated to business units	**(305)**	(358)
	-----------	-----------
Operating loss	**(7,950)**	(3,785)
	=======	=======

3. Other operating charges

	31 March 2024	31 March 2023
	£000	£000
Staff and other personnel costs	**26,083**	23,225
Technical systems and infrastructure	**16,656**	13,665
Other administrative	**2,425**	2,725
Exchange rate movements	**38**	(1,365)
Depreciation of owned property, plant & equipment	**3,939**	3,956
Depreciation of non-current asset	**11**	11
Amortisation of intangible assets	**2,244**	1,269
Impairment of intangible assets	**528**	-
Loss on disposal of intangible assets	**30**	-
Operations	**843**	847
Facilities	**918**	846
Communications and marketing	**607**	739
Auditor's remuneration[1]		
Audit fees – Company and Group	**65**	68
Non-audit fees – taxation services	**13**	17
	-----------	-----------
	54,400	46,003
	=======	=======

[1] Auditor's remuneration for FY24 was payable to Haysmacintyre LLP
Auditor's remuneration for FY23 was payable to Grant Thornton UK LLP

4. Discontinued Operations – CyGlass

On 26 April 2022, the Board agreed to conduct an orderly wind down of the CyGlass business. Following this decision, CyGlass Inc. entered an Assignment for Benefit of Creditors (ABC) process on 13 June 2022, with an Assignee taking control of the business and assets of CyGlass Inc. On 24 June 2022, the Assignee accepted a management buyout (MBO) proposal from a team of former CyGlass Inc. employees and the assets and business were transferred from the Assignee to the MBO team for notional proceeds of $1.

Revenue and expenses of CyGlass and expenses relating to the discontinuation of CyGlass were eliminated from profit or loss from the Group's continuing operations and are shown as a single line in the consolidated statement of profit or loss.

	31 March 2024	31 March 2023
	£000	£000
Revenue	-	482
Other operating charges	-	(1,877)
Impairment	-	(134)
Depreciation of owned property, plant & equipment	-	(3)
Amortisation of intangible assets	-	(201)
	-----------	-----------
Loss from discontinued operations before tax	-	(1,733)
Current tax	-	35
	-----------	-----------
Loss for the year from discontinued operations	-	(1,698)
	=======	=======

Cash used by CyGlass for the reporting periods under review until its closure is as follows:

	31 March 2024	31 March 2023
	£000	£000
Operating activities	-	(1,970)
Investing activities	-	(340)
	-----------	-----------
Cash flows from discontinued operations	-	(2,310)
	=======	=======

5. Finance Income

	31 March 2024	31 March 2023
	£000	£000
Group		
Interest receivable on cash balances	**39**	14
Financing interest receivable	-	11
	-----------	-----------
	39	25
	=======	=======
Company		
Interest receivable on cash balances	**39**	14
Financing interest receivable	-	11
Group company loan interest receivable	-	198
	-----------	-----------
	39	223
	=======	=======

6. Income tax expense

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of Nominet UK at 25% (FY23: 19%) and the reported tax expense in profit or loss are as follows:

	31 March 2024	31 March 2023
	£000	£000
Loss before taxation	**(5,744)**	(1,676)
Domestic tax rate for Nominet UK	**25%**	19%
	=======	=======
Expected tax credit	**(1,436)**	(318)
Adjustment for:		
Fixed asset differences	**33**	(115)
Expenses not deductible for tax purposes	**536**	3,598
Income not taxable	**(338)**	(3,833)
Adjustment to brought forward values	**7**	-
Other permanent differences	**31**	-
Amounts relating to OCI or otherwise transferred	**-**	19
Additional deduction for R&D expenditure	**-**	(437)
Difference in overseas tax rates	**-**	23
Capital gains/(losses)	**2,128**	(1,299)
Adjust closing deferred tax to average rate of 19%	**-**	1,044
Adjust opening deferred tax to average rate of 19%	**-**	(1,819)
Adjustment to deferred tax charge in respect of previous periods – current tax	**-**	293
Adjustment to current tax charge in respect of previous periods	**437**	-
Deferred tax not recognised	**1**	(140)
Group relief claimed	**(1)**	-
Timing differences not recognised in the computation	**(358)**	
Deferred tax (charged)/credited directly to OCI	**(764)**	3,528
	-----------	-----------
Actual tax expense	**276**	544
	=======	=======
Tax expense comprises:		
Current tax expense:	**-**	130
Adjustment to current tax charge in respect of previous periods	**437**	293
	-----------	-----------
	437	423
Deferred tax expense:		
Origination and reversal of temporary differences (note 13)	**(161)**	121
	-----------	-----------
Tax expense	**276**	544
	=======	=======
Deferred tax expense/(credit), recognised directly in other comprehensive income	**764**	(3,528)
	=======	=======

