Turner International Holdco Limited

Annual report and consolidated
financial statements
Registered number 11157408
For the year ended 31 December 2021

Contents

Strategic report

Principal activities

The principal activity of the Company is that of a holding company and the principal activity of the Group is that of developing innovative solutions to global water management challenges.

The Group is a recognised leader, combining water management technology and applications expertise to provide best-in-class solutions, sustain competitive advantage and generate premium margins. The end markets themselves typically have high barriers to entry and are supported by long-term resilient growth drivers.

Core capabilities:

Help manage water quantity

Deliver environmentally sympathetic engineered solutions that monitor, control and regulate the flow of water, providing homes, businesses and key infrastructure with invaluable protection against the costly and damaging effects of floods and other surge events.

Help manage water quality

Deliver technologies that monitor and remove pollutants and contaminants from surface water, wastewater and industrial process water, protecting downstream systems from damaging wear and abrasion, preventing contaminants from clogging essential processes and ultimately protecting our environment from the harmful effects of organic and inorganic pollutants.

Provide support and consultancy services

Provide a range of customer-focused expertise and support before, during and after system installation to ensure that our solutions are designed to deliver performance that meets customer needs, and that our systems are installed swiftly, correctly and on schedule; provide inspection, servicing, maintenance and repair services to ensure that critical water management equipment continues to operate optimally throughout its lifetime; provide stand-alone consultancy projects to solve customer-specific water management challenges.

Business review

As reported last year, 2020 was affected by the global Covid-19 pandemic and the related lockdowns in key areas of activity and markets. 2021 suffered in a similar way from continuing lockdown and travel restrictions and although restrictions eased during the second quarter of the year, market demand in many areas remained below 2019 levels. More of an issue were related impacts on our supply chain and transport partners, causing delays to a number of projects.

Order intake during the year under review was particularly strong with a record intake of some $111m across the Group, with particularly high figures recorded for our North American Wastewater business.

It is testament to the strength and resilience of our businesses, products and people that despite the challenges presented by the pandemic the group managed to maintain global revenue, year-on-year, on a like-for-like basis. Reported revenue was 2.0% higher than in 2020 because of an average weaker USD exchange rate. On a like-for-like currency basis the strong growth in our stormwater businesses was broadly offset by temporary reductions elsewhere – driven by the impact of projects moving into 2022.

Material, sub-contract and other cost increases, fuelled by the global pandemic, were a feature of 2021 and whilst we have been able to pass some of this on to customers, in some cases this has reduced profitability in the short term. EBITDA for 2021 was $1.8m below 2020 levels, in the main because of these temporary supply chain issues.

Turnover in the North American businesses fell slightly in 2021, reflecting the timing of projects in the wastewater sector as referred to above. This offset high growth in the US Stormwater business, which saw strong demand growth for core products across a range of customers and territories. In the UK our Wastewater Services business saw a reduction of turnover with delays to a number of capital projects, but our Stormwater and Hydrometric Services businesses both showed strong growth during the year. The Middle East revenue fell slightly after a very strong performance in 2020.

Strategic report *(continued)*

After depreciation, amortisation and exceptional charges the result for the year was an operating profit of $2.8m, improved from a 2020 loss of $4.3m. After financing cost and tax credits the net result for the year was a loss of $4.7m, improved from a 2020 loss of $9.4m. It should be noted that within these loss figures for 2021 are $12.6m of non-cash charges for depreciation and amortisation, including $8.6m from the amortisation of intangible assets acquired shortly after incorporation in 2018.

EBITDA, a recognised measure of operating performance, reduced slightly in the year to a still strong $15.4m, as already noted.

Consolidated net assets at the start of 2021 were $4.4m, reducing to $0.1m by the end of the year, this reflecting the net loss for the year referred to above. Cash generation in the year was positive at $4.7m, before debt repayment.

High level financial Performance Indicators:

Financial KPI's:	*2021*	*2020*	*2019*
Revenue	$92.9m	$91.1m	$74.8m
Underlying EBITDA	$15.4m	$17.2m	$12.9m
Return on Capital Employed	22.7%	25.4%	13.8%
Gross Profit % of Revenue	39.3%	40.8%	48.1%

Underlying EBITDA is before exceptional costs (see note 4).

Gross profit margin reduction attributable to change in mix between businesses, reclassification of certain overheads and temporary supply chain challenges.

In addition to Group level financial Performance Indicators, the directors monitor a number of operational indicators covering safety, quality, productivity and delivery at a business unit level. It is not considered appropriate to detail these measures in this report.

Environmental

As part of its commitment to the UN Global Compact and in particular its environmental principles the Group monitors itself and its environmental policy against the ISO14001 standard, and all the Group's operations are covered by this accreditation. By implementing ISO 14001 we aim to build on the many positive contributions we already make by measuring, controlling and, where practical, reducing our environmental impacts as well as better structuring our approach to waste minimisation.

Research & Development

Product Development continues to be a core area for driving growth across the businesses in the Group.

In 2021, the Group completed the development of a new grit washing system to complement our product offering in our wastewater grit markets. The product will start appearing in design schemes in the second half of 2022.

We continued our strong testing and approval programme in our regulated stormwater markets in the US. Through design improvements and laboratory testing, the First Defense High Capacity product received an improved rating under the New Jersey Department of Environmental Protection certification programme. The product range was also extended to include a larger system so that the product can be used in schemes that require large flows to be treated. Following additional testing for the Up-Flo Filter, including third party verification, the system has been approved for sites where stringent treatment is required in our UK markets.

The knowledge gained from computational modelling initiatives with our research partners around the world continues to provide exciting opportunities for us to develop new products. This is an ongoing initiative that focuses on coupling optimization processes with simulations to generate new Intellectual Property for our portfolio, some of which have resulted in product enhancements in 2021. Other research projects are bridging knowledge gaps to enhance environmental legislation and drive towards more rigorous equipment specifications.

Strategic report *(continued)*

Brexit

With the UK having left the European Union in 2020, trading with the EU became more complicated from the start of 2021 but no material impact on activity levels has been seen or is envisaged.

Outlook and Future Developments

The Group operates in the global waste and storm water markets which have good macro-economic drivers with many growth opportunities over the next five years. The Group is focused on driving growth from new product development, expansion into new geographies and extending our service offering to customers. Further, extending sales of existing water treatment and control products into industrial customers is now being actively targeted.

The global market trends and factors driving Group performance include urbanisation/population growth, climate/regulation changes, energy efficiency/asset life and construction/infrastructure investment, all of which currently have stable or positive trends across our various markets.

Significant expenditure in infrastructure by major global powers is planned and the water sector, particularly in North America, will be a major beneficiary of this type of investment. Pressure on UK utilities to clean-up water ways is another driver behind the expected continued growth in demand for Hydro's technology and products.

In addition to these macro market drivers the Group's history and continued investment at the forefront of product and service innovation that both support and change the landscape of the markets and customers we serve underpins our market position and growth potential within current and developing geographies.

Over recent years the Group has invested in new geographic markets including China, Australasia and the Middle East, all markets considered to have good growth potential.

The Group also continues to invest in its core operational systems and business processes to drive greater efficiency and enable platforms to support profitable organic growth and integration of acquisition opportunities.

Post Balance Sheet Events

In February 2022 Ukraine was invaded by Russia which has increased uncertainty around energy prices and supply chain. The business has seen no significant impact of the Ukraine/Russia war to date, although assessments of the potential impact are ongoing.

Going Concern review

As detailed in the notes to these financial statements the directors, after appropriate review and consideration, are satisfied that the business remains a going concern. This is based on reviews of detailed financial projections to August 2023 and likely availability of borrowing facilities, having regard to sensible assumptions around trading and financial performance over the forecast period. Accordingly, the financial statements continue to be prepared under the going concern principles. For further information see note 1.1.

Risk management

Risk management is a high priority for the directors and Group senior management. Processes are designed to identify, mitigate and manage risk. The directors are ultimately responsible for risk management. The principal risks facing the business, and the controls in place to mitigate these, are as follows:

Currency risk

The Group has operations and generates revenues in various countries and currencies around the world and so does have exposure to currency fluctuations, which it monitors on a regular basis. The Group also holds debt in various currencies, predominantly USD and GBP. Where cost-effective, exchange rate exposures are managed utilising forward foreign exchange contracts. In all other cases the Group aims broadly to balance debt held in foreign currencies with earnings generated in those currencies, so as to provide a measure of informal hedging.

Competitive risk

The business continues to innovate, develop and enhance its product and service portfolio, through its research, development, support and consultancy teams in order to retain and grow its customer base. Cost inflation is kept under constant review.

Strategic report *(continued)*

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

Trade receivables are held with a large number of customers, of different sizes and spread across different industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of counterparties and, where appropriate and available, credit insurance cover is purchased. Where appropriate, payment terms with customers are structured as a means of mitigating the risk of financial loss from defaults.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of any deposits obtained.

IFRS 13 requires that own credit risk is reflected in the fair value measurement of a financial liability when the effect of non-performance risk is considered. The Group's main financial liabilities are its financing liabilities and trade creditors. Having performed an assessment of the Group's own credit risk, no adjustment to the Group's financial liabilities is considered necessary.

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows, financial covenants on borrowing facilities, and matching the maturity profiles of financial assets and liabilities.

Interest rate risk

The Group's financial instruments comprise bank loans, finance leases and various items such as trade debtors and trade creditors that arise directly from its operations. The interest rates on the bank borrowings are subject to periodic internal review and market comparison, whilst the exposure to fluctuations in interest rates on other assets and liabilities is not considered significant.

Cyber Risk

In common with most modern businesses, the Group and its businesses are reliant on their IT systems, and the risk of accidental or deliberate failure is kept under review. IT security procedures and controls are considered reasonable and appropriate given the size of the business.

Stakeholder considerations (Section 172(1) Statement)

The Companies (Miscellaneous Reporting) Regulations 2018 require directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company under S172. This S172 statement explains how the Directors:

- have engaged with employees, suppliers, customers and others; and
- have had regard to employee interests, the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regards, including on the principal decisions taken by the company during the financial year.

The S172 statement focuses on matters of strategic importance to the company, and the level of information disclosed is consistent with the size and the complexity of the Group.

General confirmation of Directors' duties

The directors have a clear framework for determining the matters within their remit and have approved terms of reference for the matters delegated to local business management. Certain financial and strategic thresholds have been determined to identify matters requiring parent company consideration and approval.

