Registered number: 04328629

ERGEA UK AND IRELAND LIMITED

(formally Althea UK and Ireland Limited)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

ERGEA UK AND IRELAND LIMITED

COMPANY INFORMATION

Directors	D. A. Rolfe V. Wheeler (appointed 1 January 2023) F. Morerio (appointed 1 January 2023) A. Dogliani (resigned 26 July 2022) E. Mambelli (resigned 26 July 2022) A. Mussari (appointed 26 July 2022, resigned 31 December 2022)
Registered number	04328629
Registered office	Unit 4 Ely Road Theale Reading RG7 4BQ
Independent auditors	Ernst & Young LLP Apex Plaza Forbury Road Reading Berkshire RG1 1YE

ERGEA UK AND IRELAND LIMITED

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ERGEA UK AND IRELAND LIMITED

STRATEGIC REPORT
YEAR ENDED 31 DECEMBER 2022

Introduction
The directors present their Strategic Report for Ergea UK and Ireland Ltd ("the Company") and its subsidiaries ("the Group") for the year ended 31 December 2022.

Business review
Ergea UK and Ireland Limited are leading specialists in the provision of Healthcare Technology Management delivering bespoke solutions to the Healthcare sector, providing repair and maintenance, equipment planning, procurement, training and medical equipment asset management services for our clients.

In July 2022, the owner of the UK Group completed the agreement to sell the business to the private equity company F2i with a back-to-back arrangement where the Company and Group was sold to Ergéa Group S.à.r.l., a Group ultimately business owned by DWS Infrastructure (DWS). DWS is one of the world's leading asset managers with over EUR 902b of assets under management. The change of ownership did not impact the Company and Group's ability to continue providing services or to operate as a going concern. Existing intercompany loans were purchased by Ergéa Group S.à.r.l. as part of the agreement.

In March 2023, the Company changed its name to Ergea UK and Ireland Limited (formally Althea UK and Ireland Limited).

Financial key performance indicators
The below summarises the Group's financial key performance indicators for the period ended 31 December 2022.

	2022	2021	change	change
	£000	£000	£000	%
Consolidated Revenue	**108,835**	103,753	5,082	5%
Consolidated Gross profit	**23,289**	23,483	(194)	(1%)
Consolidated EBIT	**15,257**	15,950	(693)	(4%)

The directors are satisfied with the continued growth of the Group.

Principal risks and uncertainties

National economic, strategic and policy conditions
The Group acknowledges the importance of maintaining close relationships with its key customers in order to be able to identify the early signs of potential financial difficulties, national policy changes, or strategic changes to the customer structure which may affect the success of the contract.

Competitor pressure
The Group manages this risk by providing a quality service, maintaining strong relationships with the customer, and developing new products which provide a unique proposition.

Loss of key personnel
This would present significant operational difficulties for the Group. Management seek to ensure that key personnel are appropriately remunerated to ensure good performance is recognised.

Supplier relationships
The Group's purchasing activities could expose its over reliance on certain suppliers and pricing pressures. The Group manages this risk by ensuring a broad supplier base including original equipment manufacturers and third party suppliers, as well as the capabilities of the wider Ergea Group.

Contractual performance
Long term service and maintenance contracts may not be delivered to the agreed contractual standards and within budgeted costs. Unforeseen service events could increase costs within a financial period, although the long terms trends are expected to remain stable. The Group uses information systems to closely monitor equipment under management and to actively manage the portfolio through experienced and qualified staff using professional procurement and management techniques.

Financial risks
Financial risks are referenced with the Directors Report under the Financial Instruments heading.

Other key performance indicators
Operational KPIs are measured against customer contracts. These are peculiar to the specific contract and are confidential. The KPIs are shared with the other party to the contract. Management is satisfied that all of the operational KPIs have been met for the current year.

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006
In accordance with the Regulations, the Directors hereby confirm that we have complied with the provisions of the Regulations and, in good faith, how we have acted in regard to the long term success of the Group, under section 172(1).

Suppliers
The Directors recognises the key role suppliers play in ensuring Ergea delivers a reliable service to our customers. Regular meetings with suppliers provide an opportunity to directly hear from them about their current challenges.

We aim to treat our suppliers fairly and pay them within agreed timescales, holding ourselves to high standards of business conduct.

Customers
Customers are at the heart of everything Ergea does. We aim to deliver outstanding experiences, for both patients and customers combined with value for money. The directors meet regularly with customers which provides opportunities to gain insight into customer issues and challenges.
A customer experience survey is undertaken every 6 months to provide a useful insight into the customer experience. The Directors review the outcome of the survey as part of the business reviews throughout the year.

Employees
Ergea is committed to achieving its business objectives through its people. The business accepts its ethical and corporate social responsibilities and recognises its obligation to conduct its activities in full knowledge of, and compliance with, the requirements of applicable employment legislation and Approved Codes of Practice. The business will achieve this by adopting a policy of best practice in all people management procedures.

Ergea Directors engage with its employees through quarterly business meetings, intranet and email communications and through annual employee survey.

Stakeholder engagement

Ergea UK and Ireland is a wholly own subsidiary of Ergéa Group S.à.r.l. and as such there is a close engagement between the UK board and the Group board to align the activities of the UK within the group to promote long term value and reduce agency effects.

Governance

Ergea's policy is to conduct all of our business in an honest and ethical manner. Ergea takes a zero tolerance approach to bribery and corruption, and we are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate.

At board meetings the Directors address compliance by the business with its governance codes and reinforces the boards requirements that its business be conducted to all due ethical standards and with integrity.

Community, environment and sustainability

Ergea is committed to managing the wider social, environmental and economic impacts of its operations. Ergea fully supports initiatives such as the NHS Carbon Reduction Strategy which aims to meet its legal targets set out in the Climate Change Act.

Ergea has made the following provisions to reduce its environmental impact at all locations:

- Applying sustainability principles to all operations where practicable.
- Switching off lights, and all other electrical equipment when not in use.
- Maintaining electronic records and minimising the use of paper.
- Encouraging the use of renewable energy where appropriate.
- Measuring and monitoring activities on a whole life cycle cost basis.
- Operating an Environmental Management System.

Our quality and environmental management systems ensure that our processes are continually improved.

We are committed to making a positive contribution to the communities within which we operate, including the payment of taxes, reducing our environmental impact and creating employment opportunities.

2022 saw a change of ownership for the UK organisation which gave an opportunity to consider, along with our new Group, what our goal is. We engaged with our staff and key stakeholders to understand what they felt our organisation stood for. The outcome, which supported a rebranding for the Company and the Group, was that we exist to Enable Healthcare Potential. What we do, either through our actions or our suppliers, brings better healthcare to the place where it has the most significant impact – at the patient interface. This clarity of vision helps us partner with our customers, suppliers, and staff to deliver a positive outcome where it matters.

This report was approved by the board on 28 September 2023 and signed on its behalf.

....
D A Rolfe
Director

ERGEA UK AND IRELAND LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Directors

The directors who served during the year were:

D. A. Rolfe
A. Dogliani (resigned 26 July 2022)
E. Mambelli (resigned 26 July 2022)
A. Mussari (appointed 26 July 2022, resigned 31 December 2022)

Results and dividends

The profit for the year, after taxation, amounted to £11,201 thousand (2021 – £12,352 thousand).

The directors recommended and paid during the year a dividend £17,000 thousand (2021 - £2,000 thousand).

Future Developments

The directors are committed to providing an excellent level of service on the Group's contracts and to exploring ways of enhancing and expanding those contracts in addition to gaining new contracts.

Going concern

In preparation of the financial statements, the Directors are required to make an assessment of the business to determine if adopting a going concern basis in the accounts is appropriate.

The Directors have conducted a business review and have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence until 31 December 2024. Even in a zero-growth scenario where no new business is added, the Company and Group generates positive cashflows. A material proportion of the business comes from the NHS (backed by UK Government), and from long-term contracts providing certainty of income beyond the Going Concern assessment period. The Directors have assessed the political, economic, social and technology risks and believe the Company and Group is well placed to successfully manage these risks.

The Directors have received confirmation from its parent that it has the ability to provide support and will provide support in the event this is needed to assist in meeting the Company and Group's liabilities as and when they fall due for the period for a period of at least 12 months from the date of approval of these financial statements. The parent has also confirmed that reimbursement of the existing intercompany loans would only be required if the Company and Group had the necessary financial resources to do so.

Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Streamlined Energy and Carbon Reporting (SECR)

	2022	2021	% change
Energy consumption used: (kWh)			
Electricity (kWh)	**618,746**	661,710	(6%)
Gas (kWh)	**5,383**	2,960	82%
Transport fuel (kWh)	**1,035,940**	528,740	96%
Total energy consumption	**1,660,069**	1,193,410	39%
Emissions (tCO2e)			
Scope 1 - Natural gas, and diesel for electricity generation			
Emissions from combustion of gas	**0.98**	0.54	81%
Emissions from combustion of fuel for transport purposes	**227.46**	98.67	131%
Scope 2 - Purchased electricity			
Emissions from purchased electricity (location based method*)	**119.65**	154.27	(22%)
Emissions from purchased electricity (market based method**)	-	29.36	(100%)
Scope 1 & 2			
Total Scope 1+2 emissions (location based method*)	**348.09**	253.48	37%
Total Scope 1+2 emissions (market based method**)	**227.46**	128.03	78%
Scope 3 - Business travel in employee vehicles			
Emissions from business travel in rental cars or employee vehicles where the Group is responsible for purchasing the fuel	**28.15**	31.35	(10%)
Emissions from upstream transport and distribution losses and excavation and transport of fuels (location based method*)	**109.86**	69.88	57%
Emissions from upstream transport and distribution losses and excavation and transport of fuels (market based method**)	**67.68**	40.51	67%
Total location based tCO2e			
Total emissions for mandatory reporting (location based reporting)	**486.10**	354.81	37%
Total emissions (market based reporting)	**324.27**	200.44	62%

	2022	2021	% change
Intensity Ratios:			
Revenue (£000)	**108,835**	103,753	5%
Number of full time employees (FTE)	**335**	300	7%
Location based method*			
Intensity ratio: tCO2e / £m	**4.47**	3.42	31%
Intensity ratio: tCO2e / FTE	**1.45**	1.18	28%
Market based method**			
Intensity ratio: tCO2e / £m	**2.98**	1.93	54%
Intensity ratio: tCO2e / FTE	**0.97**	0.65	49%

Streamlined Energy and Carbon Reporting (SECR) (continued)

* Location-based reporting: This method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data). In Ergea UK and Ireland's case the UK National Grid average emissions per kWh is utilised.