Note 13 provides information on deferred tax assets and liabilities.

7. Particulars of employees

The average number of staff employed by the Group during the financial period amounted to:

	31 March 2024	31 March 2023
	No.	No.
Operations	**280**	270
Management	**15**	15
	-----------	-----------
	295	285
	=======	=======

Aggregate payroll costs were:

	31 March 2024	31 March 2023
	£000	£000
Wages and salaries	**24,317**	21,994
Social security costs	**2,626**	2,459
Other pension costs	**1,455**	1,275
	-----------	-----------
	28,398	25,728
	=======	=======
Other personnel related costs	**3,135**	2,425
Less: payroll costs capitalised in intangible assets or contract WIP	**(4,537)**	(3,699)
Less: payroll costs related to discontinued operation	**-**	(667)
	-----------	-----------
Total staff and personnel costs included in statement of profit or loss	**26,996**	23,787
	=======	=======
Of which:		
Included in Social Impact Initiatives – Operating Costs	**352**	426
Included in Social Impact Initiatives – Programme Spend	**347**	79
Included in Operations in Other operating charges	**214**	57
Staff and other personnel costs in Other operating charges	**26,083**	23,225

8. Directors

Remuneration in respect of Directors, as set by the Remuneration Committee, was as follows:

	31 March 2024	31 March 2023
	£000	£000
Emoluments receivable	**1,198**	1,038
Company pension contributions to defined contribution pension schemes	**22**	7
	-----------	-----------
	1,220	1,045
	=======	=======

The above summary information is expanded in the following table:

	Salary/fees	Bonus	Pension	Other costs and benefits*	31 March 2024	31 March 2023
	£000	£000	£000	£000	**£000**	£000
Andrew Green	90	-	-	1	**91**	96
Robert Binns	-	-	-	-	**-**	15
Simon Blackler	37	-	-	-	**37**	37
Philip Buckingham	19	-	-	-	**19**	37
Ashley La Bolle	37	-	-	3	**40**	38
Eva Lindqvist	45	-	-	-	**45**	46
Kieren McCarthy	37	-	-	1	**38**	18
Stephen Page	-	-	-	-	**-**	24
Anne Taylor	-	-	-	-	**-**	20
Sally Tilleray	48	-	-	1	**49**	35
Patsy Wilkinson	37	-	-	1	**38**	29
Steven Wright	17	-	-	-	**17**	-
	-----------	-----------	-----------	-----------	-----------	-----------
Non-Executive Directors	**367**	-	-	**7**	**374**	**395**
Paul Fletcher	305	180	-	43	**528**	512
Carolyn Bedford	190	95	22	11	**318**	138
	-----------	-----------	-----------	-----------	-----------	-----------
Year to 31 March 2024	**862**	**275**	**22**	**61**	**1,220**	1,045
	=======	=======	=======	=======	=======	=======

*Other costs and benefits consist of taxable expense reimbursements, pension allowances paid in cash, sign on bonuses, company car allowances and private health insurance.