Strategic report *(continued)*

When making decisions, each director ensures that he acts in the way he considers, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

S172(1) (A) The likely consequences of any decision in the long term

The directors understand the business and the evolving environment in which we operate, including the navigation of the challenges of the water management industry with particular regard to the company's social responsibility and the impact of our activities both on stakeholders and on society.

S172(1) (B) The interests of the company's employees

The directors recognise that employees are fundamental and core to our business and delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, the directors factor the implications of decisions on employees and the wider workforce.

S172(1) (C) The need to foster the company's business relationships with suppliers, customers and others

Delivering our strategy requires strong mutually beneficial relationships with suppliers, customers and joint-venture partners. The business seeks the promotion and application of certain general principles in such relationships. The ability to promote these principles effectively is an important factor in the decision to enter into or remain in such relationships and this alongside other standards are reviewed and approved by the directors periodically. The businesses continuously assess the priorities related to customers and those with whom we do business, and the directors engage with the businesses on these topics, for example, within the context of business strategy updates and investment proposals.

Moreover, the directors receive information updates on a variety of topics that indicate and inform how these stakeholders have been engaged. These range from information provided from the Projects & Technology function (on suppliers and joint-venture partners related to items such as project updates and supplier contract management topics) to information provided by the businesses (on customers and joint-venture partners related to, for example, business strategies, projects and investment or divestment proposals).

S172(1) (D) The impact of the company's operations on the community and the environment

Being a water management business, our products and services are by their nature designed to clean and protect the environment and have significant positive impact on the environment through both the management of water flow and the capture and cleaning of water-born contaminants. As described above the important IS)14001 accreditation is testament to this commitment in a broader context.

S172(1) (E) The desirability of the company maintaining a reputation for high standards of business conduct

The business aims to meet the world's growing need for more and cleaner water management solutions in ways which are economically, environmentally and socially responsible. The directors periodically review and approve clear frameworks, such as the employee Code of Conduct, and its Modern Slavery Statements, to ensure that its high standards are maintained both within the businesses and the business relationships we maintain. This is complemented by the ways the directors are informed and monitor compliance with relevant governance standards help assure its decisions are taken and that group companies act in ways that promote high standards of business conduct.

S172(1) (F) The need to act fairly as between members of the company

After weighing up all relevant factors, the directors consider which course of action best enables delivery of our strategy through the long-term, taking into consideration the impact on stakeholders. In doing so, our Directors act fairly as between the Company's members but are not required to balance the Company's interest with those of other stakeholders, and this can sometimes mean that certain stakeholder interests may not be fully aligned.

Strategic report *(continued)*

Culture

The directors recognise that they play an important role in assessing and monitoring that our desired culture is embedded in the values, attitudes and behaviours we demonstrate, including in our activities and stakeholder relationships. The directors have established honesty, integrity and respect for people as core values. The General Business Principles, Code of Conduct, and Code of Ethics help everyone in the group act in line with these values and comply with relevant laws and regulations. The group Commitment and Policy on Health, Safety, Security, Environment & Social Performance applies across the group and is designed to help protect people and the environment. We relentlessly pursue Goal Zero, our safety goal to achieve no harm across all our operations. We also strive to maintain a diverse and inclusive culture.

Employment policies and engagement

The Group's businesses are founded upon the talent, expertise, commitment and enthusiasm of our employees. The directors believe that, in order to deliver excellent products and services to its customers, they need to provide a safe, stimulating and supportive environment for its people.

All employees participate in a performance management programme in which each employee receives detailed feedback from their line manager, including a review of progress against agreed goals and objectives. This is used to assess performance and to set clear objectives and development plans for the following year, closely aligned with the Group's strategic priorities and values.

The Group uses an objectively assessed job evaluation process to ensure consistency and equity between roles. Elements of every role are assessed by looking at common factors including education, qualification requirements, proven ability and responsibilities. The results, together with periodic external benchmarking of salaries, are used to make sure that the Group provides a fair and competitive salary and benefits package to every employee, regardless of staff level or location.

Employees also participate in our businesses' success through the Group's profit-related annual bonus plan, which can typically provide a bonus for meeting performance targets.

The Group is an equal opportunity employer. The Group's policy is to provide equal opportunities for everyone in respect of recruitment, benefits, training, placement and advancement, respecting cultural diversity, encouraging inclusiveness and recognising the value and benefits of a diverse workforce. The Group's commitment to equal opportunity ensures that all employees, regardless of race, gender, nationality, age, disability, sexual orientation, religion and background, have the opportunity to develop to their full potentials.

This policy is enshrined within the Employee Handbook and all new employees are fully briefed on employment policies as part of their induction training.

The Group values open and constructive communication in our relationships with employees. The Group holds regular employee update meetings and encourages open working relationships between employees and their managers on a day-to-day basis. The intranet is used extensively for communications, showcasing a broad range of activities from across the business and promoting cross-organisational knowledge sharing and cooperation.

The directors consider the Employee Survey to be a key tool for measuring employee engagement, motivation, affiliation and commitment to the group. It provides insights into employee views and has a consistently high response rate. The directors also utilise this engagement to understand how survey outcomes are being leveraged to strengthen company culture and values.

Other Stakeholder engagement

The directors recognise the important role the business has to play in society and is deeply committed to public collaboration and stakeholder engagement. This commitment is at the heart of the businesses' strategic ambitions. The directors strongly believe that the businesses will only succeed by working with customers, suppliers, business partners, investors and other stakeholders. Working together is critical, particularly at a time when society, including businesses, governments, and consumers, faces issues as complex and challenging as, for example, climate change.

Strategic report *(continued)*

We continue to build on our long track record of working with others, such as investors, industry and trade groups, universities and in some instances our competitors through our joint-venture operations or industry bodies. We believe that working together and sharing knowledge and experience with others offers us greater insight into our business. We also appreciate our long-term relationships with our investors and acknowledge the positive impact of ongoing engagement and dialogue.

Principal decisions

There were no significant decisions that warrant disclosure.

Approved by the board of directors and signed on its behalf

Adrian Jeffery

Adrian Jeffery
Director

05 September 2022

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2021.

Directors

The directors who served during the year were as follows:

Ian Venter

Adrian Jeffery

Coral Bidel

Results and dividends

The results for the year are set out in the Consolidated Income Statement on page 14.

The directors do not recommend the payment of a dividend.

Carbon reporting

The new SECR regulations came into effect on 1 April 2019. Under these UK regulations the company is obliged to report UK energy use and greenhouse gas emissions – please see the tables below for details of this. The SECR report covers the year ended 31 December 2021.

Table 1 – Energy Consumption (KWh)

Category	2021	2020
Purchased electricity	323,739	223,682
Natural gas combusted	132,771	120,627
Transport fuel consumed	132,340	144,091

Table 2 – Emissions from Company Activities (tCO2e)

Category	2021	2020
Purchased electricity	75.486	52.15
Natural gas combusted	30.865	22.18
Transport fuel consumed	567.132	607.362

Table 3 – Intensity Ratio

Ratio	2021	2020
tCO2e per £m of revenue	17.60%	17.79%

The SECR report includes Scope 1 direct emissions including company-owned vehicles and Scope 2, being indirect emissions from electricity purchased. The company has not reported on Scope 3 emissions in relation to the use of personal vehicles for business use, as this has been deemed immaterial. The company has followed the March 2019 UK Government environmental reporting guidance, along with the 2020 UK Government GHG Conversion Factors for Company Reporting.

Only energy consumed in the UK has been reported, as the company has elected to exercise the right as a large unquoted company to exclude energy consumed outside of the UK and the offshore area.

Directors' report *(continued)*

Payments to suppliers

It is the Group's policy to agree terms and conditions for its business transactions with its suppliers. The divisions seek to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The trade creditors of the Group at 31 December 2021 represent 66 days (2020: 69 days) as a proportion of the total amount invoiced by suppliers during the year.

Disclosure of information to auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and BDO LLP will therefore continue in office.

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Information included in the Strategic Report

The following information is not shown in the directors report because it is already included in the Strategic Report under s414C(11) :

- Financial risk management objectives and policies
- Information on exposure to price risk, credit risk, liquidity risk and cashflow risk
- Post balance sheet events
- Likely future developments in the business of the company
- Research and development
- Employment policies and engagement

Approved by the board of directors and signed on its behalf

Adrian Jeffery

Adrian Jeffery
Director

05 September 2022

Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements

The directors are responsible for preparing the Annual Report and the group and company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and company financial statements for each financial year. Under that law they have elected to prepare the group financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and applicable law and have elected to prepare the company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable, relevant, reliable and prudent;
- For the group financial statements, state whether they have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and for the parent company financial statements whether they have been prepared in accordance with UK accounting standards, comprising FRS 101 *Reduced Disclosure Framework,* subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy, at any time, the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Turner International Holdco Limited

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Turner International Holdco Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in equity and company balance sheet, company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Independent auditor's report to the members of Turner International Holdco Limited *(continued)*

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report to the members of Turner International Holdco Limited *(continued)*

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

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

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the Companies Act 2006, and the Corporation Tax Act 2010. We identified these areas of laws and regulations as those that could reasonably be expected to have a material effect on the financial statements from sector experience and through discussion with the Directors and other management.

We assessed compliance with the these laws and regulations through enquiry with management and the Audit Committee, review of reporting to Directors with respect to compliance with laws and regulations, review of board meeting minutes and review of legal correspondence and confirmations.

We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur. In addressing the risk of fraud including management override of controls, we have performed journals testing based on a set of fraud risk criteria and tested to supporting documentation also verifying the business rationale. We also incorporated unpredictability procedures as part of our response to the risk of management override of controls.

We further addressed the susceptibility of the Group's financial statements to fraud occurring in revenue recognition. This is due to the judgements taken by the directors in determining revenue recognised for long term design and installation contracts. We assessed the satisfaction of performance obligations of contracts by comparing to evidence obtained from sources outside of the finance function to ensure the appropriateness of revenue recognised in the period. To address the risk of revenue occurrence we tested a sample of product sales to delivery notes to ensure the existence of revenue and correct revenue recognition point. For service revenue streams we tested revenue recognised to appropriate third party evidence in the form of service reports to ensure the existence of revenue and the correct revenue recognition.