** Market-based reporting: This calculation method uses Ergea UK and Ireland's specific electricity fuel mixes (100% renewable from Feb 2021) to calculate GHG emissions.

Energy efficiency actions in 2022

The following energy efficiencies were implemented during the year:

- We have worked on initiatives which will help our staff manage their own personal carbon footprint which include options such as launching an Electric Car Salary Sacrifice scheme in January 2022. This will sit alongside our long-standing cycle to work scheme.
- Electric Vehicle charging point installation in the Q1 2022.
- Current Lease review on company vehicles/vans seeking hybrid or electric alternatives.
- Advanced driving courses implemented in Q4 2022.

Future actions

In 2023 efforts will be continued to identify and deliver increased energy efficiency through the following:

- Carbon Neutrality courses for the compliance team
- Environment Social and Governance (ESG) reporting on a quarterly basis
- Carbon Reduction Plan

Financial instruments

The Group's aim is to ensure that the use of financial instruments does not increase the risks inherent in the Group's operations. Policies are in place to minimise the risks that counterparties to financial instruments not performing their contractual commitments.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Exposure to price, credit, liquidity, cash flow foreign currency risk and interest rate risk.
Price risk arises where the Group is contractually obliged to purchase assets and services at market price under a contract with fixed revenue, such that the margin on the contract is uncertain. The nature of the Group's operations minimises its exposure to such risk.

Liquidity risk is the risk that the Group will have difficulty setting its liabilities as they fall due. This risk is managed by monitoring cash generation and collection in all the Group's operations and maintaining appropriate facilities through its parent which provide borrowing capacity well in excess of anticipated operational requirements.

Credit risk is the risk that the Group will suffer a financial loss because a counterparty to financial instrument does not discharge its operations. The Company's policies aim to minimise such losses by assessing the payment history and creditworthiness of counterparties before entering into contracts on deferred terms.

Cash flow risk is the risk of exposure to variability in future cash flows relating to recognised assets or liabilities, such as variable interest rates on borrowings. The Company is selective about its exposure to such risks and may use derivative financial instruments to mitigate any exposure that arise.

Foreign currency risk is the risk that exchanges rates between the Group's operating currencies may vary, reducing the recoverable amount of assets or the present value of future income streams. The Group minimises this exposure by seeking as far as possible to match the currency of cash inflows and outflows, and of borrowings financing acquired assets.

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

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

Post year end events
No adjusting or significant non-adjusting events have occurred between the 31 December reporting date and the date of authorisation.
The financial statements have been prepared based upon conditions existing at 31 December 2022 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period.

Auditors
The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 28 September 2023 and signed on its behalf.

....
D A Rolfe
Director

ERGEA UK AND IRELAND LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

The directors are responsible for preparing the strategic report, directors' report and the consolidated financial statements, in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare consolidated financial statements for each financial year. Under that law they have elected to prepare the consolidated financial statements in accordance with UK-adopted International Accounting Standards and the Parent company financial statements in accordance with UK accounting standards and applicable law , including FRS101 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing the consolidated financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs (and in respect of the parent company financial statements, FRS 101) is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- in respect of the group financial statements, state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the parent company financial statements, state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements]; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's and group 's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report, that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ERGEA UK AND IRELAND LIMITED

Opinion

We have audited the financial statements of Ergea UK and Ireland Ltd ('the parent company') formerly known as Althea UK and Ireland Ltd and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Balance Sheet, the Company Statement of Changes in Equity and the related notes 1 to 30 for the Group and related notes 1 to 15 for the Parent company, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted International Accounting Standards and as regards the parent company financial statements is applicable law and United kingdom accounting standards, including FRS 101- Reduced Disclosure Framework as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with UK adopted International Accounting Standards as applied in accordance with section 408 of the Companies Act 2006; 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 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period of 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ERGEA UK AND IRELAND LIMITED (CONTINUED)

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the 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 set out on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ERGEA UK AND IRELAND LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and Parent company and determined that the most significant are those related to the reporting framework (UK adopted International Accounting Standards for the Group, United Kingdom Generally Accepted Accounting Practice for the Parent company, the Company's Act 2006 and the relevant tax compliance regulations in the UK for both the Group and Parent company). In addition, the Group and Parent Company have to comply with laws and regulations relating to their operations, including health and safety and GDPR.

- We understood how the Group and the Company is complying with those frameworks by making inquiries of management and those charged with governance to understand how the Group and Parent Company maintain and communicate their policies and procedures in these areas, and to understand the culture and whether there is a strong emphasis placed on fraud prevention, which may reduce opportunities for fraud to take place as well as fraud deterrence. We corroborated our enquiries through our review of board minutes and other supporting documentation. Further, we made consideration of the results of our audit procedures performed to either corroborate or provide contrary evidence which was then followed up.

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override to achieve revenue targets via topside manual journal entries posted to revenue, manipulation of contract variations; and manipulation of timing of revenue recognition.
  Our procedures involved:
  (a) testing journals identified by specific risk criteria including testing of specific transactions to source documentation or independent confirmation, ensuring appropriate authorisation of the transactions;
  (b) For MES contracts review of contract variations, testing monthly invoices and payments, recalculation of interest income on contracts; and
  (c) for maintenance contracts we have tested accrued revenue, deferred revenue and revenue by reviewing the contract, performing cut-off procedures, vouching payments received, and invoices raised

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved a review of the Board minutes to identify any non-compliance with laws and regulations and enquiries of management and those charged with governance and journal entry testing with a focus on topside manual journal entries and any unusual transactions based on the understanding of the group.

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

Use of our report

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

Ernst & Young LLP

Kate Allen (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Reading

Date: 29 September 2023

ERGEA UK AND IRELAND LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022	2021
		£000	£000
Revenue	5	**108,835**	103,753
Cost of sales		**(85,546)**	(80,270)
Gross profit		**23,289**	23,483
Administrative expenses		**(8,032)**	(7,533)
Profit from operations		**15,257**	15,950
Finance income	8	**416**	408
Finance expense	8	**(1,880)**	(1,546)
Profit before tax		**13,793**	14,812
Tax expense	9	**(2,592)**	(2,460)
Profit for the year		**11,201**	12,352
Other comprehensive income:			
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income		**11,201**	12,352

The above are all from continuing operations.

ERGEA UK AND IRELAND LIMITED

REGISTERED NUMBER: 04328629

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	31-Dec 2022 £000	31-Dec 2021 £000
Assets			
Non-current assets			
Property, plant and equipment	10	**8,940**	8,046
Intangible assets	11	**1,570**	1,269
Goodwill	12	**19,241**	19,241
Trade and other receivables	14	**25,674**	26,434
Deferred tax assets	9	**1**	831
		55,426	55,821
Current assets			
Inventories	13	**1,820**	1,618
Trade and other receivables	14	**34,796**	25,176
Cash and cash equivalents		**12,167**	18,807
		48,783	45,601
Total assets		**104,209**	101,422
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	16	**37,355**	25,488
Current liabilities			
Trade and other liabilities	15	**19,139**	22,396
Interest bearing loans and borrowings	16	**659**	683
		19,798	23,079
Total liabilities		**57,153**	48,567
Net assets		**47,056**	52,855
Equity attributable to equity holders of the parent			
Retained earnings		**47,056**	52,855
Total Equity		**47,056**	52,855

The financial statements on pages 17 to 63 were approved and authorised for issue by the board of directors on 28 September 2023 and were signed on its behalf by:

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D A Rolfe

Director

The notes on pages 21 to 63 form part of these financial statements.

ERGEA UK AND IRELAND LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Total attributable to equity holders of parent	
	Retained earnings £000	Total equity £000
At 1 January 2022	52,855	52,855
Comprehensive income for the year		
Profit for the year	11,201	11,201
Total comprehensive income	11,201	11,201
Dividends	(17,000)	(17,000)
At 31 December 2022	**47,056**	**47,056**
At 1 January 2021	42,503	42,503
Comprehensive income for the year		
Profit for the year	12,352	12,352
Total comprehensive income	12,352	12,352
Dividends	(2,000)	(2,000)
At 31 December 2021	**52,855**	**52,855**

The notes on pages 21 to 63 form part of these financial statements.