Emoluments of highest paid Director:

	31 March 2024	31 March 2023
	£000	£000
Salary	**305**	290
Bonus	**180**	181
Contractual benefits	**43**	41
	-----------	-----------
Total for year	**528**	512
	=======	=======

9. Property, plant and equipment

	Leasehold buildings	Computer hardware & software	Fixtures, fittings and equipment	Total
	£000	**£000**	**£000**	**£000**
Group				
Cost				
At 1 April 2023	7,333	29,283	3,599	40,215
Additions	-	3,187	274	3,461
Disposals	(562)	(582)	(5)	(1,149)
	-----------	-----------	-----------	-----------
At 31 March 2024	**6,771**	**31,888**	**3,868**	**42,527**
	=======	=======	=======	=======
Depreciation				
At 1 April 2023	2,676	19,002	3,291	24,969
Charge for the year	135	3,734	70	3,939
Disposals	(562)	(582)	(5)	(1,149)
	-----------	-----------	-----------	-----------
At 31 March 2024	**2,249**	**22,154**	**3,356**	**27,759**
	=======	=======	=======	=======
Net Book Value				
At 31 March 2024	**4,522**	**9,734**	**512**	**14,768**
	=======	=======	=======	=======
At 31 March 2023	4,657	10,281	308	15,246
	=======	=======	=======	=======

The Oxford office is built on land owned by Magdalen College and leased by the Company over 150 years. The advance land lease payment is reflected as a non-current asset. The lease has a remaining period of 131.5 years. £11k of depreciation was charged in the year (FY23: £11k).

The net carrying amount of property, plant and equipment includes the following amounts held under leases for the year ended 31 March 2024: Computer hardware & software £110k, Fixtures, fittings and equipment £0k (31 March 2023: Computer hardware & software £252k, Fixtures, fittings and equipment £3k). Assets arising from leases where the Group is a lessee have been accounted for under IFRS 16.

9. Property, plant and equipment (continued)

	Leasehold buildings	Computer hardware & software	Fixtures, fittings and equipment	Total
	£000	**£000**	**£000**	**£000**
Company				
Cost				
At 1 April 2023	7,333	29,283	3,600	40,216
Additions	-	3,184	274	3,458
Disposals	(562)	(582)	(5)	(1,149)
	-----------	-----------	-----------	-----------
At 31 March 2024	**6,771**	**31,885**	**3,869**	**42,525**
	=======	=======	=======	=======
Depreciation				
At 1 April 2023	2,676	19,000	3,292	24,968
Charge for the year	135	3,733	70	3,938
Disposals	(562)	(582)	(5)	(1,149)
	-----------	-----------	-----------	-----------
At 31 March 2024	**2,249**	**22,151**	**3,357**	**27,757**
	=======	=======	=======	=======
Net Book Value				
At 31 March 2024	**4,522**	**9,734**	**512**	**14,768**
	=======	=======	=======	=======
At 31 March 2023	4,657	10,281	308	15,246
	=======	=======	=======	=======

10. Intangible fixed assets

	Development costs	Acquired product intangibles	Total
	£000	£000	£000
Group			
Cost			
At 1 April 2023	15,342	300	15,642
Additions	7,739	-	7,739
Disposals	(39)	-	(39)
	-----------	-----------	-----------
At 31 March 2024	**23,042**	**300**	**23,342**
	=======	=======	=======

	Development costs	Acquired product intangibles	Total
	£000	£000	£000
Group			
Amortisation and impairment			
At 1 April 2023	4,032	300	4,332
Amortisation	2,244	-	2,244
Impairment	528	-	528
Disposals	(9)	-	(9)
	-----------	-----------	-----------
At 31 March 2024	**6,795**	**300**	**7,095**
	=======	=======	=======
Net Book Value			
At 31 March 2024	**16,247**	**-**	**16,247**
	=======	=======	=======
At 31 March 2023	11,310	-	11,310
	=======	=======	=======

Development costs relate to internally generated assets associated with the development of the PDNS product and capital investments into the core and gTLD infrastructure and offerings. Intangible assets have a remaining amortisation period of between 1 and 5 years.