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

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

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

Use of our report

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

DocuSigned by:

Sarah Applegate

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Sarah Applegate (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Bristol UK
06 September 2022

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

Consolidated Income Statement
for the year ended 31 December 2021

	Note	For the year ended 31 December 2021	Restated for the year ended 31 December 2020
		$000	**$000**
Revenue	*1,2*	92,915	91,126
Cost of Sales	*28*	(56,430)	(53,988)
Gross Profit		36,485	37,138
Administrative expenses		(21,108)	(19,997)
Operating profit before exceptional acquisition or disposal related costs, depreciation and amortisation of intangibles		15,377	17,141
Amortisation of internally generated intangibles and depreciation costs		(3,707)	(3,350)
Exceptional acquisition or disposal related costs	*4*	(1,816)	(1,565)
Exceptional income	*4*	1,471	-
Amortisation of acquired intangibles		(8,597)	(16,601)
Operating profit/(loss)	*3*	2,728	(4,375)
Net finance costs	*7*	(25,216)	(25,981)
Loss from continuing operations, before tax		(22,488)	(30,356)
Loss on discontinued operation, net of tax	*5*	(220)	(508)
Loss before tax		(22,708)	(30,864)
Taxation	*8*	(829)	3,006
Loss for the year		**(23,537)**	**(27,858)**
Attributable to:			
Equity holders of the parent		(23,603)	(27,884)
Non-controlling interest		66	26
		(23,537)	**(27,858)**

The notes on pages 20 to 49 form an integral part of the financial statements. All results relate to continuing operations.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2021

	Note	**For the year ended 31 December 2021**	**For the year ended 31 December 2020**
		$000	**$000**
Loss for the year		(23,537)	(27,858)
Items that are or may be reclassified to profit and loss: Currency translation differences		1,130	(2,373)
Total comprehensive expense for the year		**(22,407)**	**(30,231)**
Attributable to:			
Equity holders of the parent		(22,471)	(30,267)
Non-controlling interest		64	36
		(22,407)	**(30,231)**

The notes on pages 20 to 49 form an integral part of the financial statements. For details of the prior year restatement see note 28.

Consolidated Balance Sheet
at 31 December 2021

	Note	2021 $000	2020 $000	2019 $000
Non-current assets				
Property, plant and equipment	*9*	5,221	5,929	6,991
Intangible assets	*10*	76,206	83,831	99,207
Deferred tax asset	*11*	1,789	1,247	971
Trade receivables	*13*	3,975	3,971	708
		87,191	**94,978**	**107,877**
Current Assets				
Inventories	*12*	7,345	5,869	5,663
Trade and other receivables	*13*	24,169	28,119	27,628
Current tax assets		2,684	2,359	1,319
Cash and cash equivalents	*14*	10,813	8,372	5,335
		45,011	**44,719**	**39,985**
Total Assets		**132,202**	**139,697**	**147,862**
Current Liabilities				
Other interest-bearing loans and borrowings	*15*	(11,073)	(13,077)	(7,995)
Trade and other payables	*17*	(18,449)	(24,659)	(20,419)
Tax payable		(1,792)	(2,046)	(785)
Provisions	*18*	(3,069)	(3,597)	(3,892)
		(34,383)	**(43,379)**	**(33,091)**
Non-current liabilities				
Other interest-bearing loans and borrowings	*15*	(131,681)	(132,259)	(133,991)
Other payables	*17*	(63,913)	(39,754)	(22,871)
Deferred tax liabilities	*11*	(8,363)	(8,034)	(11,407)
Total non- current liabilities		**(203,957)**	**(180,047)**	**(168,269)**
Total Liabilities		**(238,340)**	**(223,426)**	**(201,360)**
Net Liabilities		**(106,138)**	**(83,729)**	**(53,498)**

Consolidated Balance Sheet *(continued)*
at 31 December 2021

	Note	2021	2020	2019
		$000	$000	$000
Equity attributable to equity holders of the parent				
Share capital	*19*	5,477	5,476	5,476
Retained earnings	*21*	(112,879)	(90,313)	(60,033)
		(107,402)	**(84,837)**	**(54,557)**
Non-controlling interest	*20*	1,264	1,108	1,059
Total equity		**(106,138)**	**(83,729)**	**(53,498)**

The notes on pages 20 to 49 form an integral part of the financial statements.

These financial statements were approved by the board of directors and authorised for issue on 05 September 2022 and were signed on its behalf by:

Adrian Jeffery

Adrian Jeffery
Director

Company registered number: 11158176

Consolidated Cash Flow Statement
for the year ended 31 December 2021

	Note	2021	2020
		$000	$000
Cash flows from operating activities			
Loss for the year		(23,537)	(27,858)
Adjustments for:			
Depreciation, amortisation, impairment	*3*	12,295	19,952
Loss on sale of fixed assets		-	-
Financial expense	*7*	25,216	25,981
Taxation	*8*	829	(3,006)
		14,803	**15,069**
Increase in trade and other receivables		(780)	(903)
Increase in trade and other payables		4,021	375
Increase in inventories		(1,518)	(98)
		16,526	**14,443**
Tax paid		(1,582)	(603)
Interest paid		(6,293)	(7,378)
Net cash from operating activities		**8,651**	**6,462**
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired		(41)	(224)
Acquisition of property, plant and equipment	*9*	(1,467)	(1,247)
Acquisition of development assets, software and other intangibles	*10*	(2,487)	(1,945)
Net cash from investing activities		**(3,995)**	**(3,416)**
Cash flows from financing activities			
Proceeds from issue of debt		-	7,763
Sale/buy back of shares		459	(476)
Interest paid on finance leases		(96)	(133)
Repayment of borrowings		(2,816)	(7,449)
Net cash from financing activities		**(2,453)**	**(295)**
Net (decrease)/increase in cash and cash equivalents		**2,203**	**2,751**
Cash and cash equivalents at beginning of year		8,372	5,335
Effect of exchange rate fluctuations on cash held		238	286
Cash and cash equivalents at end of year	*14*	**10,813**	**8,372**

The notes on pages 20 to 49 form an integral part of the financial statements.

Consolidated Statement of Changes in Equity
for the year ended 31 December 2021

	Share capital	Retained earnings	Non-controlling interest	Total
	$000	$000	$000	$000
Balance at 31 December 2019	5,476	(60,033)	1,059	(53,498)
Loss for the year (restated – see note 28)	-	(27,884)	26	(27,858)
Transactions with owners:				
Share capital acquired from NCI	-	(13)	13	-
Other comprehensive income:				
Currency translation differences	-	(2,383)	10	(2,373)
Balance at 31 December 2020	**5,476**	**(90,313)**	**1,108**	**(83,729)**
Loss/(profit) for the year	-	(23,603)	66	(23,537)
Transactions with owners:				
Share capital acquired from NCI	-	(92)	92	-
Correction of rounding	1	(1)	-	-
Other comprehensive income:				
Currency translation differences	-	1,130	(2)	1,128
Balance at 31 December 2021	5,477	**(112,879)**	1,264	(106,138)

The notes on pages 20 to 49 form an integral part of the financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

Turner International Holdco Limited (the "Company") is a private company, limited by shares, incorporated and domiciled in England and Wales under the Companies Act 2006.

The financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. Where applicable the Parent Company and subsidiaries have elected to prepare their individual financial statements under locally applicable Generally Accepted Accounting Practices (Local GAAP). The Functional currency of Turner International Holdco Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

New accounting standards and interpretations

A number of amended standards became applicable for the current reporting year. The application of these amendments has not had any material impact on the disclosures, net assets or results of the Group.

New standards and interpretations not yet adopted
There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early. The most significant of these are as follows, which are all effective for the period beginning 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022.However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

Turner International Holdco Limited is currently assessing the impact of these new accounting standards and amendments. The Group does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities, as the conversion feature in its convertible debt instruments is classified as an equity instrument and therefore, does not affect the classification of its convertible debt as a non-current liability

1.1 Going concern

The Directors have, at the time of approving the financial statements, and after due consideration, concluded that the Group has adequate financial resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern principles in preparing these financial statements.

The impact of the global Covid-19 pandemic on the Group has been discussed in the Strategic Report and the ongoing pandemic still has a significant impact on the outlook for global economies. However there has been a steady easing of restrictions in the core North America and UK markets since the middle of 2021 and a cautious continuation of this through 2022 has been assumed in latest forecasts. Rising input costs were a feature of 2021 and with the recently started conflict in Ukraine are expected to continue at least in the short term. The businesses in the group have demonstrated an ability to pass cost increases on to customers and this is expected to continue, if necessary. The Group has demonstrated in 2020 and 2021 that through the strength and resilience of its core businesses, alongside the actions taken to mitigate the impact of the pandemic, it is able to continue generating strong operating profits and operate within banking limits.

The gross debt of the Group as at 31st December 2021 is detailed in note 15 to these accounts. The drawn amount on the Revolving Credit Facility at the end of March 2022 was $13.8m, leaving $7.1m undrawn. Net cash and cash equivalent balances at the end of March 2022 were $12.1m leaving effective cash/headroom of $19.1m. In addition, there is headroom of $12.0m on a capital fund and an additional unused facility of $21.3m. All of these facilities are expected to be available to 2024 or 2025, as long as leverage covenants continue to be met.

The Group's leverage covenant is based on net debt which deducts cash and cash equivalents from the gross debt and adds back any non-contingent liabilities. This is compared with a "Last Twelve Months" rolling EBITDA in a standard leverage calculation.

Notes *(continued)*

1 Accounting policies *(continued)*

1.1 Going Concern (continued)

Financial forecasts have been prepared by the group, month by month through to August 2023, based on current order books and expected business conditions over the period. These trading forecasts have been modelled to forecast monthly balance sheets and cash flows and also anticipated results of leverage tests for each quarter during this period. They include prudent levels of contingency to cover risks. Further they have been stress-tested by modelling the impact of reduced profitability and cash flow over the period, EBITDA can reduce by 10% without impact on the covenants. The conclusion from this detailed analysis is that the group has sufficient headroom on its leverage covenants and that a drop in EBITDA of this magnitude is remote and therefore it is reasonable to assume that all of the existing debt facilities will be available for at least the twelve months following the signing of the financial statements.

1.2 Consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and its subsidiaries for the year to 31 December 2021. The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition until the effective date of disposal. Intra-Group balances and any unrealised gains or losses or income and expenses arising from intra-Group transactions are eliminated in preparing the consolidated financial statements. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

1.3 Business Combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The Group's accounting policy for Goodwill is explained below under Intangible Assets.

Acquisitions and disposals of non-controlling interests that do not result in a change of control are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the price paid or received and the amount by which non-controlling interests are adjusted is recognised directly in equity and attributed to the owners of the parent.

Prior to the adoption of IAS 27 (2008), goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

1.4 Revenue

Revenue is measured at the transaction price agreed with the customer on the sales order, net of discounts and value added tax.