ERGEA UK AND IRELAND LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	£000	£000
Cash flows from operating activities		
Profit for the year	**11,201**	12,352
Adjustments for:		
Depreciation of property, plant and equipment	**1,745**	1,511
Amortisation of intangible fixed assets	**657**	963
Finance income	**(416)**	(408)
Finance expense	**1,880**	1,546
Loss on sale of property, plant and equipment	**106**	62
Income tax expense	**2,592**	2,460
	17,765	18,486
Movements in working capital:		
(Increase)/decrease in trade and other receivables	**(8,827)**	1,322
(Increase)/decrease in inventories	**(202)**	88
(Decrease) in trade and other payables	**(3,447)**	(5,901)
Cash generated from operations	**5,289**	13,995
Income taxes paid	**(1,516)**	(1,893)
Net cash from operating activities	**3,773**	12,102
Cash flows from investing activities		
(Outflow)/inflow from loan repayments/receipts	**(21)**	1,346
Purchases of property, plant and equipment	**(2,464)**	(1,356)
Purchase of intangibles	**(958)**	(225)
From/(used in) investing activity	**416**	394
Net cash used in investing activities	**(3,027)**	159
Cash flows from financing activities		
Increase/(decrease) to borrowings	**12,048**	(1,346)
Interest paid on loans	**(1,948)**	(1,543)
Payment of principal of lease liabilities	**(486)**	(364)
Dividends paid to equity holders of parent	**(17,000)**	(2,000)
Net cash (used in)/from financing activities	**(7,386)**	(5,253)
Net cash (decrease)/increase in cash and cash equivalents	**(6,640)**	7,008
Cash and cash equivalents at the beginning of year	**18,807**	11,799
Cash and cash equivalents at the end of the year	**12,167**	18,807

2. Accounting policies

1. Corporate information

The publication of the consolidated financial statements of Ergea UK and Ireland Limited and its subsidiaries (together 'the Group') for the year ended 31 December 2022 were authorised by the Board of Directors on 28 September 2023.

Ergea UK and Ireland Limited (the Company) is a private limited company, registered and domiciled in the United Kingdom. The registered office is Unit 4 Ely Road, Theale, Reading, RG7 4BQ.

The Group is principally engaged in the provision of services and equipment within the healthcare sector.
Information on the Group's structure is provided in Note 2.2
Information on other related party relationships of the Group is provided in Note 24.

2. Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements for the year ended 31 December 2022 have been prepared in accordance with UK-adopted International Accounting Standards with the requirements of the Companies Act 2006 as they apply to the Group

The consolidated financial statements are based on the historical cost principle.

The consolidated financial statements of the Ergea UK and Ireland are presented in GBP, which is the functional currency of the economies in which the Group is mainly engaged.

The values shown in the financial statements and in the explanatory notes, unless otherwise stated, are expressed in thousands of GBP, which means that the sum of rounded amounts does not necessarily coincide with the rounded total.

2.2 Basis of consolidation

The consolidated financial statements include the financial statements of Ergea UK and Ireland Limited and its subsidiaries as at 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

2. Accounting policies (continued)

2.2 Basis of consolidation (continued)

The companies included in the scope of consolidation at 31 December 2022 are shown below:

Company	Registered office		Share capital £	Type of interest	Shareholding as %	Consolidation method
Ergea UK and Ireland Limited	Berkshire (UK)	GBP	100	Parent Company	100	
Ergea Holdings (MES)	Berkshire (UK)	GBP	1	Direct	100	Line-by-line
Ergea (Managed Healthcare) Limited	Berkshire (UK)	GBP	1	Direct	100	Line-by-line
TBS GB. Telematic & Biomedical Services Limited*	Essex (UK)	GBP	500,000	Direct	100	Line-by-line
Ergea (Whittington)	Berkshire (UK)	GBP	1	Indirect	100	Line-by-line
Ergea (Leicester 2) Ltd	Berkshire (UK)	GBP	1	Indirect	100	Line-by-line

Company marked * was dormant during 2022 and dissolved in 2023

The principal activity for all of the above subsidiaries is the provision of services and equipment within the healthcare sector.

The above subsidiaries will take advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the year ended 31 December 2022.

Ergea UK and Ireland Limited has given a parent guarantee under s479C to the subsidiary undertakings.

Consolidation adjustments are made to ensure uniformity of the items that are affected by the application of different accounting standards. Intercompany transactions and balances between group companies are therefore eliminated in full.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities.

Ergea UK and Ireland Limited has adopted the following financial statements:

1. Consolidated statement of profit or loss and other comprehensive income
2. Consolidated statement of financial position - assets and liabilities are distinctly classified between current and non-current.
3. Company statement of financial position - assets and liabilities are distinctly classified between current and non-current.
4. Consolidated statement of changes in equity.
5. Company statement of changes in equity
6. Consolidated cash flow statement: the indirect method was adopted to report cash flows.

2. Accounting policies (continued)

2.3 Going Concern

In preparation of the financial statements, the Directors are required to make an assessment of the business to determine if adopting a going concern basis in the accounts is appropriate.

The Directors have conducted a business review and have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence until 31 December 2024. Even in a zero-growth scenario where no new business is added, the Company and Group generates positive cashflows. A material proportion of the business comes from the NHS (backed by UK Government), and from long-term contracts providing certainty of income beyond the Going Concern assessment period. The Directors have assessed the political, economic, social and technology risks and believe the Company and Group is well placed to successfully manage these risks.

The Directors have received confirmation from Its parent that it has the ability to provide support and will provide support in the event this is needed to assist in meeting the Company and Group's liabilities as and when they fall due for the period for a period of at least 12 months from the date of approval of these financial statements. The parent has also confirmed that reimbursement of the existing intercompany loans would only be required if the Company and Group had the necessary financial resources to do so.

Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

2.4 Fair value measurement

The Group assesses financial instruments at fair value at each reporting date.

Fair value is the price that would be received for the sale of an asset, or that would be paid to transfer a liability in an arm's length transaction at the measurement date.

The fair value of an asset or liability is valued by adopting the assumptions that market operators would use in the determination of price of the asset or liability, assuming that market operators act to best meet their own economic interest.

The Group uses valuation techniques that are appropriate to the circumstances and for which sufficient data is available to measure fair value, preferring the use of relevant observable inputs.

All assets and liabilities for which the fair value is measured or recorded in the financial statements are categorised according to the fair value hierarchy, as described below:

- Prices quoted in active markets for identical assets or liabilities that the entity can access on the measurement date;
- Inputs other than quoted prices included in Level 1 that are directly or indirectly observable for the asset or liability;
- Valuation techniques for which input data is not observable for the asset or liability.

2. Accounting policies (continued)

2.4 Fair value measurement (continued)

For assets and liabilities recognised in the financial statements at fair value on a recurring basis, the Group determines whether there have been transfers between the levels of the hierarchy mentioned above, reviewing the categorisation at each reporting date. For reporting purposes related to fair value, the Group determines classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as described above.

2.5 Current/non-current classification

Assets and liabilities in the financial statements of the Group are classified according to the current/noncurrent criterion. An asset is current when:

- it is expected to be realised, or is held for sale or consumption, in the normal course of the operating cycle;
- it is held mainly for the purpose of negotiating it;
- it is expected to be realised within twelve months of the closing date of the year;
- it consists of cash or cash equivalents unless it is prohibited; or
- to exchange or use it to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.

A liability is current when.

- it is expected to be settled in its normal operating cycle;
- it is held mainly for the purpose of negotiating it;
- it must be settled within twelve months of the closing date of the year; or
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months of the closing date of the year.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.6 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is determined as the sum of the amount transferred, measured at fair value at the acquisition date and the amount of the non-controlling shareholding in the acquiree.

For each business combination, the Group decides whether to measure any non-controlling interest in the acquired company at fair value or in proportion to the minority share of the acquiree's net identifiable assets. Acquisition costs are expensed in the period and classified as administrative expenses. When the Group acquires a business, it classifies or designates the financial assets received and the liabilities assumed in accordance with the terms of the contract and the economic and other conditions in effect on the acquisition date. This includes an assessment to determine whether an embedded derivative should be separated from the host contract.

Any contingent amount is recognised at the fair value at the acquisition date. The contingent amount classified as equity is not remeasured and its subsequent payment is accounted for with a balancing entry in shareholders equity. The change in the fair value of the contingent amount classified as an asset or liability, as a financial instrument covered by IFRS 9 Financial instruments, must be recognised in the income statement in accordance with IFRS 9. The contingent amount that does not fall within the scope of IFRS 9 is measured at fair value at the reporting date and changes in fair value are recognised in the income statement.

2. Accounting policies (continued)

2.6 Business combinations and goodwill (continued)

Goodwill is initially stated at cost represented by the excess of the total paid and the amount recognised for minority interests in respect of the net identifiable assets acquired and the liabilities assumed by the Group. If the fair value of the net assets acquired exceeds the total amount paid, the Group again verifies whether it correctly identified all the assets acquired and all the liabilities assumed and revises the procedures used to determine the amounts to be recognised at the acquisition date. If the new valuation still shows a fair value of the net assets acquired higher than the amount, the difference (profit) is recognised in the income statement.

After its initial recognition, goodwill is valued at cost net of accumulated impairment. For the purpose of impairment testing, goodwill acquired in a business combination is allocated from the acquisition date, to each of the Group's cash generating units expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquiree are assigned to those units.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss of the disposal. The goodwill associated with the operation disposed of is determined on the basis of the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.7 Intangible assets with a finite useful life

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. Intangible assets acquired as part of an acquisition are not recognised where they arise from legal or other contractual rights, and where there is no history of exchange transactions. Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred.

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment. Intangible assets are amortised on a straight line basis over their estimated useful lives. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

The useful economic lives of intangible assets are as follows:

Customer contracts specific to contract (5 years)
Computer software 5 years

If there are indicators that the residual value or useful life of an intangible asset has changed since the most recent annual reporting period previous estimates shall be reviewed and, if current expectations differ the residual value, amortisation method or useful life shall be amended. Changes in the expected useful life or the expected pattern of consumption of benefit shall be accounted for as a change in accounting estimate.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

2. Accounting policies (continued)

2.8 Property, plant and equipment

Owned tangible assets are recorded at the acquisition or production cost. The cost of the asset includes directly attributable ancillary costs necessary to make the asset ready for its intended use, increased, when relevant and when there are current obligations, by the present value of the estimated cost for decommissioning and removing the asset.

Leasehold improvements are classified as property, plant and equipment, according to the nature of the cost.

Expenses incurred for ordinary and/or recurring maintenance and repairs are directly charged to the income statement as incurred. The costs incurred for the expansion, modernisation or improvement of owned or third-party fixed assets are capitalised to the extent that they meet the requirements for separate classification as an asset or part of an asset.