	Development costs	Acquired product intangibles	Total
	£000	£000	£000
Company			
Cost			
At 1 April 2023	15,336	300	15,636
Additions	7,737	-	7,737
Disposals	(39)	-	(39)
	-----------	-----------	-----------
At 31 March 2024	**23,034**	**300**	**23,334**
	=======	=======	=======
Amortisation and impairment			
At 1 April 2023	4,032	300	4,332
Amortisation	2,243	-	2,243
Impairment	528	-	528
Disposals	(9)	-	(9)
	-----------	-----------	-----------
At 31 March 2024	**6,794**	**300**	**7,094**
	=======	=======	=======
Net Book Value			
At 31 March 2024	**16,240**	**-**	**16,240**
	=======	=======	=======
At 31 March 2023	11,304	-	11,304
	=======	=======	=======

11. Subsidiaries of the Group

The subsidiaries of the Group, all of which have been included in these consolidated financial statements, are as follows:

Name	Country of Incorporation	Proportion of ownership interest	Nature of business
Nominet Limited	UK	100%	Dormant. Company was incorporated to protect the Nominet name
Nominet Registrar Services Limited	UK	100%	ICANN accredited registrar
Nominet US Inc.	US	100%	Contracting entity for US based customers
Nominet UK Holding Co Limited	UK	100%	Holding Company established to hold investments under discontinued strategy of building a portfolio of complementary cyber businesses. At the Board meeting on 22 March 2023, a decision was approved to start the dissolution process of the entity
Nominet US Holding Co Inc.	US	100%	Holding Company established to hold US based investments under discontinued strategy of building a portfolio of complementary cyber businesses. At the Board meeting on 22 March 2023, a decision was approved to merge this entity into Nominet US Inc.
Nominet Australia Pty Limited	Australia	100%	Contracting entity for provision of PDNS services to the Australian Government. Employment of Australian based employees

For the year ended 31 March 2024, Nominet Registrar Services Limited (company number 08158704) and Nominet UK Holding Co Limited (company number 12452094) have taken the entitled exemption from audit under section 479A of the Companies Act 2006. Nominet UK has therefore given a guarantee under section 479C of the Companies Act 2006.

12. Investments held at fair value through other comprehensive income

	31 March 2024	31 March 2023
	£000	£000
Group and Company		
At beginning of year	**96,348**	114,785
Sale of investments	**(16,150)**	(11,750)
Re-invested gains on disposal of investments held at fair value through OCI	**3,997**	7,503
Re-invested income	**2,167**	2,084
Management charges and foreign exchange movements	**(339)**	(408)
Unrealised gain/(loss) on revaluation	**4,972**	(15,866)
	-----------	-----------
At end of year	**90,995**	96,348
	=======	=======

13. Deferred tax

The following are the major deferred tax assets and liabilities recognised and movements thereon during the current and prior year:

	PPE & Intangible assets	Unrealised investment (losses)/gains	Other temporary differences	Total
	£000	£000	£000	£000
Group				
At 1 April 2022	(1,669)	(6,021)	(62)	(7,752)
Deferred tax charge for year in profit or loss	(163)	-	42	(121)
Deferred tax charge for year in statement of OCI	-	3,528	-	3,528
	-----------	-----------	-----------	-----------
At 1 April 2023	(1,832)	(2,493)	(20)	(4,345)
Deferred tax charge for year in profit or loss	225	(359)	295	161
Deferred tax charge for year in statement of OCI	-	(764)	-	(764)
	-----------	-----------	-----------	-----------
At 31 March 2024	**(1,607)**	**(3,616)**	**275**	**(4,948)**
	=======	=======	=======	=======

	PPE & Intangible assets	Unrealised investment (losses)/gains	Other temporary differences	Total
	£000	£000	£000	£000
Company				
At 1 April 2022	(1,675)	(6,021)	(62)	(7,758)
Deferred tax charge for year in profit or loss	(163)	-	42	(121)
Deferred tax charge for year in statement of OCI	-	3,528	-	3,528
	-----------	-----------	-----------	-----------
At 31 March 2023	(1,838)	(2,493)	(20)	(4,351)
Deferred tax charge for year in profit or loss	225	(359)	363	229
Deferred tax charge for year in statement of OCI	-	(764)	-	(764)
	-----------	-----------	-----------	-----------
At 31 March 2024	**(1,613)**	**(3,616)**	**343**	**(4,886)**
	=======	=======	=======	=======