Product revenue is recognised when the Group has satisfied its performance obligations to the customer and the customer has obtained control of the goods being transferred.

Service revenue is recognised either:

- Annual contracts - over time in the accounting period when the services are rendered;
- Fixed fee arrangements - recognised based on the actual services provided to date as the provision and consumption of service occur simultaneously.

Contracts revenue is recognised when the performance obligation as detailed in the contract with the customer has been completed. Where this performance obligation has been completed in accordance with the contract is also assessed by the customer or quantity surveyor their assessment dictates the revenue recognition. Revenue from contract variations are accounted for as a separate contract unless at early stages of project before any billing has occurred. Negative variation orders are applied to the transactions price when they occur.

Customer rebates: Where the Group has rebate agreements with its customers, the value of customers rebates paid or payable, calculated in accordance with the agreements in place based on the most likely outcome, is deducted from turnover in the year in which the rebate is earned.

Notes *(continued)*

1 Accounting policies *(continued)*

1.4 Revenue (continued)

Determining the transaction price

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

Allocating amounts to performance obligations

For most contracts, there is a fixed unit price for each product sold or each part of a contract delivered, therefore there is no judgement involved in allocating the contract price to each product or service.

Some goods sold by the group include warranties which require the group to either replace or mend a defective product during the warranty period if the goods fail to comply with agreed-upon specifications. In accordance with IFRS 15, such warranties are not accounted for as separate performance obligations and hence no revenue is allocated to them. Instead, a provision is made for the costs of satisfying the warranties in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. On some product lines, a customer can take out extended warranties. These are accounted for as separate performance obligations, with the revenue earned recognised on a
straight-line basis over the term of the warranty. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated completion costs, the possible return of goods or continuing management involvement with the goods.

1.5 Operating profit

Operating profit is stated before investment income and finance costs.

1.6 Foreign currencies

Items included in the financial statements of each of the Group's subsidiary undertakings are measured using the currency of the primary economic environment in which the subsidiary undertaking operates (the functional currency). The consolidated financial statements are presented in US Dollars (USD), which is the presentational currency of the Group, the functional currency of the Parent Company is Sterling.

The trading results of non-USD subsidiary undertakings are translated into USD using monthly rates of exchange ruling during the relevant financial period.

The balance sheets of non-USD subsidiary undertakings are translated into USD at the rates of exchange ruling at the period end.

Exchange differences arising between the translation into USD of the net assets of those subsidiary undertakings at rates ruling at the beginning and end of the year are recognised in the currency translation reserve.

Foreign currency transactions entered into by the parent company during the year are translated into Sterling at the rates of exchange ruling on the dates of the transaction (or an average rate). Monetary assets and liabilities of the parent company that are denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All currency translation differences are taken to the income statement.

1.7 Intangible Assets

Goodwill

Goodwill represents the excess of the costs of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary undertaking at the date of acquisition. Goodwill arising on the acquisition of subsidiary undertakings is included in intangible assets.

Goodwill is stated at cost or deemed cost less any impairment losses. The carrying value of goodwill is reviewed at each balance sheet date and is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the lowest level within the Group at which the associated goodwill is monitored for management purposes. An impairment loss is recognised whenever the carrying value of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

More information about cash-generating units is given in note 10 to the accounts, where there is more explanation about how the impairment review is carried out.

Notes *(continued)*

1 Accounting policies *(continued)*

Patents and trademarks

The cost of patents and trademarks, where it is probable that there will be future economic benefits and the cost can be reliably measured, are capitalised. This includes both purchased patents and trademarks, and the direct costs of application associated with internally generated patents and trademarks. Such patent and trademark costs are valued at cost on acquisition and amortisation is provided so as to write-off the intangible fixed assets by equal annual instalments over a period of five to fifteen years. Provision is made for any impairment. The costs of maintaining patents and trademarks on the Group's products are expensed as such items occur.

Development assets

In accordance with IAS 38 – Intangible Assets, expenditure incurred on research and development, excluding known recoverable amounts on contracts, is distinguished as relating either to a research phase or to a development phase.

All research phase expenditure is charged to the income statement. Development expenditure is capitalised as an internally generated intangible asset only if it meets strict criteria relating, in particular, to technical feasibility and the generation of future economic benefits. Expenditure that cannot be classified into these two categories is treated as being incurred in the research phase. The Group considers that, due to the complex nature of new equipment programmes, it is not possible to distinguish reliably between research and development activities until relatively late in the programme.

Expenditure capitalised is amortised over five years, from the point it enters into service, on a straight-line basis. The intangible assets are assessed for impairment biannually or earlier if there are indications of impairment.

Computer software

Computer software, including any internally generated computer software, that is not integral to an item of property, plant and equipment is recognised separately as an intangible asset, and is carried at cost less accumulated amortisation (including any impairment losses). Amortisation is calculated using the straight-line method so as to charge the cost of the computer software to the income statement over its estimated useful life of between two and 10 years.

For 'Software as a Service' ('SaaS') arrangements, the Group capitalise costs only relating to the configuration and customisation of SaaS arrangements as intangible assets where control of the software and associated configured and customised elements exists.

Certifications

Expenditure on gaining certifications that generate future economic benefits are capitalised and amortised over three years, from the point the certification becomes active, on a straight-line basis. Certifications are assessed for impairment annually or earlier if there are indications of impairment.

Acquired intangibles

Intangibles purchased as part of acquisitions of businesses are specifically identified and capitalised separately from goodwill and amortised over their estimated economic lives on a straight-line basis. Acquired intangibles are stated at cost less accumulated amortisation and, where appropriate, provision for impairment in value or estimated loss on disposal. The economic lives and categories of acquired intangibles are given in note 10.

1.8 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. The estimated useful lives are as follows:

Computer hardware	3 to 4 years
Motor vehicles	4 years
Fixtures, fittings, plant and equipment	2 to 5 years
Leasehold improvements	Length of lease

Right-of-Use assets have been capitalised as a result of the adoption of IFRS 16 – details of the depreciation applied to these is given in the Leases accounting policy.

Notes *(continued)*

1 Accounting policies *(continued)*

1.9 Leases

As Lessee

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability, if applicable.

The lease payments are discounted using the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement dates less any lease incentives received;
- Any initial direct costs; and
- Restoration costs

Right of use assets are depreciated over the shorter of the asset's life and the lease term on a straight-line basis.

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

Information about critical accounting estimates and judgements in the application of lease accounting is disclosed in note 27.

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have been transferred to the Group, are capitalised in the balance sheet at their fair value and depreciated over their useful lives. The capital elements of future obligations under finance leases are included in liabilities in the balance sheet and analysed between current and non-current amounts. The interest elements of future obligations under finance leases are charged to the income statement over the period of the lease and represent a constant proportion of the balance of capital repayments outstanding in accordance with the effective interest rate method.

As Lessor

The Group enters into agreements for the hire of plant and equipment to customers. Rentals receivable under hire agreements, which are deemed short-term leases, are included in revenue on a straight-line basis.

The Group had an agreement to sub-lease property. Rentals received under the sub-lease, which is deemed a short-term lease as it expired in early 2020, are included in revenue on a straight-line basis. Receipts under the sublease in the year were nil (2020: $13,443).

No COVID-19 rent concessions were received or granted during the current or preceding year.

1.10 Inventories

Inventory and work in progress are valued at the lower of cost and net realisable value on a first-in, first-out basis. Cost comprises direct materials and, where applicable, other direct costs such as carriage and delivery. Net realisable value represents the estimated selling prices less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Notes *(continued)*

1 Accounting policies *(continued)*

1.11 Taxation

The tax charge on the profit or loss for the year comprises current and deferred tax.

Current tax, including UK corporation tax, US corporation tax and other foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of the assets and liabilities for financial purposes and the amounts used for taxation purposes. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

1.12 Financial instruments

Financial assets and liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

1.13 Financial assets

The Group has financial assets that are classified as either financial assets 'at FVTPL' or 'amortised cost'. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

1.14 Financial assets at FVTPL

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL. The Group does not currently have any financial assets classed as FVTPL.

1.15 Financial assets at amortised cost

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest rate method.

1.16 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been negatively impacted.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets, with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1.17 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Notes *(continued)*

1 Accounting policies *(continued)*

1.18 De-recognition of financial assets

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

1.19 Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities at amortised cost'.

1.20 Financial liabilities at FVTPL

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk, including foreign exchange forward contracts and foreign currency options. Further details of the derivative financial instruments are disclosed in note 21 to the financial statements. These derivatives are not formally designated and effective as a hedging instrument.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the balance sheet date. The resulting gain or loss is recognised in profit or loss immediately.

1.21 Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost, with interest expense recognised on an effective interest rate method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

1.22 Derecognition of financial liabilities

The Group de-recognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

1.23 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they occur.

1.24 Pension costs

The Group contributes to the personal pension schemes of certain employees. The assets of such schemes are held separately from those of the Group. The pension costs charge as shown in note 6 represents contributions payable by the Group to these schemes.

1.25 Provisions (including warranty obligations)

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty cost data, know issues and management expectation of future costs. A warranty provision is recognised not only when there is a legal obligation but also where there is a constructive obligation. A constructive obligation exists due to the expectations derived from past behaviours of the Group. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Further details of provisions are given in note 18.

1.26 Share capital

The Company has one class of shares, ordinary shares, which are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from proceeds, net of tax.

Notes *(continued)*

2 Revenue

All of the Group's revenues were generated from the principal activities of the Group and the geographical analysis, by destination, is as follows:

	For the year ended 31 December 2021 $000	For the year ended 31 December 2020 $000
Americas and Canada	42,321	43,233
Europe	42,616	39,358
Rest of the World	7,978	8,535
	92,915	**91,126**

Analysis of the Group revenue by business class is as follows:

Products	59,674	59,630
Long-term contracts	230	712
Service	33,011	30,784
	92,915	**91,126**

	Contract assets 2021 $000	Contract liabilities 2021 $000	Contract assets 2020 $000	Contract liabilities 2020 $000
At 1 January	1,722	(1,591)	1,117	(1,043)
Acquired with acquisitions	-	-	-	-
Transfers in period from contract assets to trade receivables	(1,523)		(459)	-
Amounts included in contract liabilities that was recognised as revenue during the period		1,447	-	822
Excess of revenue recognised over cash (or rights to cash) being recognised in the year	526	-	1,030	-
Cash received in advance of performance and not recognised as revenue during the period	-	(650)	-	(1,339)
Foreign exchange	(16)	14	34	(31)
At 31 December	709	(780)	1,722	(1,591)

Contract assets and contract liabilities are included within trade and other receivables and trade and other payables respectively on the face of the statement of financial position. They arise when the Group companies enter into contracts that can take a few years to complete, because cumulative payments received from customers at each balance sheet date do not necessarily equal the amount of revenue recognised on the contracts.