The cost of tangible assets is reduced by the amount of depreciation, calculated on a straight-line basis over the estimated useful life of the asset, and any accumulated impairment losses calculated using the methods described below in note 2.10.

Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following range:

Long-term leasehold property	over the shorter of the lease and 20 years
Plant and machinery	over 5 years
Computer equipment	over 3 years
Managed medical equipment	over 5 to 15 years

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

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of profit or loss.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

2. Accounting policies (continued)

2.9 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Buildings 12 to 20 years
- Motor vehicles and other equipment 3 to 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 2.10.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings (see Note 16)

2. Accounting policies (continued)

2.9 Leases (continued)

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.10 Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's Cash Generating Units (CGU's) to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 December.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2. Accounting policies (continued)

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition.

Costs include the ongoing purchase cost of inventory and any direct repair costs incurred in bringing stock to a full working condition. The cost of used imaging systems is allocated to the separate components in proportion to the market value of the individual component so that the cost of all the parts does not exceed the original cost to the Group. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

2.12 Cash and cash equivalents

Cash and cash equivalents include deposits held at call or available at very short term for which no expenses for collection will be incurred. They are recorded at their nominal value.

For the purposes of the Consolidated Cash Flow Statement, cash and cash equivalents are recorded gross of bank overdrafts at the Financial Statements closing date.

2.13 Revenue recognition

Revenues from contracts with customers are recognised when the following conditions are met:

- the contract with the customer has been identified;
- the contractual obligations ("performance obligations") contained in the contract have been identified;
- the price has been determined;
- the price has been allocated to the individual contractual obligations contained in the contract;
- the contractual obligation contained in the contract has been fulfilled.

The Group recognises revenues from contracts with customers when (or as and when) it fulfils its contractual obligation by transferring the promised good or service (i.e. asset) to the customer. The asset is transferred when (or as and when) the customer acquires control of it.

The Group transfers control of the good or service over time, and therefore fulfils its contractual obligation and recognises revenues over time, if one of the following criteria is met:

- the customer simultaneously receives and uses the benefits of the entity's service as and when it performs it;
- the Group's service supplied creates or improves the asset (for example, work in progress) that the customer controls as and when the asset is created or improved;
- the Group's service supplied shall not create an asset that presents an alternative use for the Group and the Group has the right to the payment for the completed service supplied up to the date considered.

If the contractual obligation is not fulfilled over time, the contractual obligation is fulfilled at a determined time. In this case, the Group recognises the revenue when the customer acquires control of the promised asset.

The contractual consideration included in the contract with the customer may include fixed amounts, variable amounts or both. If the contractual consideration includes a variable amount (e.g. discounts, price concessions, incentives, penalties or other similar elements), the Group estimates the amount of the consideration to which it will be entitled in exchange for the transfer of the promised goods or services to the customer. The Group includes in the transaction price the amount of the variable consideration estimated only to the extent that it is highly probable that when the uncertainty associated with the variable consideration is subsequently removed, there will be no significant downward adjustment to the amount of the cumulative revenues recognised.

2. Accounting policies (continued)

2.13 Revenue recognition (continued)

The Group allocates the contractual price to the individual contractual obligations on the basis of standalone selling prices (SSP) of the individual contractual obligations. When an SSP does not exist, the Group estimates the SSP using an adjusted market approach.

The Group applies judgement in determining the contractual obligation, the variable fees and the allocation of the transaction price.

The incremental costs for obtaining contracts with customers are recorded as assets and amortised over the duration of the underlying contract, if the Group expects them to be recovered. The incremental costs for obtaining the contract are the costs that the Group incurs for obtaining the contract with the customer and that it would not have incurred if it had not obtained the contract. Costs for obtaining the contract that would have been incurred even if the contract had not been obtained should be recognised as an expense at the time they are incurred, unless they are explicitly chargeable to the customer even if the contract is not obtained.

- Costs incurred in the performance of contracts with customers are capitalised as assets and amortised over the life of the underlying contract only if such costs do not fall within the scope of another accounting standard (e.g. IAS 2 - Inventories, IAS 16 - Property, plant and equipment and IAS 38 - Intangible assets) and meet all the following conditions:
- Costs are directly related to the contract or an expected contract, which the entity can identify specifically;
- Costs allow the entity to avail of new or increased resources for meeting (or continuing to meet) its obligations to do so in the future;
- It is expected that these costs will be recovered.

The Group has identified the goods and services transferred under the contracts and has determined which of these goods and services are to be considered as separate performance obligations. Various performance obligations have been identified in the sales agreements for the equipment:

- Equipment sale
- Maintenance services

The sale of equipment is recognised when the asset is transferred to the counterparty (point in time) while maintenance services are recognised over the duration of the contract on a straight-line basis (over the time).

Accounting policies also specify the treatment of costs incurred by an entity in obtaining and fulfilling a contract to supply goods and services to customers. The Group identifies the costs associated with signing contracts with hospitals as the costs required to obtain them, and for this reason they are capitalised and amortised on a straight-line basis over the life of the underlying contract.

2.14 Accounting for costs and expenses

Costs and expenses are recorded when they relate to goods and services sold or consumed during the financial year or by systematic allocation when their future utility cannot be identified.

2.15 Interest

Interest revenue and expense are recognised as the interest accrues on the net carrying amount of the underlying value of financial asset or liability, using the effective interest rate.

2.16 Dividend

Dividends are recognised when the right of shareholders to receive payment is established. This right arises following the resolution made on distribution made by 31 December each financial year by the subsidiary.

Liability to pay dividends is recorded in the financial statements in the period in which they are approved by the Company's shareholders.

2. Accounting policies (continued)

2.17 Taxation

Current income tax

Current taxes for the current and prior accounting periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the financial statements closing date.

Current taxes relating to items recorded directly to equity are recognised directly to the shareholders' equity and not to the income statement.

Deferred tax

Deferred income tax assets and liabilities are calculated using the liability method on temporary differences at the financial statements date between the reference fiscal values for assets and liabilities and the values recorded in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit calculated in the financial statements nor the taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred tax asset is recognised for all deductible temporary differences and carry-forward of tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and the carry-forward of deductible temporary differences and tax losses, can be utilised, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit calculated in the financial statements nor the taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the deductible temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. Accounting policies (continued)

2.17 Taxation (continued)

In assessing the probability of the availability of a future income against the entry of deferred assets for tax losses it is necessary to consider:

- that there must exist sufficient temporary differences with regard to the same tax authorities and the same tax subject that will turn into taxable amounts against which tax losses may be used prior to their expiration;
- that unused tax losses result from identifiable causes that are unlikely to be repeated;
- that there exist opportunities for tax planning on the basis of which there will be taxable income during the year in which tax losses may be used.

The carrying amount of deferred income tax assets is reviewed at each financial statements closing date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in future to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each financial statements closing date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the financial statements date.

Deferred tax assets and liabilities relating to items recognised directly in net equity are recognised in net equity and not in the income statement.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.18 Pensions

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

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

2. Accounting policies (continued)

2.19 Financial instruments — initial recognition and subsequent measurement

Financial Assets:

a) Non-current financial receivables and other non-current financial assets

Non current receivables and other non-current assets held to maturity are recognised at cost, represented by the fair value of the initial consideration given in exchange, including transaction costs.

The initial measurement is subsequently adjusted in order to reflect capital repayments, any write-downs and the amortisation of the difference between the repayment value and the valuation on initial recognition. Amortisation is recorded on the basis of the effective internal interest rate, represented by the rate, which equals, at the time of the initial recognition, the present value of the estimated cash flows and the measurement of initial recognition (amortised cost method).

b) Trade receivables and other receivables

Trade receivables are recognised at their estimated realisable value, which corresponds to nominal value less write-downs reflecting the estimated losses, if any.

The Group applies a simplified approach in calculating Expected Credit Losses (ECLs). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows

Any medium and long-term receivables containing an implicit interest component are discounted using an appropriate market interest rate.

c) Current financial assets

Following the initial recognition, current financial assets are assessed at fair value and corresponding variations in fair value are included in the statement of income.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability.

2. Accounting policies (continued)

2.20 Financial instruments — initial recognition and subsequent measurement (continued)

Derecognition (continued)

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment

Further disclosures relating to impairment of financial assets are provided in Note 2.10.

Financial Liabilities:

a) Loans

All loans are initially recognised at fair value of consideration received less directly attributable transaction costs.

After initial recognition, loans are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the statement of income when the liabilities are derecognised as well as through the amortisation process.

b) Trade payables and other debts

Trade payables with a due date within standard commercial terms are not discounted and are recognised at cost (identified by nominal value).

Other liabilities are entered at cost (identified by nominal value).

Derecognition

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

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3. Changes in accounting policies

New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
This amendment had no impact on the consolidated financial statements of the Group.

Reference to the Conceptual Framework – Amendments to IFRS 3
This amendment had no impact on the consolidated financial statements of the Group.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 Leases
This amendment had no impact on the consolidated financial statements of the Group.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time Adopter
This amendment had no impact on the consolidated financial statements of the Group.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
This amendment had no impact on the consolidated financial statements of the Group.

4. Accounting estimates and judgments

4.1 Estimates and assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Judgments

The following judgments have had the most significant effect on amounts recognised in the financial statements.

Taxation

The Group establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authority. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Determining the lease term of contracts with renewal and termination options — Group as lessee

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

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Estimates and Assumptions

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR with reference to the borrowing rate of its parent company and by using observable inputs (such as market interest rates) when available.