Deferred income tax assets are recognised against tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

14. Current trade and other receivables

	31 March 2024	31 March 2023
	£000	£000
Group		
Trade receivables	**6,424**	5,895
Accrued income	**3,824**	4,109
Other receivables	**97**	94
Recoverable VAT	**264**	-
	-----------	-----------
Financial assets	**10,609**	10,098
	-----------	-----------
Prepayments	**8,774**	7,958
	-----------	-----------
Non-financial assets	**8,774**	7,958
	-----------	-----------
	-----------	-----------
Trade and other receivables	**19,383**	18,056
	=======	=======
Company		
Trade receivables	**5,752**	5,895
Accrued income	**3,824**	4,109
Other receivables	**98**	94
Recoverable VAT	**264**	-
Amounts owed by group undertakings	**925**	28
	-----------	-----------
Financial assets	**10,863**	10,126
	-----------	-----------
Prepayments	**8,738**	7,955
	-----------	-----------
Non-financial assets	**8,738**	7,955
	-----------	-----------
	-----------	-----------
Trade and other receivables	**19,601**	18,081
	=======	=======

All amounts are short-term. The net carrying value of trade and other receivables is considered a reasonable approximation of fair value. The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared risk characteristics. They have been grouped based on the days past due. Trade receivables are written off when there is no reasonable expectation of recovery. On the above basis, the expected credit loss for trade receivables at 31 March 2024 has been determined at £4k. (FY23: £3k). The related expense has been recorded in other operating charges.

15. Current trade and other payables

	31 March 2024	31 March 2023
	£000	£000
Group		
Trade payables	**2,079**	2,413
Other creditors*	**1,083**	952
Accruals	**5,358**	4,901
	-----------	-----------
Financial liabilities	**8,520**	8,266
	-----------	-----------
Other taxation and social security	**820**	934
	-----------	-----------
Non-financial liabilities	**820**	934
	-----------	-----------
	-----------	-----------
Trade and other payables	**9,340**	9,200
	=======	=======
Company		
Trade payables	**2,078**	2,413
Other creditors*	**1,070**	952
Accruals	**5,170**	4,750
Amounts owed to Group undertakings	**105**	269
	-----------	-----------
Financial liabilities	**8,423**	8,384
	-----------	-----------
Other taxation and social security	**973**	935
	-----------	-----------
Non-financial liabilities	**973**	935
	-----------	-----------
	-----------	-----------
Trade and other payables	**9,396**	9,319
	=======	=======

*Balance comprises payments in advance from Registry customers and pension contributions

All amounts are short-term. The net carrying value of trade and other payables is considered a reasonable approximation of fair value.

16. Leases

The statement of financial position shows the following amounts relating to leases:

	31 March 2024	31 March 2023
	£000	£000
Group and Company		
Right-of-use assets*		
Fixtures, fittings and equipment	**110**	255
	-----------	-----------
	110	255
	=======	=======
Lease liabilities		
Current	101	104
	-----------	-----------
	101	104
	=======	=======

*Included within the relevant category within note 9, Property, plant and equipment

The statement of profit or loss shows the following amounts relating to leases:

	31 March 2024	31 March 2023
	£000	£000
Group and Company		
Depreciation charge of right-of-use assets		
Fixtures, fittings and equipment	**145**	149
	-----------	-----------
	145	149
	=======	=======

17. Income tax

	31 March 2024	31 March 2023
	£000	£000
Group		
Income tax asset	**575**	1,275
Company		
Income tax asset	**485**	1,314

18. Deferred income

	31 March 2024	31 March 2023
	£000	£000
Group		
Current deferred income	**24,790**	25,999
Non-current deferred income	**9,465**	9,226
	-----------	-----------
	34,255	35,225
	=======	=======
Company		
Current deferred income	**24,775**	25,983
Non-current deferred income	**9,463**	9,226
	-----------	-----------
	34,238	35,209
	=======	=======

Deferred income represents consideration received in advance of the meeting of performance obligations, primarily domain registration and renewal fees that relate to future accounting periods.