Notes *(continued)*

3 Operating profit/(loss)

Profit/(loss) from operations has been arrived at after charging/(crediting)	*Note*	**For the year ended 31 December 2021 $000**	**For the year ended 31 December 2020 $000**
Depreciation of property, plant and equipment	*9*	2,329	2,411
Amortisation of intangible assets	*10*	9,966	17,577
Inventories recognised as an expense		35,862	34,836
Foreign exchange (income)/expense		130	245
Product research (excluding capital and staff costs)		440	319
Exceptional acquisition/disposal related costs (see note 4)	*4*	1,816	1,562
Exceptional income (see note 4)	*4*	(1,471)	-

Auditor's remuneration:

During the year the Group obtained the following services from the Company's auditors at costs as detailed below:

	For the year ended 31 December 2021 $000	**For the year ended 31 December 2020 $000**
Audit of these financial statements	9	8
Audit of financial statements of subsidiaries of the company	207	184
	216	**192**

Fees paid to the company's auditor, BDO LLP, and its associates for services other than the statutory audit of the Group and Company were as follows:

	For the year ended 31 December 2021 $000	**For the year ended 31 December 2020 $000**
Tax advice and compliance	36	39
Payroll services	8	19
	44	**58**

4 Acquisition/disposal related and one-off costs

Exceptional acquisition or disposal related costs	**For the year ended 31 December 2021 $000**	**For the year ended 31 December 2020 $000**
Acquisition related costs – Legal and professional fees	156	81
Acquisition related costs – Completion bonuses and additional resources	239	269
Other business acquisitions or pending acquisitions	930	1,055
COVID 19 related (income)/costs	3	157
Deferred consideration true up	488	-
	1,816	**1,562**

These costs have been treated as exceptional acquisition/disposal related costs as they arise from the change in ownership of the Group or are otherwise considered to be non-recurring and of sufficient size and significance to warrant separate disclosure.

Notes *(continued)*

4 Acquisition/disposal related and one-off costs *(continued)*

Exceptional income	For the year ended 31 December 2021 $000	For the year ended 31 December 2020 $000
COVID 19 related income	(1,471)	-
	(1,471)	-

Repayment of COVID 19 stimulus loans received in the US in 2020 were waived during 2021 and so taken to exceptional income.

5 Discontinued operations

On 1 April 2019 in preparation for the acquisition of M&N the Directors of the Company decided to give notice of termination of a large distribution agreement in the UK and to discontinue this line of business. The discontinuation of this operation is presented as Discontinued Distribution below.

On 1 October 2021 the decision was made by management to discontinue the Flood Risk business based on current and future profitability.

The result of the discontinued operations was determined as follows:

2021	Discontinued Flood Risk 2021 $000	Discontinued Distribution 2021 $000	Total 2021 $000
Revenue	11	(6)	5
Cost of Sales	(61)	(31)	(92)
Gross profit	**(50)**	**(37)**	**(87)**
Administration expenses	(14)	(28)	(42)
Redundancy and related costs	(91)	-	(91)
Loss before tax	**(155)**	**(65)**	**(220)**

2020	For the year ended 31 December 2020 $000 Discontinued Distribution
Revenue	574
Cost of Sales	(722)
Gross profit	**(148)**
Administration expenses	(327)
Redundancy and related costs	(33)
Loss before tax	**(508)**

Notes *(continued)*

6 Employees and directors

The average number of persons employed by the group (including directors) during the year was as follows:

	Number of employees Year ended 31 December 2021	Number of employees Year ended 31 December 2020
Management	12	12
Administration	34	35
Marketing and technical	299	302
	345	**349**

The aggregate payroll costs of these persons were as follows:

	$000	**$000**
Wages and salaries	22,239	20,590
Social security costs	2,991	2,743
Other pension costs	1,038	922
	26,268	**24,255**

The Group was recharged $167,000 (2020: $234,000) for the services of directors in the year.

For details of related parties and key management remuneration see note 24.
For details of pension costs see note 24.

7 Finance income and expense

Recognised in profit or loss	The year ended 31 December 2021 $000	The year ended 31 December 2020 $000
Other interest	9	-
Total finance income	9	-
Interest payable on bank borrowings	(6,285)	(7,356)
Interest on preference shares	(18,843)	(18,481)
On finance leases	(96)	(134)
Other interest	(1)	(10)
Total finance expense	**(25,225)**	**(25,981)**
Total finance income/(expense)	**(25,216)**	**(25,981)**

Notes *(continued)*

8 Taxation

Recognised in the income statement

	For the year ended 31 December 2021 $000	For the year ended 31 December 2020 $000
Current tax		
Current year	1,006	818
Adjustments in respect to prior periods	(31)	(53)
Total current tax	**975**	**765**
Deferred current tax		
Origination and reversal of temporary differences	(2,571)	(3,743)
Adjustments in respect to prior periods	75	(28)
Rate changes	2,350	-
Total deferred tax	**(146)**	**(3,771)**
Total tax charge/(credit)	**829**	**(3,006)**

Reconciliation of tax expense

	For the year ended 31 December 2021 $000	For the year ended 31 December 2020 $000
Loss on ordinary activities before tax	(22,708)	(30,864)
Tax using the UK corporation tax rate of 19%	(4,315)	(5,864)
Credit for research and development	(58)	(72)
Overseas tax rate differences and state taxes	242	(123)
Deferred tax not recognised	74	(355)
Rate differences	1,829	(6)
Adjustments in respect of prior years	44	(81)
Non-deductible expenses and other permanent differences	3,013	3,495
Total tax charge/(credit)	**829**	**(3,006)**

Factors that may affect future current and total tax charges

The deferred tax asset at 31 December 2021 has been calculated using the rate of 25% (2020: 19.9%), this is based on a blended rate between the US (25.74%) and UK (25%) rates. The UK Corporation tax rate is set to increase from 19% to 25% in April 2023 at which it due to increase to 25%. As the deferred tax is not expected to crystalise until after the rate increase in April 2023, the higher rate has been used for the calculation of deferred tax balances.

Notes *(continued)*

9 Property, plant and equipment

	Leasehold property $000	Computer equipment $000	Motor vehicles $000	Fixtures, fittings and equipment $000	Total $000
Cost					
At 1 January 2021	2,926	532	1,518	4,757	9,733
Additions	44	256	342	1,048	1,690
Disposals	(41)	(381)	(62)	(1,066)	(1,550)
Reclassified to intangibles	-	(24)	-	(21)	(45)
Foreign exchange	(19)	(1)	(18)	(18)	(56)
Balance at 31 December 2021	2,910	382	1,780	4,700	9,772
Depreciation					
At 1 January 2021	911	156	934	1,803	3,804
Depreciation charge for the year	527	197	365	1,240	2,329
Depreciation disposal	(41)	(336)	(56)	(1,098)	(1,531)
Reclassified to intangibles	-	(12)	-	(14)	(26)
Foreign exchange	(11)	2	(13)	(3)	(25)
Balance at 31 December 2021	1,386	7	1,230	1,928	4,551
Net book value					
At 31 December 2021	**1,524**	**375**	**550**	**2,772**	**5,221**

2020

	Leasehold property $000	Computer equipment $000	Motor vehicles $000	Fixtures, fittings and equipment $000	Total $000
Cost					
At 1 January 2020	2,871	588	1,553	4,548	9,560
Additions	102	231	219	941	1,493
Disposals	(106)	(271)	(285)	(740)	(1,402)
Reclassified to intangibles	-	(10)	-	-	(10)
Foreign exchange	59	(6)	31	8	92
Balance at 31 December 2020	2,926	532	1,518	4,757	9,733
Depreciation					
At 1 January 2020	456	213	507	1,393	2,569
Depreciation charge for the year	554	204	588	1,065	2,411
Depreciation disposal	(106)	(246)	(187)	(624)	(1,163)
Reclassified to intangibles	-	(3)	-	-	(3)
Foreign exchange	7	(12)	26	(31)	(10)
Balance at 31 December 2020	911	156	934	1,803	3,804
Net book value					
At 31 December 2020	**2,015**	**376**	**584**	**2,954**	**5,929**

The Group's obligations under finance leases (see note 16) are secured by the lessors' title to the leased assets, which have a carrying amount of $1,806,000 (2020: $2,331,000).

Notes *(continued)*

10 Intangible assets

	Goodwill	Customer relationships	Product Development and certification	Trademarks	Software	Total
	$000	$000	$000	$000	$000	$000
Cost						
At 1 January 2021	41,851	33,572	54,676	11,778	3,531	145,408
Additions	-	-	969	13	1,544	2,526
Disposals	-	-	(45)	(2)	(39)	(86)
Reclassified from property, plant & equipment	-	-	-	-	45	45
Foreign exchange	139	(312)	(510)	(109)	(59)	(851)
Balance at 31 December 2021	41,990	33,260	55,090	11,680	5,022	147,042
Amortisation and impairment						
At 1 January 2021	-	25,942	31,498	3,147	990	61,577
Amortisation for the year	-	3,381	4,604	1,195	786	9,966
Disposals	-	-	(5)	(1)	-	(6)
Reclassified from property, plant & equipment	-	-	-	-	26	26
Foreign exchange	-	(295)	(363)	(48)	(21)	(727)
Balance at 31 December 2021	-	29,028	35,734	4,293	1,781	70,836
Net book value						
At 31 December 2021	**41,990**	**4,232**	**19,356**	**7,387**	**3,241**	**76,206**

2020

	Goodwill	Customer relationships	Product Development and certification	Trademarks	Software	Total
	$000	$000	$000	$000	$000	$000
Cost						
At 1 January 2020	42,282	32,601	52,253	11,432	2,534	141,102
Additions	-	-	998	10	941	1,949
Disposals	-	-	(113)	(5)	(13)	(131)
Reclassified from property, plant & equipment	-	-	-	-	10	10
Foreign exchange	(431)	971	1,538	341	59	2,478
Balance at 31 December 2020	41,851	33,572	54,676	11,778	3,531	145,408
Amortisation and impairment						
At 1 January 2020	-	20,013	19,573	1,908	401	41,895
Amortisation for the year	-	5,068	10,777	1,125	570	17,540
Disposals	-	-	-	-	(14)	(14)
Reclassified from property, plant & equipment	-	-	-	-	4	4
Foreign exchange	-	861	1,148	114	29	2,152
Balance at 31 December 2020	-	25,942	31,498	3,147	990	61,577
Net book value						
At 31 December 2020	**41,851**	**7,630**	**23,178**	**8,631**	**2,541**	**83,831**

Notes *(continued)*

10 Intangible assets *(continued)*

Amortisation and impairment charge

The amortisation charge is recognised in the following line items in the income statement:

	For the year ended 31 December 2021 $000	For the period ended 31 December 2020 $000
Administration expenses:		
Amortisation of acquired intangible assets	8,653	16,601
Amortisation of other intangible assets	1,313	939
	9,966	**17,540**

The economic lives of the intangibles are as follows:

Customer relationships	**5 years**
Product development	**5 – 10 years**
Product certification	**3 years**
Trademarks	**10 years**
Software	**5 - 10 years**

Goodwill and indefinite life intangible assets considered significant in comparison to the Group's total carrying amount of such assets have been allocated to cash generating units (CGU's) or groups of cash generating units as follows:

	Goodwill 2021 $000	Goodwill 2020 $000
Americas	20,471	20,403
Europe	17,315	17,258
AMEA and China	4,204	4,190
	41,990	**41,851**

The recoverable amount of each segment has been calculated with reference to its value in use. The future cashflows of each CGU has been examined when considering indicators of impairment, a discount rate of 13% has been applied in calculating the forecasted cash generation.