4. Accounting estimates and judgments (continued)

4.1 Estimates and assumptions (continued)

Impairment of non-financial assets

Where there are indicators of impairment of individual assets or in the case of goodwill and indefinite lived intangible assets, annually, the Group performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

5. Revenue

	2022	2021
The following is an analysis of the Group's revenue for the year:	£000	£000
Sale of goods and services	**108,648**	103,494
Commissions receivable	**187**	259
Fees receivable	**-**	-
	108,835	103,753

	2022	2021
Analysis of revenue by country of destination:	£000	£000
United Kingdom	**108,088**	103,006
Rest of Europe	**185**	185
Rest of the world	**562**	562
	108,835	103,753

Revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the year-end is summarised as follows:

	Equipment	Services
2022		
Contract liabilities	(30)	(3,368)
Contract assets	-	6,878
2021		
Contract liabilities	-	(6,498)
Contract assets	120	3,408

Contract assets have increased and contract liabilities have decreased due to the timing of contract invoices over the year end.

The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

Revenues of approximately £36,958 thousand are derived from a single key customer who is domiciled in the UK

6. Expenses by nature

	2022	2021
	£000	£000
Depreciation of property, plant and equipment	1,745	1,511
Amortisation of intangible assets	657	963
Foreign exchange (gain)/ loss	(12)	138
Remuneration receivable by the company's auditor for the auditing of accounts	201	123
Pension - employer contributions to defined contribution scheme	748	702

7. Employee benefit expenses

	2022	2021
Employee benefit expenses (including directors) comprise:	£000	£000
Wages and salaries	15,425	13,605
Short-term non-monetary benefits	1,711	1,421
Defined contribution pension cost	748	702
	17,884	15,728

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the directors of the Company listed on page 2.

	2022	2021
	£000	£000
Director's emoluments	230	396
Company contributions to defined pension schemes	11	16
	241	412

	2022	2021
The highest paid director received remuneration	230	273
The value of the Group's contributions paid to a defined contribution pension scheme in respect to the highest paid director.	11	11

The monthly average number of persons, including the directors, employed by the Group during the year was as follows:

	2022	2021
	No.	No.
Operations	265	245
Sales & Administration	70	67
	335	312

8. Finance income and expense

	2022	2021
Recognised in profit or loss	£000	£000
Finance income		
Interest on:		
Gains on IFRS16 lease disposal	-	2
Total interest income arising from financial assets measured at amortised cost	-	2
Interest receivable from group companies	361	343
Other interest receivable	55	63
Total finance income	416	408
Finance expense		
Interest on lease liabilities	190	198
Interest on loans from group undertakings	1,679	1,348
Loss on IFRS16 lease disposal	11	-
Total finance expense	1,880	1,546
Net finance expense recognised in profit or loss	(1,464)	(1,138)

9. Tax expense

9.1 Income tax recognised in profit or loss

	2022	2021
	£000	£000
Current tax		
Current tax on profits for the year	**1,762**	2,299
Total current tax	**1,762**	2,299
Total deferred tax expense		
Origination and reversal of timing differences	**830**	161
Total deferred tax expense	**830**	161
Total tax expense	**2,592**	2,460

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	2022	2021
	£000	£000
Profit for the year	**11,201**	12,352
Income tax expense	**2,592**	2,460
Profit before income taxes	**13,793**	14,812
Tax using the Company's domestic tax rate of 19%	**2,621**	2,814
Expenses not deductible for tax purposes / (non-taxable income)	**1**	(4)
Fixed asset differences	**(44)**	73
Group relief (claim)/surrender	**(185)**	(229)
Adjustments in respect of prior years	-	5
Tax rate changes	**199**	(199)
Total tax expense	**2,592**	2,460

9. Tax expense (continued)

9.2 Current tax assets and liabilities

	2022	2021
	£000	£000
Current tax assets		
Corporation tax receivable	**258**	-
	258	-
Current tax liabilities		
Corporation tax payable	-	12
	-	12

9.3 Deferred tax balances

	2022	2021
The following is the analysis of deferred tax assets/(liabilities) presented in the consolidated statement of financial position:	£000	£000
Deferred tax assets	1	831
	1	831

	Opening balance	Recognised in profit or loss	Closing balance
	£000	£000	£000
2022			
Deferred tax (liabilities)/assets in relation to:			
Property, plant and equipment	817	(816)	1
Other items	14	(14)	-
	831	**(830)**	**1**
2021			
Deferred tax (liabilities)/assets in relation to:			
Property, plant and equipment	980	(163)	817
Other items	12	2	14
	992	(161)	831

	2022	2021
	£000	£000
Fixed asset timing differences	1	817
Short term timing differences	-	14
	1	831

Changes in tax rates and factors affecting future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the main corporation tax rate will increase to 25%. The impact of these changes is not expected to be material.

10. Property, plant and equipment

	Plant and machinery	Right of use asset	Other property, plant and equipment	Total
Cost or valuation				
At 1 January 2021	4,689	5,324	4,052	14,065
Additions	1,273	17	520	1,810
Disposals	(444)	(74)	(1,138)	(1,656)
At 31 December 2021	5,518	5,267	3,434	14,219
Additions	2,225	281	239	2,745
Disposals	(105)	(100)	-	(205)
At 31 December 2022	**7,638**	**5,448**	**3,673**	**16,759**
Accumulated depreciation and impairment				
At 1 January 2021	2,454	840	2,525	5,819
Charge owned for the year	750	448	313	1,511
Disposals	(382)	(68)	(707)	(1,157)
At 31 December 2021	2,822	1,220	2,131	6,173
Charge owned for the year	983	468	294	1,745
Disposals	(64)	(35)	-	(99)
At 31 December 2022	**3,741**	**1,653**	**2,425**	**7,819**
Net book value				
At 31 December 2021	2,696	4,047	1,303	8,046
At 31 December 2022	**3,897**	**3,795**	**1,248**	**8,940**

There are no restrictions on title, and property, plant and equipment pledged as security for liabilities.

Property, plant and equipment are reviewed for impairment and no indicators were identified.

11. Intangible assets

	Customer contracts £000	Computer software £000	Total £000
Cost or valuation			
At 1 January 2021	4,982	279	5,261
Additions	131	94	225
Disposals	-	-	-
At 31 December 2021	5,113	373	5,486
Additions	108	850	958
Disposals	-	-	-
At 31 December 2022	**5,221**	**1,223**	**6,444**
Accumulated amortisation and impairment			
At 1 January 2021	3,162	92	3,254
Charge owned for the year	891	72	963
Disposals	-	-	-
At 31 December 2021	4,053	164	4,217
Charge owned for the year	578	79	657
Disposals	-	-	-
At 31 December 2022	**4,631**	**242**	**4,874**
Net book value			
At 31 December 2021	1,060	209	1,269
At 31 December 2022	**590**	**980**	**1,570**

Intangible assets are reviewed for impairment and no indicators were identified.

12. Goodwill

	2022	2021
	£000	£000
Cost	19,241	19,241
	19,241	19,241

Cost		
At 1 January	**19,241**	19,241
Movement	-	-
At 31 December	**19,241**	19,241

TBS G.B. Telematic & Biomedical Services Limited

Goodwill arises from the acquisition of this entity in the 2018 accounting period.

The Group performed its annual impairment test of goodwill at 31 December 2022. The Group considers the relationship between CGU's recoverable value and its book value, among other factors, when reviewing for indicators of impairment.

The recoverable amount is determined from a value in use calculation. In assessing value in use, the estimated future cash flows of the CGU are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

As a result of the analysis, there is headroom of £12,170 thousand and management did not identify an impairment for this CGU.

Key assumptions used in the calculation:

- Compound annual growth rate on revenue of 5%
- Gross margin of 27% for 2023 and 29% thereafter
- Selling, general and administration (SG&A) costs growth of 3%
- Terminal growth rate of 2%
- The rate used to discount the cashflows was 7.6% being the weighted average cost of capital (WACC) for the Group.

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The Directors are of the view that are no reasonable possible changes in assumptions that would result in impairment .

13. Inventories

	2022	2021
	£000	£000
Raw materials	**1,704**	1,393
Finished goods and goods for resale	**116**	225
	1,820	1,618

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

	2022	2021
	£000	£000
Inventory recognised in cost of sales during the year as an expense	**48,089**	46,392
Impairment loss was recognised in cost of sales against inventory during the year due to slow moving and obsolete inventory.	**78**	62

14. Trade and other receivables

	Note	2022	2021
		£000	£000
Trade receivables		9,938	5,541
Trade receivables		**9,938**	5,541
Receivables from related parties	24	3,637	3,530
Loans to related parties		1,897	1,877
Amounts recoverable from long term contracts		33,029	33,098
Total financial assets other than cash and cash equivalents classified as loans and receivables		**48,501**	44,046
Prepayments and accrued income		10,573	6,291
Tax recoverable		888	630
Other receivables		508	643
Total trade and other receivables		**60,470**	51,610
Less: current portion - trade receivables		(9,938)	(5,541)
Less: current portion - receivables from related parties		(3,637)	(3,530)
Less: current portion - loans to related parties		(242)	(325)
Less: current portion - amounts recoverable from long term contracts		(9,983)	(9,302)
Less: current portion - prepayments and accrued income		(10,573)	(6,291)
Less: current portion - taxation recoverable		(258)	-
Less: current portion - other receivables		(165)	(187)
Total current portion		**(34,796)**	(25,176)
Total non-current portion		**25,674**	26,434

Included in the Group's trade receivables are debtors with a carrying amount of £2,082 thousand (2021: £1,643 thousand) which are past due at reporting date but for which the Group has not provided as there has not been a significant change in the credit quality and the Group still believes these amounts to be recoverable.

The Group does not hold any collateral over these balances.