19. Related party transactions

The Company defines related parties as the Directors of Nominet UK. There were no related party transactions during the year to 31 March 2024 (year to 31 March 2023: NIL).

KEY MANAGEMENT PERSONNEL

In our opinion, the key management personnel are the same as the Directors whose emoluments are listed in note 8. The social security costs payable on their emoluments during the year to 31 March 2024 were £144k (FY23: £129k).

20. Notes to the cash flow statement

	31 March 2024	31 March 2023
	£000	£000
Group		
Loss for the year from continuing operations	**(6,020)**	(2,220)
Loss for the year from discontinued operations before tax	**-**	(1,733)
Adjusted for:		
Income from investments held at fair value through OCI	**(2,167)**	(2,084)
Finance income	**(39)**	(25)
Taxation	**276**	544
Depreciation of property, plant & equipment	**3,939**	3,959
Amortisation of intangible assets	**2,244**	1,470
Impairment of intangible assets	**528**	134
Depreciation of non-current asset	**11**	11
Loss on disposal of intangible assets	**30**	27
Foreign exchange gains	**-**	(1,515)
Increase in trade and other receivables	**(1,327)**	(1,301)
Increase/(decrease) in trade and other payables	**140**	(1,931)
Decrease in deferred income	**(970)**	(604)
Increase in contract asset	**(92)**	(12)
	-----------	-----------
Cash used in operations	**(3,447)**	(5,280)
	=======	=======

20. Notes to the cash flow statement (continued)

	31 March 2024	31 March 2023
	£000	£000
Company		
Loss for the year from continuing operations	**(6,224)**	(5,247)
Loss for the year from discontinued operations	**-**	(645)
Adjusted for:		
Income from investments held at fair value through OCI	**(2,167)**	(2,084)
Finance income	**(39)**	(223)
Taxation	**208**	496
Depreciation of property, plant & equipment	**3,938**	3,954
Amortisation of intangible assets	**2,243**	1,269
Impairment of intangible assets	**528**	-
Release of loans to group companies	**-**	1,498
Depreciation of non-current asset	**11**	11
Loss on disposal of intangible assets	**30**	-
Foreign exchange gains	**-**	164
Increase in trade, loans and other receivables	**(1,520)**	(1,498)
Increase/(decrease) in trade and other payables	**77**	(1,484)
Decrease in deferred income	**(971)**	(167)
Increase in contract asset	**(91)**	(12)
	-----------	-----------
Cash used in operations	**(3,977)**	(3,968)
	=======	=======

21. Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities are classified as follows:

	Lease liabilities
	£000
At 1 April 2023	104
Cash-flows: Repayment	(4)
	-----------
31 March 2024	**100**
	=======

22. Company limited by guarantee

Nominet UK is limited by guarantee and each member's liability will not exceed £10. The number of members at 31 March 2024 was 2,279 (31 March 2023: 2,322).

23. Financial instruments risk

The Group's policy is to fund its operations from retained earnings and equity and place surplus cash into investments held at fair value through OCI and deposits. Given the level of cash and investments held at fair value through OCI the Group does not bear any significant liquidity risk. The main risks associated with the Group's financial instruments relate to changes in market conditions for investments held at fair value through OCI, changes in interest rate risk and to credit risk. The policies for managing these risks are kept under review by the Board.

MARKET CONDITIONS RELATING TO THE INVESTMENTS HELD AT FAIR VALUE THROUGH OCI

The Investment Committee monitors the development and application of Nominet's investment strategy, to ensure investments are made according to that strategy and related asset allocation limits. The Committee assesses the performance of our investment managers, Quilter Cheviot Limited, in matters of compliance with the strategy, service provision and value for money.