Notes *(continued)*

11 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities. Deferred tax assets and liabilities are attributable to the following:

	2021 Assets $000	2021 Liabilities $000	2020 Assets $000	2020 Liabilities $000
Intangible assets	-	(7,972)	-	(7,798)
Tax losses	63	(189)	167	-
Other temporary differences	1,726	(202)	1,080	(236)
Tax assets/(liabilities)	**1,789**	**(8,363)**	**1,247**	**(8,034)**

A deferred tax asset has not been recognised in respect of timing differences relating to certain losses within the Group and capital losses. The total gross amount of tax losses in respect of which no asset has been recognised is $10,635,000 (2020: $7,218,000); the related tax would be recovered if sufficient taxable profits arise in future periods in the appropriate companies in an appropriate time frame. A deferred tax asset has been recognised in the year on losses where it is considered the losses are now recoverable.

12 Inventories

	2021 $000	2020 $000
Raw materials and consumables	4,707	4,388
Work in Progress	2,638	1,481
	7,345	**5,869**

13 Trade and other receivables

Current	2021 $000	2020 $000
Trade receivables	22,789	26,854
Other receivables	290	307
Prepayments and accrued income	1,014	958
	24,093	**28,119**

Non-current	2021 $000	2020 $000
Trade receivables	2,430	2,063
Other receivables	1,484	1,908
Prepayments and accrued income	61	-
	3,975	**3,971**

Notes *(continued)*

13 Trade and other receivables *(continued)*

Before accepting any new customer, the Group uses an external credit scoring system to assess the potential customer's credit quality, where available, and if not available the Group uses other publicly available financial information, and its own trading records, to rate its major customers. Where available, and economic, the Group makes use of credit insurance.

Of the trade receivables balance at the end of the year, nil (2020: $2,676,000) is due from customers representing more than 10% of the total balance of trade receivables. During the year, due to the nature of the Group's trade (which can include large contracts), the balance due from any individual customer might exceed 10% of the total balance of trade receivables.

Included in the Group's trade receivable balance are debtors with a carrying amount of $2,036,000 (2020: $3,313,000) which are past due at the reporting date, for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The average age of these receivables is 117 days (2020: 134 days). All impaired receivables are fully provided for.

	2021 $000	2020 $000
Ageing of past due but not impaired receivables		
60-90 days old	630	973
90+ days old	1,406	2,340
	2,036	**3,313**

Of the 90+ days old balance, $340,000 (2020: $63,000) is insured.

The movement in the allowance for doubtful receivables is in the table below:

	2021 $000	2020 $000
Allowance of doubtful receivables 1 January	310	550
Allowances released for the year	(138)	(498)
Net allowances made in the year	148	245
Exchange movement	(1)	13
Allowance for doubtful receivables on 31 December	**319**	**310**

In determining the recoverability of a trade receivable, the Group considers any changes in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. The Directors consider the recoverability of trade receivables on an individual basis, given their knowledge of the customer and the trading environment, and make an allowance for any amounts considered doubtful.

Accordingly, the Directors believe that there is no further provision required in excess of the allowance for doubtful debts.

The Directors consider that the carrying amount of trade receivables approximates their fair value.

Notes *(continued)*

14 Cash and cash equivalents

	2021 $000	2020 $000
Cash and cash equivalents	10,813	8,372

Cash and cash equivalents comprise cash held by the Group. The carrying amount of these assets approximates to their fair value.

15 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see note 21.

	2021 $000	2020 $000
Non-current liabilities		
Bank loans	(75,673)	(75,770)
Preference shares	(54,799)	(54,802)
Finance leases	(1,209)	(1,683)
Other loans	-	(4)
	(131,681)	**(132,259)**
Current liabilities		
Bank overdraft	(1,591)	(1,530)
Bank loans	(8,798)	(9,272)
Finance leases	(679)	(735)
Other loans	(5)	(1,540)
	(11,073)	**(13,077)**
Total borrowings	**(87,955)**	**(145,336)**

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 2021 $000	Carrying amount 2021 $000	Face value 2020 $000	Carrying amount 2020 $000
Secured							
USD Senior debt B1	$	LIBOR + 3%	2024	-	-	-	-
USD Senior debt B2	$	LIBOR + 7%	2025	52,601	52,601	52,601	52,601
GBP Senior debt	£	LIBOR + 6.75%	2025	13,807	13,807	13,937	13,937
Capital fund facility	£	LIBOR +6.75	2024	9,265	9,265	9,232	9,232
Revolving credit facility	£	LIBOR + 3%	2024	8,798	8,798	9,272	9,272
Bank overdraft	£	LIBOR + 3%	2024	1,591	1,591	1,530	1,530
Finance leases	£	4.35%	Various to 2023	1,885	1,885	2,406	2,406
Finance leases	$	5.33%	2022	3	3	12	12
Other loan	£	1.55%	2022	5	5	11	11
US PPP Loan	$	1%	2021	-	-	1,533	1,533
				87,955	**87,955**	**90,534**	**90,534**

Notes *(continued)*

16 Leases

The Group has lease contracts. The amount recognised in the financial statements in relation to these leases are as follows:

i) Amounts recognised in the statement of financial position

2021 **Right-of use assets**	**Leasehold property** **$000**	**Motor vehicles** **$000**	**Fixtures, fittings and equipment** **$000**	**Total** **$000**
Cost				
Balance at 1 January 2021	2,926	607	87	3,620
Additions	44	144	14	202
Disposals	(41)	(62)	-	(103)
Foreign exchange	(19)	1	1	(17)
Balance at 31 December 2021	2,910	690	102	3,702
Depreciation				
Balance at 1 January 2021	911	322	56	1,289
Charge for the year	527	157	28	712
Disposal	(41)	(56)	-	(97)
Foreign exchange	(11)	3	-	(8)
Balance at 31 December 2021	1,386	426	84	1,896
Net book value				
At 31 December 2021	**1,524**	**264**	**18**	**1,806**

2020 **Right-of use assets**	**Leasehold property** **$000**	**Motor vehicles** **$000**	**Fixtures, fittings and equipment** **$000**	**Total** **$000**
Cost				
Balance at 1 January 2020	2,871	630	88	3,589
Additions	102	122	9	233
Disposals	(106)	(169)	(10)	(285)
Foreign exchange	59	24	-	83
Balance at 31 December 2020	2,926	607	87	3,620
Depreciation				
Balance at 1 January 2020	456	273	32	761
Charge for the year	554	233	33	820
Disposal	(106)	(175)	(10)	(291)
Foreign exchange	7	(9)	1	(1)
Balance at 31 December 2020	911	322	56	1,289
Net book value				
At 31 December 2020	**2,015**	**285**	**31**	**2,331**

Notes *(continued)*

16 Leases *(continued)*

Lease liabilities	**2021 $000**	**2020 $000**
Current		
Lease liabilities	(676)	(723)
Finance leases	(3)	(12)
Total current liabilities	**(679)**	**(735)**
Non-current		
Lease liabilities	(1,209)	(1,683)
Total non-current liabilities	**(1,209)**	**(1,683)**
Total lease liabilities	**(1,888)**	**(2,418)**

ii) Amounts recognised in the income statement

Depreciation charge of right-of-use assets:	**2021 $000**	**2020 $000**
Leasehold property	527	554
Motor vehicles	157	233
Fixtures, fittings and equipment	28	33
Total depreciation charge of right-of-use assets	**712**	**820**
Interest expense		
Interest expense (included in finance cost)	**(96)**	**(134)**

The lease terms range from 2 years to 8 years. Where there are termination options and extension options, management have considered the likelihood of the option being taken based on the current circumstances and intentions of the business.

Lease costs of $247,000 (2020: $540,000) for leases that are classed as short-term or low value have been charged to the income statement, mainly relating to property leases that expired shortly after the year end, storage unit hire that is short term and vehicle leases that are on short term rental. Cash outflows in relation to leases were $804,000 (2020: $766,000)

The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

Notes *(continued)*

17 Trade and other payables

Current	2021 $000	2020 $000
Trade Payables	10,155	9,780
Payments on account	72	57
Other payables	2,886	1,745
Other tax and social security payable	1,878	2,820
Deferred consideration	3,029	2,528
Accruals and deferred income	6,387	7,729
	24,407	**24,659**

Non-current	2021 $000	2020 $000
Deferred consideration	-	68
Accruals and deferred income	38	202
Accrued preference shares dividend	63,875	39,484
	63,913	**39,754**
Total trade and other payable	**88,320**	**64,413**

The carrying amount of these liabilities approximates to their fair value.

The amounts owed to group undertakings are interest free and repayable on the sale of the group.