	2022	2021
The ageing of amounts due but not impaired is as follows:	£000	£000
Up to 3 months	1,860	1,293
3 to 6 months	181	133
6 to 12 months	90	59
Over 12 months	19	(8)
Not due	7,788	4,064
	9,938	5,541

14. Trade and other receivables (continued)

	2022	2021
The ageing of amounts due and impaired is as follows:	£000	£000
3 to 6 months	-	-
6 to 12 months	**33**	8
Over 12 months	**16**	22
	49	30
Movements in the impairment allowance for trade receivables are as follows:		
At 1 January	**30**	38
Movements in the year	**3**	-
Unused amounts reversed	-	(8)
	33	30

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days. Receivables from related parties occur during the normal course of business and are non-interest bearing payable quarterly. Prepayments are amounts paid in advance of recognition of the cost in the Income Statement and accrued income is the unbilled contracted accounts receivable. Loans owed from related parties includes amounts due from Ergea UK and Ireland Holdings Ltd comprising of two loans.

		2022	2021
		£000	£000
Ergea UK and Ireland Holdings			
1) Loan which bears interest at 7.75% p.a. and is repayable by March 2025			
	Current	**194**	260
	Non-Current	**735**	846
Ergea UK and Ireland Holdings - total loan outstanding		**929**	1,106
Ergea UK and Ireland Holdings			
2) Loan which bears interest at 15.23% p.a. and is repayable by March 2026			
	Current	**48**	65
	Non-Current	**920**	706
Ergea UK and Ireland Holdings - total loan outstanding		**968**	711

15. Trade and other liabilities

	2022	2021
	£000	£000
Trade payables	6,727	4,681
Payables to related parties	435	4,364
Other payables including VAT and other taxes	2,544	1,973
Accruals	6,035	4,880
Deferred income	3,398	6,498
	19,139	22,396

Terms and conditions of the above liabilities:

- Trade payables are non-interest bearing and are generally settled on terms of 30 to 60 days.
- Accruals are contracted costs recognised in the Income Statement in advance of invoice receipt.
- Deferred income is revenue that cannot be recognised at the Income Statement date and is held on the Statement of Financial Position until recognition can occur.
- Payables to related parties are non-interest bearing and repayable on demand.

16. Financial Liabilities: Interest bearing loans and borrowings

	2022 £000	2021 £000
Lease liabilities (Note 20)	**417**	358
Loans to related parties includes:		
Due from Ergea UK and Ireland Holdings Ltd comprising of two loans:		
1) Loan which bears interest at 7.75% p.a. and is repayable by March 2025	**194**	260
2) Loan which bears interest at 15.23% p.a. and is repayable by March 2026	**48**	65
Total current interest-bearing loans and borrowings	**659**	683
Lease liabilities (Note 20)	**3,699**	3,963
Loans to related parties includes:		
Due from Ergea UK and Ireland Holdings Ltd comprising of three loans:		
1) Loan which bears interest at 7.75% p.a. and is repayable by March 2025	**735**	846
2) Loan which bears interest at 15.23% p.a. and is repayable by March 2026	**921**	706
3) Loan note which bears interest at 4.95% per annum repaid in 2022	**-**	15,000
4) Loan which bears interest in the range libor +2.5% rising to libor+3.5% from July 2023 and matures in July 2032	**32,000**	-
Due to Althea Group S.p.A.		
1) Loan which bears interest at 5.2% + Libor p.a. repaid in 2022	**-**	4,973
Total non-current interest-bearing loans and borrowings	**37,355**	25,488
Total interest-bearing loans and borrowings	**38,014**	26,171

17. Share capital

	2022	2021
Authorised		
	Number	Number
Shares treated as equity		
Ordinary 'B' shares of £1.00 each	**100**	100
	100	100

Issued and fully paid		
	Number	Number
Ordinary 'B' shares of £1.00 each	**100**	100
At 1 January and 31 December	**100**	100

Unicredit Bank Ag holds fixed and floating charges over the shares and assets of the Company in respect of the Ergea Group credit facility. Lloyds Bank holds fixed and floating charges over the shares and assets of the Company in respect of the Company's banking facility.

18. Reserves

Retained earnings
Retained earnings is the Group's accumulated retained profits or losses as at the year.

19. Distributions made

	2022	2021
	£000	£000
Cash dividend on ordinary shares declared and paid		
Final dividend for 2022: £170,000 per share (2021: £20,000)	**17,000**	2,000
	17,000	2,000

20. Leases

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Buildings	Motor vehicles	Other	Total
	£000	£000	£000	£000
As at 1 January 2021	4,403	81	-	4,484
Additions	-	17	-	17
	-	(6)	-	(6)
Depreciation expense	(400)	(48)	-	(448)
As at 31 December 2021	4,003	44	-	4,047
Additions	-	248	33	**281**
Disposals (net of depreciation)	-	(65)	-	**(65)**
Depreciation expense	(416)	(51)	(1)	**(468)**
As at 31 December 2022	**3,587**	**176**	**32**	**3,795**

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	2022	2021
	£000	£000
As at 1 January	**4,321**	4,668
Additions	**281**	17
Amendments	-	-
Accretion of interest	**190**	198
Payments	**(676)**	(562)
As at 31 December	**4,116**	4,321
Current	**417**	358
Non-current	**3,699**	3,963

The maturity analysis of lease liabilities is disclosed in Note 21.5

The following are the amounts recognised in profit or loss:

	2022	2021
	£000	£000
Depreciation expense of right-to-use assets	**468**	448
Interest expense on lease liabilities	**190**	198
Total amount recognised in profit or loss	**658**	646
Total cash outflows for leases	**676**	562
Non-cash additions to right-to-use assets and lease liabilities	**281**	17

21. Financial instruments - fair values and risk management

21.1 Accounting classifications and fair values

Financial assets (Note 14) and liabilities (Note 16) are measured at amortised costs. The carrying amount is a reasonable approximation of the fair value.

	2022	2021
	£000	£000
Financial Assets		
Debt instruments measured at amortised cost		
Trade receivables	**9,938**	5,541
Receivables from related parties	**3,637**	3,530
Loans to related parties	**1,897**	1,877
Amounts recoverable from long term contracts	**33,029**	33,098
Total financial assets other than cash and short-term deposits (Note 14)	**48,501**	44,046
Total current	**23,800**	18,698
Total non-current	**24,700**	25,348
Financial Liabilities: Interest-bearing loans and borrowings		
Financial liabilities measured at amortised cost		
Trade payables (Note 15)	**6,727**	4,681
Other payables (Note 15)	**2,544**	1,973
Accruals (Note 15)	**6,035**	4,880
Payables to other related parties (Note 15)	**435**	4,364
Loans from related parties (Note 16)	**33,898**	21,850
Financial lease liabilities (Note 16)	**4,116**	4,321
	53,755	42,069

21.2 Financial risk management objectives

The Group is exposed to a variety of financial risks which result from its operating activities.

The Group's risk management is predominantly controlled by management under policies approved by the board of directors. Directors identify and evaluates financial risk in close co-operation with the Group's operating units. The board provides written principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, credit risk and liquidity risk.

The Group does not actively engage in the trading of financial assets and has no financial derivatives. The most significant risks to which the Group is exposed are described below:

21 Financial instruments - fair values and risk management (continued)

21.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include loans and borrowings. The sensitivity analyses in the following sections relate to the position as at 31 December in 2022 and 2021.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of debt and the proportion of financial instruments in foreign currencies are all constant and in place at 31 December 2022. The analyses exclude the impact of movements in market variables on provisions.

In calculating the sensitivity analysis, the sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2022 and 2021.

Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Euro	**1,041**	1,080	**174**	2,342
USD	**67**	123	**-**	359
	1,108	1,203	**174**	2,701

Foreign currency sensitivity analysis

The Group is mainly exposed to the Euro.

The following table details the Group's sensitivity to a 5% increase and decrease in the pound sterling against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in profit or equity where the pound sterling strengthens 5% against the relevant currency. For a 5% weakening of the pound sterling against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative as per the below:

	Euro impact		USD impact	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
+5% Impact on profit or loss	**(43)**	63	**(3)**	12
-5% Impact on profit or loss	**43**	(63)	**3**	(12)

21 Financial instruments - fair values and risk management (continued)

21.3 Market risk (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's intercompany debt obligation with floating interest rate.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	2022	2021
	£000	£000
Increase in basis point by 1%	**320**	50
Decrease in basis point by 1%	**(320)**	(50)

21.4 Credit risk management

The Group's credit risk is primarily attributable to its cash balances and trade receivables.

The Group has a concentration of risk associated with the revenue of £36,958 thousand from a single customer. The customer of one of the biggest NHS Trusts in the country and is considered a low credit risk.

The credit risk on liquid funds is limited because the third parties are large international banks with a credit rating of at least A.

The Group's total credit risk amounts to the total of the sum of the receivables and cash equivalents.

	2022	2021
	£000	£000
At the year end this amount to:	**72,637**	70,417

21 Financial instruments - fair values and risk management (continued)

21.5 Liquidity risk management

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	Total £000	**1-3 mths £000**	**3-12mths £000**	**1-2 years £000**	**2-5 years £000**	**over 5 years £000**
At 31 December 2022						
Loans from related parties	**33,898**	242	-	925	731	32,000
Finance lease liabilities	**4,116**	104	313	372	1,607	1,720
Total and other payables	**19,139**	19,139	-	-	-	-

	Total £000	**1-3 mths** £000	**3-12mths** £000	**1-2 years** £000	**2-5 years** £000	**over 5 years** £000
At 31 December 2021						
Loans from related parties	21,850	325	-	20,421	1,104	-
Finance lease liabilities	4,321	90	268	372	1,607	1,984
Total and other payables	22,396	22,396	-	-	-	-

22. Changes in liabilities arising from financing activities

	1 Jan 2022	Cashflows	New and modified Leases	Other	31 Dec 2022
Current interest-bearing loans and borrowings (excluding items listed below)	325	(325)	-	242	242
Current lease liabilities	358	(358)		417	417
Non-current interest-bearing loans and borrowings (excluding items listed below)	21,525	12,373	-	(242)	33,656
Non-current lease liabilities	3,963	(128)	281	(417)	3,699
Total liabilities from financing activities	**26,171**	**11,562**	**281**	**-**	**38,014**

	1 Jan 2021	Cashflows	New and modified Leases	Other	31 Dec 2021
Current interest-bearing loans and borrowings (excluding items listed below)	1,674	(1,674)	-	325	325
Current lease liabilities	356	(351)	5	348	358
Non-current interest-bearing loans and borrowings (excluding items listed below)	21,522	328	-	(325)	21,525
Non-current lease liabilities	4,312	(13)	12	(348)	3,963
Total liabilities from financing activities	27,864	(1,710)	17	-	26,171

The 'Other' column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings, including lease liabilities to current due to the passage of time, and the effect of accrued but not yet paid interest on interest-bearing loans and borrowings, including lease liabilities. The Group classifies interest paid as cash flows from operating activities.