Sensitivity Analysis – all the Investments held at fair value through OCI are quoted in active markets and are sensitive to fluctuations in market value. If the average value of the investments held at fair value through OCI were to change by 5%, the effect on total comprehensive income would be £4.7m (FY23: £5.3m).

INTEREST RATE PROFILE OF FINANCIAL ASSETS

The Investment Committee sets and reviews treasury policy, including monitoring the distribution of the Group's cash balances. Deposits are placed only after due consideration of the current creditworthiness of the counterparty.

CREDIT RISK

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience. The impact of macroeconomic factors has not been considered significant due to the nature of the markets that the Group operates in and its customer base. Credit risk of trade receivables has not increased significantly since initial recognition.

Credit risk of new customers is assessed before entering contracts. Trade receivables are considered in default and written off (i.e. derecognised) when there is no reasonable expectation of recovery.

The entry of a counterparty into administration where receivables are unsecured would be considered an indicator of no reasonable expectation of recovery. These definitions have been selected based on experience; entry into administration is the only situation that has resulted in default.

At 31 March 2024, 95% of trade receivables related to current month debt (31 March 2023: 94%).

FINANCIAL LIABILITIES

As at 31 March 2024 the Group had no financial liabilities other than those of a trading nature.

FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

Investments held at fair value through OCI are recorded at each balance sheet date at market value, with the value for each individual holding obtained from quoted prices in active markets for identical assets. A provision is made for the associated deferred tax liability on any unrealised gains.

FOREIGN CURRENCY RISK

The Group has transactional currency exposures. Such exposures arise from sales or purchases by the Group in currencies other than the companies' operating (or 'functional') currency, and from the conversion into sterling of results of the subsidiaries Nominet Australia Pty Ltd, Nominet US Inc. and Nominet US Holding Co Inc. The Group has not taken out hedges as the exposure to foreign currency fluctuations at any one time is not deemed to be material.

24. Financial instruments

CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Principal Accounting Policies provide a description of each category of financial asset and financial liability and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Group 31 March 2024	Group 31 March 2023	Company 31 March 2024	Company 31 March 2023
	£000	£000	**£000**	£000
Financial assets				
Classified as loans and receivables:				
Trade and other receivables	**10,609**	10,098	**10,863**	10,126
Cash and cash equivalents	**2,870**	767	**2,457**	713
Classified as available for sale:				
Investments held at FVTOCI	**90,995**	96,348	**90,995**	96,348
	-----------	-----------	-----------	-----------
	104,474	107,213	**104,315**	107,187
	=======	=======	=======	=======
Financial liabilities				
Classified as financial liabilities held at amortised cost:				
Trade and other payables	**8,520**	8,266	**8,423**	8,384
	=======	=======	=======	=======

FAIR VALUE MEASUREMENT

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three specific levels of a fair value hierarchy which are defined based on the observability of significant inputs to the fair value measurements undertaken, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

All of the investments held at FVTOCI fall into the Level 1 category.

25. Capital management policies and procedures

Nominet UK's constitution does not allow any profit to be distributed to members. The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to retain sufficient funds to ensure the continuation of the on-going operations and future investments. The Group has no borrowings.

26. Capital commitments

At 31 March 2024 the Group and Company had capital commitments of £815k (31 March 2023: £917k) relating to capital expenditure contracted but not provided for in the financial statements. Of these commitments, £798k related to intangible assets and £17k to PPE (31 March 2023: £697k intangible assets and £220k PPE).

27. Contingent liabilities

There were no contingent liabilities at 31 March 2024 or at 31 March 2023.

28. Post balance sheet event

Subsequent to 31 March 2024, a revised operating model was implemented through a major restructure. This restructure resulted in 40 redundancies and 19 redeployments. The total expected costs associated with the restructure are £1,274k (of which £1,156k is after the balance sheet date and will be included in the accounts for the year ending 31 March 2025).

NOMINET

Nominet UK Annual Report
and Financial Statements

Nominet UK Company Limited by Guarantee
Company No. 03203859