Notes *(continued)*

18 Provisions

2021	Warranty claims $000	Other provisions $000	Total $000
Provision brought forward	3,331	266	3,597
Provisions made in the year	706	42	748
Provision reversed/utilised during the year	(1,220)	(34)	(1,254)
Exchange movements	(21)	(1)	(22)
Balance at 31 December 2021	**2,796**	**273**	**3,069**
Non-current	-	-	-
Current	2,796	273	3,069
	2,796	**273**	**3,069**

2020	Warranty claims $000	Other provisions $000	Total $000
Provision brought forward	3,473	419	3,892
Provisions made in the year	823	142	965
Provision reversed/utilised during the year	(922)	(295)	(1,217)
Exchange movements	(43)	-	(43)
Balance at 31 December 2020	**3,331**	**266**	**3,597**
Non-current	-	-	-
Current	3,331	266	3,597
	3,331	**266**	**3,597**

Provision has been made for potential costs to be incurred in association with warranty claims. This provision is classified as current in the balance sheet as the Group does not control the timing of any payment under warranty. The nature of the Group is such that warranty claims can arise over a number of years and so the expected utilisation cannot be determined with certainty, although no known significant current cash outflows are expected in the next few months. Not all provisions are utilised as circumstances change from when the provision was put in place, in this instance the provision is reversed.

Other provisions related to dilapidation provisions on leasehold properties and potential claims from employees and tax authorities.

The leasehold dilapidations provision is calculated based on the lease term and the provision considers the potential that the properties in question may be sublet for some or all of the remaining lease term.

Notes *(continued)*

19 Share capital

	Number of ordinary A shares	Number of ordinary C shares	Value of shares	Share premium	Total share capital
			$	$	$
On issue at 31 December 2019	5,918,750	263,956	807,892	4,668,742	**5,476,635**
On issue at 31 December 2020	5,918,750	263,956	807,892	4,668,742	**5,476,635**
On issue at 31 December 2021	**5,918,750**	**263,956**	**807,892**	**4,668,742**	5,476,635

	2021	2020
	$000	$000
Allotted, called up and fully paid:		
5,918,750 (2020: 5,918,750) ordinary A shares of £0.10 each	773	773
263,956 (2020: 263,956) ordinary C shares of £0.10 each	35	35
	808	808

Voting rights of one vote per share.

20 Non-controlling interest

	Share capital in Turner International Topco Limited	Share premium in Turner International Topco Limited	Share capital and reserves in Hydro Thunip Yancheng	Total share capital
	$000	$000	$000	**$000**
On issue at 31 December 2019	170	1,011	(122)	**1,059**
Acquired from NCI	4	9	-	**13**
Profit during the year	-	-	36	**36**
On issue at 31 December 2020	**174**	**1,020**	**(86)**	**1,108**
Acquired from NCI	14	78	-	**92**
Profit during the year	-	-	64	**64**
On issue at 31 December 2021	**188**	**1,098**	**(22)**	**1,264**

The Turner International Topco Limited non-controlling interest relates to Ordinary A, Ordinary B and Ordinary C shares in Turner International Topco Limited that are owed by third parties.

The Hydro Thunip Yancheng non-controlling interest is a 49% stake in Hydro Thunip Yancheng Water Technology Co Ltd, our subsidiary based in China. The Joint Venture between the Group and Thunip Corporation Ltd (own 49%) was signed on the 21st July 2017.

21 Reserves

	Share capital	Retained earnings	Non-controlling interest	Total
	$000	$000	$000	$000
Balance as at 31 December 2019	**5,476**	**(60,0334)**	**1,059**	**(53,498)**
Result for the year	-	(27,884)	26	(27,858)
Currency translation differences	-	(2,383)	10	(2,2373)
Share capital transferred	-	(13)	13	-
Balance at 31 December 2020	5,476	**(90,313)**	**1,108**	**(83,729)**
Result for the year	-	(23,603)	66	(23,537)
Currency translation differences	-	1,130	(2)	1,128
Share capital transferred	-	(92)	92	-
Rounding error correction	1	(1)	-	-
Balance at 31 December 2021	5,477	**(112,879)**	**1,264**	**(106,138)**

The non-controlling interest is a 49% stake in Hydro Thunip Yancheng Water Technology Co Ltd, our subsidiary based in China. The Joint Venture between the Group and Thunip Corporation Ltd (own 49%) was signed on the 21st July 2017.

Notes *(continued)*

22 Financial instruments

Fair value disclosures

The fair value of each class of financial assets and liabilities is the carrying amount, based on the following assumptions:

Trade receivables, trade payables, short term deposits and borrowings	The fair value approximates to the carrying value because of the short maturity of these instruments.
Long term borrowings	The fair value of bank loans and other loans approximates to the carrying value reported in the balance sheet, as only recently obtained on the market.

Fair value hierarchy

Financial instruments carried at fair value should be measured with reference to the following levels:

- Level 1: quoted prices in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All financial instruments carried at fair value have been measured using either a Level 2 or Level 3 valuation method.

The fair value of financial assets and liabilities measured using a Level 2 valuation method are as follows:

	31 December 2021 $000	31 December 2020 $000
Trade and other receivables	**40,567**	**41,833**
Total financial assets	**40,567**	**41,833**
Trade and other payables	(19,818)	(22,017)
Borrowings at amortised cost	(142,755)	(141,384)
Total financial liabilities	**(162,573)**	**(163,401)**

The fair value of financial assets and liabilities measured using a Level 3 valuation method are as follows:

	31 December 2021 $000	31 December 2020 $000
Deferred consideration		
At 1 January	(2,596)	(2,757)
Additions in year	-	-
Revaluation of contingent consideration	-	-
Paid during year	41	224
Unwinding to finance costs	(488)	-
Foreign exchange	14	(63)
At 31 December	**(3,029)**	**(2,596)**

Notes *(continued)*

21 Financial instruments *(continued)*

The fair value for the contingent consideration is calculated based on forecast performance of the entities acquired, and therefore the valuation is most sensitive to movements in forecast EBITDA. A 10% decrease in the forecast EBITDA of the respective subsidiaries would not materially impact the fair value of the deferred consideration.

21(a) Credit risk

Financial risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral (e.g. deposits), where appropriate, as a means of mitigating the risk of financial loss from defaults. The information is supplied by independent rating agencies where available and if not available the Group uses other publicly available financial information and its own trading records to rate its major customers. IFRS 13 requires that own credit risk is reflected in the fair value measurement of a financial liability when the effect of non-performance risk is considered. The Group's main financial liabilities are its financing liabilities and trade creditors. Having performed an assessment of the Group's own credit risk, no adjustment to the Group's financial liabilities is considered necessary.

Trade receivables consist of a large number of customers, spread across different industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate and available, credit insurance cover is purchased.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of any deposits obtained.

21(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows, financial covenants on borrowing facilities, and matching the maturity profiles of financial assets and liabilities.

Notes *(continued)*

21 Financial instruments *(continued)*

Liquidity and interest tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. 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 table includes both interest and principal cash flows.

	Less than 3 months $000	3 to 6 months $000	6 months to 1 year $000	1 to 5 years $000	More than 5 years $000	Total $000
Non-interest bearing						
Trade payables	10,155	-	-	-	-	10,155
Current tax	-	1,792	-	-	-	1,792
Accruals	6,380	7	-	38	-	6,425
Other taxes and social security	1,878	-	-	-	-	1,878
Other payables	2,886	-	-	-	-	2,886
Deferred contingent consideration	-	-	3,029	-	-	3,029
Payments received on account	72	-	-	-	-	72
Accrued preference share dividend	-	-	-	-	57,911	57,911
	21,371	**1,799**	**3,029**	**38**	**57,911**	**84,148**
Variable interest rate instruments						
Overdraft	1,591	-	-	-	-	1,591
Loans	6,768	2,030	-	75,673	-	84,471
	8,359	**2,030**	**-**	**75,673**	**-**	**86,062**
Fixed interest rate instruments						
Obligations under finance lease	170	170	339	1,208	-	1,887
Preference shares treated as debt	-	-	-	-	54,799	54,799
Other loans	1	1	3	-	-	5
	171	**171**	**342**	**1,208**	**54,799**	**56,691**
	29,901	**4,000**	**3,371**	**76,919**	**112,710**	**226,901**

As the Group publishes its financial statements in US Dollars and conducts business in the UK, it is subject to foreign currency exchange risk arising from exchange rate movements which will affect the Group's transaction costs and the translation of results and underlying net assets of its foreign subsidiaries. Forward exchange contracts are entered into from time to time, but otherwise there is no active management of the foreign currency risk undertaken given the relative costs and complexities involved with hedging foreign currencies.

All disclosures in relation to financial instruments exclude short-term debtors and creditors unless specifically stated.

Notes *(continued)*

21 Financial instruments *(continued)*

The currency profile of financial liabilities as at 31 December 2021 were as follows:

	2021 $000	2020 $000
Currency		
GBP floating rate	23,933	32,440
GBP fixed rate	1,591	1,917
	25,524	**34,357**

Interest receipts on cash and short-term deposits are determined by reference to short-term benchmark rates such as LIBOR and the UK bank base rate.

At 31 December 2021, the variable rate borrowings relate solely to GBP denominated bank loan agreements with an interest rate of 3% to 7% over LIBOR. See note 15 for more detail.

At 31 December 2021, the fixed rate borrowings relate solely to GBP denominated finance leases with an effective average borrowing rate of 4.35%.

There are no differences between the fair value and the carrying value of the Group's financial instruments at 31 December 2021.

Market risk

Market risk – interest rate risk

Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at floating interest rates. The risk is periodically reviewed but not actively managed given the current level of market interest rates and the amount of the borrowings. Some debt i.e. finance leases are at a fixed rate.

Market risk – currency risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Group enters into forward foreign exchange contracts to buy forward against specific material purchase contracts:

Forward foreign exchange contracts

There were no forward foreign currency contracts outstanding as at the year-end.

Notes *(continued)*

21 Financial instruments *(continued)*

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies and is therefore exposed to exchange rate fluctuations. Where cost-effective, exchange rate exposures are managed utilising forward foreign exchange contracts.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities (where the currency of the asset or liability is different to the functional currency of the entity) at the reporting date are as follows:

	2021		2020	
	$000		$000	
Monetary assets				
Euro	380	EUR 280,511	110	EUR 89,976
Swedish Krona	-	-	-	-
GBP	-	-	-	-
Monetary liabilities				
Euro	(562)	EUR 415,500	(669)	EUR 547,258
Swedish Krona	(14)	SEK 125,537	(20)	SEK 161,166
GBP	(84,040)	GBP 62,086,539	(59.800)	GBP 43,767,569
Net monetary liabilities	**(84,236)**		**(60,379)**	

The consolidated income statement for the Group is exposed to the net GBP balance. The net GBP liability as at 31 December 2021 was $62,086,539 (2020: $59,800,000).