23. Capital management

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern
- to ensure an adequate and solid credit rating
- to provide an adequate return to shareholders by pricing products and services in a way that reflects the level of risk involved in providing those goods and services.

The Group monitors capital using a gearing ratio, which is 'net debt' divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits.

		2022	2021
		£000	£000
Interest bearing loans and borrowings		38,014	26,171
Trade and other payables		19,139	22,396
Less: cash and short-term deposits		(12,167)	(18,807)
Net Debt		44,986	29,760
Equity		47,056	52,855
Capital and net debt		92,042	82,615
	Ratio	49%	36%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 31 December 2021.

24. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

24.1 Trading transactions

During the year, group entities entered into the following trading transactions with related parties that are not members of the Group:

	Sales of goods		Purchases of goods	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Ergea Global Supply UK Ltd	**30**	317	**2,134**	5,295
	30	317	**2,134**	5,295

The following balances were outstanding at the end of the reporting period:

	Amounts owed by related		Amounts owed to related	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Ergea Group Sarl	**-**	-	**289**	-
Ergea UK and Ireland Holdings Ltd	**50**	1,877	**32,000**	19,421
Ergea Global Supply UK Ltd	**3,587**	447	**146**	987
	3,637	2,324	**32,435**	20,408

24.2 Other related party transactions

Other related party transactions are as follows:

Related party relationship	**Type of transaction**	**Transaction amount**	
		2022	2021
		£000	£000
Ergea Group Sarl	Management fee payable	**289**	-
Ergea UK and Ireland Holdings Ltd	Interest payable	**1,506**	1,086
Ergea UK and Ireland Holdings Ltd	Interest receivable	**361**	343
Ergea UK and Ireland Holdings Ltd	Dividend paid	**17,000**	2,000
		19,156	3,429

Terms and conditions of transactions with related parties

Sales and purchases between related parties are made at normal market prices. Outstanding balances with entities are unsecured, interest free and cash settlement is expected within 30 days of invoice. The Group has not provided or benefited from any guarantees for any related party receivables or payables.

During the year ended 31 December 2022, the Group has not made any provision for doubtful debts relating to amounts owed by related parties (2021: Nil).

25. Controlling Party

The immediate parent company is Ergea UK and Ireland Holdings Limited, and the ultimate parent company is Pan-European Infrastructure III SCSp ("PEIF III SCSp"), an investment fund managed by Ergéa Group S.à.r.l. (formerly named Pan-European Infrastructure III GP S.à.r.l. ("PEIF III GP S.à.r.l."), a limited liability company incorporated under the laws of the Grand Duchy of Luxembourg. The parent companies of the smallest and largest groups of which the company is a member and for which group financial statements are prepared is Ergéa Group S.à.r.l. Copies of these group financial statements are available from Ergéa Group S.à.r.l.

26. Subsidiary undertakings

Direct subsidiary undertakings

The following were direct subsidiary undertakings of the Company:

Name	Holding	Status
Ergea Holdings (MES) Limited	100%	Holding
Ergea (Managed Healthcare) Limited	100%	Trading
TBS G.B. Telematic & Biomedical Services Limited	100%	Dormant

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Holding	Status
Ergea (Whittington) Limited	100%	Trading
Ergea (Leicester 2) Limited	100%	Trading

The principal activity for all the above subsidiaries is the provision of services and equipment within the healthcare sector and all are located in the UK.

The above United Kingdom subsidiaries will take advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the year ended 31 December 2022.

Ergea UK and Ireland Limited has given a parent guarantee under s479C to the subsidiary undertakings.

Ergea UK and Ireland Limited has given a statutory guarantee under section 394C and 448C of all the outstanding liabilities to which TBS G.B. Telematic & Biomedical Services Limited is subject to at the end of the financial year.

27. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund.

	2022	2021
	£000	£000
The pension cost charge represents contributions payable by the Group to the fund	**748**	702
Contributions payable to the fund at the reporting date	**103**	89

28. Other financial commitments Guarantees

The Group has provided the following guarantees at 31 December 2022:

1) Unicredit Bank Ag holds fixed and floating charges over the shares and assets of the Company in respect of the Althea Group credit facility. Additionally, Unicredit Bank Ag holds fixed and floating charges over the share assets of the following subsidiaries Althea Services Limited and TBS G.B. Telematic & Biomedical.

2) Lloyds Bank plc holds fixed and floating charge over shares and assets of the Company in respect of the Company's banking facilities.

3) Guarantee to four customers for the performance in a contract by the contracting subsidiary.

No liability is expected to arise in respect to either of the above.

29. Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective for annual periods beginning on or after January 2023.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

Standards issued but not yet effective (continued)

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The amendments are not expected to have a material impact on the Group.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The Group is currently assessing the impact of the amendments.

30. Events after the reporting date Group

The financial statements have been prepared based upon conditions existing at 31 December 2022 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period.

ERGEA UK AND IRELAND LIMITED

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2022

REGISTERED NUMBER: 04328629	Note	31-Dec 2022	31-Dec 2021
Fixed assets			
Goodwill	4	**19,241**	19,241
Other intangible assets	3	**1,207**	786
Tangible assets	2	**8,940**	8,045
		29,388	28,072
Current assets			
Inventories	5	**1,820**	1,619
Debtors: amounts falling due after more than one year	6	**22,382**	22,306
Debtors: amounts falling due within one year	7	**45,320**	40,610
Cash and cash equivalents		**12,167**	18,807
		81,689	83,342
Creditors: amounts falling due within one year	8	**32,248**	36,885
Net current assets		**49,441**	46,457
Total assets less current liabilities		**78,829**	74,529
Creditors: amounts falling due after more than one year	9	**35,699**	23,936
Net assets		**43,130**	50,593
Capital and reserves			
Retained earnings		**43,130**	50,593
		43,130	50,593

The Company's profit for the year was £9,537 (2021 - £32,327).

The financial statements on pages 64 to 75 were approved and authorised for issue by the board of directors on and were signed on its behalf by:

D A Rolfe
Director
Date: 28 September 2023
The notes on pages 66 to 75 form part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Total attributable to equity holders of parent	
	Retained earnings	Total equity
	£000	£000
At 1 January 2022	50,593	50,593
Comprehensive income for the year		
Profit for the year	9,537	9,537
Total comprehensive income	9,537	9,537
Dividends	(17,000)	(17,000)
At 31 December 2022	**43,130**	**43,130**
At 1 January 2021	20,266	20,266
Comprehensive income for the year		
Profit for the year	32,327	32,327
Total comprehensive income	32,327	32,327
Dividends	(2,000)	(2,000)
At 31 December 2021	**50,593**	**50,593**

The notes on pages 66 to 75 form part of these financial statements.

ERGEA UK AND IRELAND LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. **Accounting policies**

The Company adopts the accounting policies as presented under the Consolidated Financial Statements.

Significant accounting policies, judgements, estimates and assumptions

See Note 1 to the Group financial statements for general information about the Company

Statement of compliance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101)

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with the provisions of the Companies Act 2006.

Basis of Preparation

The Company financial statements are prepared on a going concern basis and in accordance with the Companies Act 2006 and applicable UK accounting standards and present information about the Company as an individual undertaking, and not about its Group.

The Company financial statements are prepared under the historical cost convention. The financial statements of the Ergea UK and Ireland are presented in GBP, which is the functional currency of the economies in which the Company is mainly engaged. The values shown in the financial statements and in the explanatory notes, unless otherwise stated, are expressed in thousands of GBP, which means that the sum of rounded amounts does not necessarily coincide with the rounded total.

The Company has taken advantage of the exemption permitted by Section 408 of the Companies Act 2006 not to publish its individual profit and loss account and related notes. The profit of the parent Company for the financial year amounted to £9,537 (2021: £32,327).

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

(a) the requirements of IFRS 7 Financial Instruments: Disclosures;
(b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
(c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a) (iv) of IAS 1 ;
(d) the requirements of paragraphs 10(d), 10(f) and 134-136 of IAS 1 Presentation of Financial Statements;
(e) the requirements of IAS 7 Statement of Cash Flows;
(f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
(g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures; and
(h) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Where required, equivalent disclosures are given in the consolidated financial statements of Ergea UK

1. Accounting policies (continued)

Audit fees

The Company has taken the exemption granted under SI 2008/489 not to disclose audit fees paid to its auditors as these are disclosed in the consolidated financial statements.

Amounts owed by subsidiary undertakings

The Company holds inter-company loans with subsidiary undertakings with repayment dates being a mixture of repayable on demand or repayable on a fixed contractual date. These inter-company loans are disclosed on the face of the balance sheet. None are past due nor impaired. The carrying value of these loans approximates their fair value. The expected credit loss on these loans with subsidiary undertakings is expected to be immaterial, both on initial recognition and subsequently.

Investments

The Company recognises its investments in subsidiaries at cost less any provisions made for impairment. The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

2. Tangible fixed assets

	Plant and machinery £000	Right of use asset £000	Other property, plant and equipment £000	Total £000
Cost or valuation				
At 1 January 2021	4,689	5,324	4,021	14,034
Additions	1,273	17	520	1,810
Disposals	(444)	(74)	(1,108)	(1,626)
At 31 December 2021	5,518	5,267	3,433	14,218
Additions	2,225	281	239	2,745
Disposals	(105)	(100)	-	(205)
At 31 December 2022	**7,638**	**5,448**	**3,672**	**16,758**
Accumulated depreciation and impairment				
At 1 January 2021	2,454	840	2,494	5,788
Charge owned for the year	750	448	313	1,511
Disposals	(382)	(68)	(676)	(1,126)
At 31 December 2021	2,822	1,220	2,131	6,173
Charge owned for the year	983	468	294	1,745
Disposals	(64)	(35)	-	(99)
At 31 December 2022	**3,741**	**1,653**	**2,424**	**7,818**
Net book value				
At 31 December 2021	2,696	4,047	1,302	8,045
At 31 December 2022	**3,897**	**3,795**	**1,248**	**8,940**

There are no restrictions on title, and property, plant and equipment pledged as security for liabilities.

Property, plant and equipment are reviewed for impairment and no indicators were identified.

Please refer to note 15 for more information regarding leases.

3. Other intangible assets

	Customer contracts £000	Computer software £000	Total £000
Cost or valuation			
At 1 January 2021	3,111	279	3,390
Additions	132	94	226
Disposals	-	-	-
At 31 December 2021	3,243	373	3,616
Additions	107	850	957
Disposals	-	-	-
At 31 December 2022	**3,350**	**1,223**	**4,573**
Accumulated amortisation and impairment			
At 1 January 2021	1,894	92	1,986
Charge owned for the year	772	72	844
Disposals	-	-	-
At 31 December 2021	2,666	164	2,830
Charge owned for the year	458	78	536
Disposals	-	-	-
At 31 December 2022	**3,124**	**242**	**3,366**
Net book value			
At 31 December 2021	577	209	786
At 31 December 2022	**226**	**981**	**1,207**

Intangible assets are reviewed for impairment and no indicators were identified.

4. Goodwill

	2022	2021
	£000	£000
Cost	**19,241**	19,241
	19,241	19,241
Cost		
At 1 January 2022	**19,241**	19,241
movement	-	-
At 31 December 2022	**19,241**	19,241

Goodwill arose from the acquisition of TBS G.B. Telematic & Biomedical Services Limited in a prior accounting period.

The Company performed its annual impairment test of goodwill at 31 December 2022 and 31 December 2021. The Company considers the relationship between CGU's recoverable value and its book value, among other factors, when reviewing for indicators of impairment.

The recoverable amount is determined from a value in use calculation. In assessing value in use, the estimated future cash flows of the CGU are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

As a result of the analysis, there is headroom of £12,170 thousand and management did not identify an impairment for this CGU.

Key assumptions used in the calculation:

- Compound annual growth rate on revenue of 5%
- Gross margin of 27 % for 2023 and 29% thereafter
- Selling, general and administration (SG&A) costs growth of 3%
- Terminal growth rate of 2%
- The rate used to discount the cashflows was 7.6% being the weighted average cost of capital (WACC) for the Company.

A sensitivity analysis was conducted removing the 5% revenue growth and the 3% increase to SG&A costs, which confirmed sufficient headroom and no indicators of impairment.

5. Inventories

	2022	2021
	£000	£000
Raw materials	**1,705**	1,394
Finished goods and goods for resale	**115**	225
	1,820	1,619

6. Debtors: amounts falling due after more than one year

	2022	2021
Amounts falling due after more than one year	**£000**	£000
Loans to related parties	**20,720**	21,199
Amounts recoverable from long term contracts	**690**	-
Tax recoverable	**630**	630
Deferred tax assets	**-**	21
Other receivables	**342**	456
Total debtor amounts falling due after more than one year	**22,382**	22,306

	2022	2021
Loans to related parties	**£000**	£000
Due from Ergea UK and Ireland Holdings Ltd comprising of three loans:		
1) Loan which bears interest at 7.75% p.a. and is repayable by instalments by March 2025	**735**	846
2) Loan which bears interest at 15.23% p.a. and is repayable by instalments by March 2026	**920**	706
Due from Ergea (Leicester 2) Ltd		
1) Loan which bears interest at 6.8% p.a. and is repayable by instalments by 2026	**16,816**	17,398
Due from Ergea Holdings (MES) Ltd comprising of a loan:		
1) Loan which bears interest at 7.0% p.a. and is repayable by instalments by 2026	**2,249**	2,249
	20,720	21,199

7. Debtors: amounts falling due within one year

	2022	2021
Amounts due within one year	**£000**	£000
Trade receivables	**7,050**	3,745
Amounts recoverable from long term contracts	**2,442**	1,629
Receivables from related parties	**22,700**	24,147
Loans to related parties	**5,376**	6,226
Other receivables	**166**	187
Prepayments and accrued income	**7,328**	4,676
Tax recoverable	**258**	-
Total debtor amounts falling due within one year	**45,320**	40,610

Amounts owed by trade debtors is stated net of provision of £33 thousand (2021: £30 thousand)

	2022	2021
Loans to related parties	**£000**	£000
Due from Ergea UK and Ireland Holdings Ltd comprising of three loans:		
1) Loan which bears interest at 7.75% p.a. and is repayable by instalments by March 2025	**194**	260
2) Loan which bears interest at 15.23% p.a. and is repayable by instalments by March 2026	**48**	65
Due from Ergea (Leicester 2) Ltd comprising of two loans:		
1) Loan which bears interest at 6.8% p.a. and is repayable by instalments by 2026	**2,918**	2,798
2) Loan which bears interest at 6.8% p.a. and is repayable by instalments by 2026	**2,216**	3,103
	5,376	6,226

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days. Receivables from related parties occur during the normal course of business and are non-interest bearing payable quarterly. Prepayments are amounts paid in advance of recognition of the cost in the Income Statement and accrued income is the unbilled contracted accounts receivable.

8. Creditors: amounts falling due within one year

	2022	2021
	£000	£000
Trade payables	**6,720**	4,674
Payables to related parties	**13,613**	21,443
Lease liabilities (Note 15)	**417**	358
Deferred tax liability	**663**	-
Other payables including VAT and other taxes	**2,544**	1,973
Accruals	**6,035**	4,880
Deferred Income	**2,256**	3,557
	32,248	36,885

Trade payables are non-interest bearing and are generally settled on terms of 30 to 60 days. Accruals are contracted costs recognised in the Income Statement in advance of invoice receipt. Deferred income is revenue that cannot be recognised at the Income Statement date and is held on the Statement of Financial Position until recognition can occur. Payables to related parties are non-interest bearing and repayable on demand.

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

	2022	2021
	£000	£000
Lease liabilities (Note 15)	**3,699**	3,963
Loans from related parties	**32,000**	19,973
	35,699	23,936

	2022	2021
Loans from related parties	**£000**	£000
Due to Ergea UK and Ireland Holdings Ltd		
Loan note which bears interest at 4.95% per annum and is repayable in July 2024	-	15,000
Loan which bears interest in the range libor +2.5% rising to libor+3.5% from July 2023 and matures in July 2032	**32,000**	-
Due to Althea Group S.p.A.		
Loan which bears interest at 5.2% + Libor p.a. and was repaid	-	4,973
	32,000	19,973

10. Share Capital

	2022	2021
Authorised, Issued and fully paid	**Number**	Number
Ordinary 'B' shares of £1.00 each	**100**	100
At 1 January and 31 December	**100**	100

Unicredit Bank Ag holds fixed and floating charges over the shares and assets of the Company in respect of the Althea Group credit facility. Lloyds Bank holds fixed and floating charges over the shares and assets of the Company in respect of the Company's banking facility.

11. Reserves

Retained earnings

Retained earnings is the Company's accumulated retained profits or losses as at the year.

12. Distributions made

	2022	2021
	£000	£000
Cash dividend on ordinary shares declared and paid		
Final dividend for 2022: £170,000 per share (2021: £20,000)	17,000	2,000
	17,000	2,000

13. Fixed Asset Investments

	£000
Cost	
At 1 January 2022	500
At 31 December 2022	**500**
Impairment	
At 1 January 2022	500
At 31 December 2022	**500**
Net book value	
At 1 January 2022	-
At 31 December 2022	-

Investment in subsidiary undertakings are recorded at cost, which is the fair value of the consideration paid unless any provision for impairment. The investment arose in 2018 from the acquisition of TBS G.B. Telematic & Biomedical Services Limited and was immediately impaired following the transfer of the business to Ergea UK and Ireland Ltd.

14. Events after the reporting date Group

The financial statements have been prepared based upon conditions existing at 31 December 2022 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period.

15. Leases

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Buildings £000	Motor vehicles £000	Other £000	Total £000
As at 1 January 2021	4,403	81	-	4,484
Additions	-	17	-	17
Disposals (net of depreciation)	-	(6)	-	(6)
Depreciation expense	(400)	(48)	-	(448)
As at 31 December 2021	4,003	44	-	4,047
Additions	-	248	33	**281**
Disposals (net of depreciation)	-	(65)	-	**(65)**
Depreciation expense	(416)	(51)	(1)	**(468)**
As at 31 December 2022	3,587	176	32	**3,795**

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	2022 £000	2021 £000
As at 1 January	**4,321**	4,668
Additions	**281**	17
Amendments	**87**	87
Accretion of interest	**190**	198
Payments	**(763)**	(649)
As at 31 December	**4,116**	4,321
Current	**417**	358
Non-current	**3,699**	3,963

The following are the amounts recognised in profit or loss:

	2022 £000	2021 £000
Depreciation expense of right-to-use assets	**468**	448
Interest expense on lease liabilities	**190**	198
Total amount recognised in profit or loss	**658**	646
Total cash outflows for leases	**763**	649
Non-cash additions to right-to-use assets and lease liabilities	**281**	17