Foreign currency sensitivity analysis

The Group is mainly exposed to the currencies of France, Spain and Ireland (Euro) and the UK (GBP). 10% is the sensitivity rate used when reporting foreign exchange risk internally to key management personnel and represents an indicative assumption against which to assess exposure to 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 10% change in foreign currency rates. The following table details the Group's sensitivity to a 10% increase or decrease in the relevant foreign currencies against Sterling, where a positive number below indicates a gain.

	Euro currency impact		GBP currency impact	
	Weakens $000	Strengthens $000	Weakens $000	Strengthens $000
Profit or loss	(17)	14	(4,878)	4,878

Notes *(continued)*

23 Commitments

Pension contributions of $87,000 (2020: $113,000) are included in creditors at the year end.

24 Contingent liabilities

There were no commitments at the year-end or the prior year end.

25 Related parties

Transactions between Turner International Holdco Limited and its 100% subsidiaries, which are related parties, have been eliminated on consolidation. No disclosure of these transactions is required under IAS 24.

Agilitas 2015 Private Equity GP LP, a company registered in Jersey is adviser to the investment manager of the funds which ultimately own 100% of the share capital that carries voting rights of Turner International Holdco Limited. During the year monitoring fees of $412,000 (2020: $372,000) payable to Agilitas Private Equity LLP were invoiced and paid, of this $167,000 (2020: $140,000) related to directors' services.

Agilitas Private Equity LLP has common directors with Agilitas 2015 Private Equity GP LP. During the year Agilitas Private Equity LLP recharged expenses of $10,000 (2020: $36,000) were invoiced and $10,000 (2020: $36,000) paid.

Key management personnel, who are considered to be related parties, are those persons who have the authority and responsibility for planning, directing and controlling the activities of the entity - directly or indirectly. Remuneration of key management personnel is set out in the following table.

	Year ended 31 December 2021 $000	**Year ended 31 December 2020 $000**
Salaries, bonuses and other short-term employee benefits	2,141	2,210
Post-employment benefits	56	46
	2,197	**2,256**

Highest paid director	**Year ended 31 December 2021 $000**	**Year ended 31 December 2020 $000**
Salaries, bonuses and other short-term employee benefits	474	381
Post-employment benefits	-	9
	474	**390**

No remuneration was paid directly to the directors of Turner International Holdco Limited during the year.

26 Pensions

The group operates a defined contribution pension scheme and contributes to personal pension plans for all qualifying employees. The assets of the scheme are held in separate trustee-administered funds. Contributions made during the year amounted to £1,038,000 (2020: £922,000). There were unpaid pension contributions of £66,000 (2020: £141,000) at the year end.

Notes *(continued)*

27 Controlling party

At the end of the financial period the directors noted that the ultimate controlling party was Agilitas 2015 Private Equity Fund L.P., based on the disposition of shareholdings in the company.

28 Accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on past experience together with expectations of future events that are believed to be reasonable at the present time. Actual results may ultimately differ from these estimates.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are as follows:

Developments costs

The Group invests in the development of future products and the enhancement of existing products. The key area of judgement is determining whether the expenditure meets the criteria under IAS38 'Intangible Assets', details of which are set out in note 1. The current NBV of these is $19,356,000 (2020: $23,178,000).

Business combinations

The Group measures consideration at fair value at the date of acquisition and assesses any change in fair value on an annual basis. This requires the Group to make an estimate of the future performance-related metrics in respect of the contingent consideration.

Impairment of goodwill

The Group determines whether goodwill is impaired on an annual basis by estimating the value in use of the cash generating units to which goodwill relates. This requires estimating expected future cash flows from the cash generating unit to which the goodwill relates at a determined discount rate and appropriated growth rate to calculate the present value of those cash flows (note 10). The current value of goodwill is $41,990,000 (2020: $41,851,000)

Taxation

A deferred tax asset (note 11) is recognised only to the extent that it is probable that sufficient taxable profits will be available to utilise the tax losses and temporary differences. The Group has made estimates on the likelihood that future taxable profits will utilise these tax losses. The current value the deferred tax asset is $1,789,000 (2020: $1,247,000)

Leases

Where judgement applied to termination options on leases, the earliest termination option has been applied when assessing the length of the lease. Judgement has been applied when assessing the Incremental Borrowing Rate (IBR) that has been applied in the calculation of the lease liability. The short-term cost of capital has been adjusted for the risk of lease borrowing.

29 Prior year adjustment

$2,485,000 of expenses previously classified as administrative expensed in the prior year have been restated as cost of sales in order to more accurately reflect the classifications used in the current year and make the figures more comparable.

30 Post Balance Sheet Events

In February 2022 Ukraine was invaded by Russia which has increased uncertainty around energy prices and supply chain. The business has seen no significant impact of the Ukraine/Russia war to date, although assessments of the potential impact are ongoing.

Company Balance Sheet
at 31 December 2021

	Note	**2020** **\$000**	**2020** **\$000**
Non-current assets			
Investments	*ii*	54,109	55,080
Current assets			
Other receivables		36	34
Cash and cash equivalents	*iii*	455	30
Total assets		54,600	55,144
Current liabilities			
Trade and other payables	*iv*	(5)	-
Non-current liabilities			
Trade and other payables	*iv*	(27,720)	(18,898)
Interest-bearing loans and borrowings	*v*	(50,315)	(50,317)
Total liabilities		(78,035)	(69,215)
Net liabilities		**(23,440)**	**(14,071)**
Capital and reserves			
Share capital	*vi*	5,477	5,477
Retained earnings		(28,917)	(19,548)
Equity shareholders' funds	*vii*	**(23,440)**	**(14,071)**

The notes on pages 52 to 55 form an integral part of these financial statements.

These financial statements were approved by the board of directors and authorised for issue on XX August 2022 and were signed on its behalf by:

Adrian Jeffery

Adrian Jeffery
Director

Company registered number: 11157408

Company Statement of Changes in Equity
for year ended 31 December 2021

	Share capital $000	Retained earnings $000	Total $000
At 1 January 2020	5,477	(10,216)	(4,739)
Loss for the year	-	(9,191)	(9,191)
Currency translation differences	-	(141)	(141)
At 1 January 2021	5,477	(19,548)	(14,071)
Profit for the year	-	(9,500)	(9,500)
Currency translation differences	-	131	131
Balance at 31 December 2020	5,477	(28,917)	(23,440)

The notes on pages 52 to 55 form an integral part of the financial statements.

Notes

(forming part of the company financial statements)

i. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

Basis of preparation

Turner International Holdco Limited (the "Company") is a company incorporated and domiciled in the UK.

These financial statements present information about the Company as an individual undertaking and not about its group.

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The financial statements have been prepared in accordance with UK accounting standards, comprising FRS 101 *Reduced Disclosure Framework* and under the historical cost accounting rules.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Accounting Standards in conformity with the requirements of the Companies Act 2006 but has set out below where FRS 101 disclosure exemptions have been taken.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

The Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of group settled share based payments;
- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets;
- Disclosures required by *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations* in respect of the cash flows of discontinued operations;
- Certain disclosures required by IFRS 3 *Business Combinations* in respect of business combinations undertaken by the Company; and
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Under Section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own profit and loss account.

Investments

Investments in subsidiary undertakings are stated at cost less amounts provided for any impairment.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes *(continued)*

ii. Investment

	Shares in group undertaking $000
Cost	
At 31 December 2019	53,500
Foreign exchange	1,593
Decrease in investment in year	(13)
At 31 December 2020	55,080
Foreign exchange	(512)
Decrease in investment in year	(459)
At 31 December 2021	**54,109**

Subsidiary undertakings
The principal operating subsidiaries are:

Hydro International Limited, England
Eutek Systems, Inc. USA*
HIL Technology, Inc. USA*
Hydro International (UK) Limited, England and Wales*
Hydro International (Wastewater) Limited, England and Wales*
Hydro-Logic Services (International) Limited, England and Wales*
Hydro Thunip Yancheng Water Technology Co Ltd, China*
M&N Electrical and Mechanical Services Limited, England and Wales (acquired 22 July 2019)*

The non-trading subsidiaries are:

Turner International Topco Limited, England and Wales
Turner International Midco Limited, England and Wales*
Turner International Midco 2 Limited, England and Wales*
Turner International Bidco Limited, England and Wales*
Hydro International Americas, Inc. USA*
Hydro International (Holdings), Inc. USA*
Ely Acquisition Limited, England and Wales*
Hydro International (Holdings) Limited, England and Wales*
HRD Technologies Limited, Republic of Ireland*
Hydro-Logic Limited, England and Wales*
Vexamus Limited, England, England and Wales*
Vexamus Water (Scotland) Limited, Scotland*
Oxford Scientific Software, England and Wales (dormant - dissolved 5 January 2021)*

* These are indirectly held.

The registered addresses of the companies are as follows:

Eutek Systems, Inc	2925 NW Aloclek Drive Suite 140, Hillsboro, Oregon 97124. USA
HIL Technology, Inc	94 Hutchins Drive, Portland, Maine 04102. USA
HRD Technologies Limited	Arther Cox Building, Earlsfort Terrace, Dublin 2. Republic of Ireland
Vexamus Water (Scotland) Limited	Deloitte, 4th Floor Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2DB. UK
Hydro Thunip Yancheng Water Co Ltd	Room 8016 Building 1 East Nanjing 6 Road, Guangfu Road, Nanyang Town, Tinghu District, Yancheng, Jiangsu, China
All other companies:	Shearwater House, Clevedon Hall Estate, Victoria Road, Clevedon, North Somerset, BS21 7RD. UK

Notes *(continued)*

iii. Other receivables: Current

	2021 $000	2020 $000
Amounts due from group undertakings	36	34
	36	**34**

iv. Cash and cash equivalents

	2021 $000	2020 $000
Cash at bank	455	30
	455	**30**

v. Other payables: Current

	2021 $000	2020 $000
Other Creditors	5	-
	5	-

vi. Other payables: Non-current

	2021 $000	2020 $000
Accrued dividends on preference shares	27,720	18,898
	18,898	**18,898**

vii. Interest bearing loans and borrowings

	2021 $000	2020 $000
Preference shares classed as debt	50,315	50,317
	50,315	**50,317**

32,632,373 £1 Preference shares were issued in 2018 year with a value of £32,632,373, these preference shares have the right to a fixed cumulative preferential dividend at the annual rate of 13 per cent of the issue price. 9,834,654 Series 2 Preference shares were issued in 2019 with a value of £6,947,670, these preference shares have the right to a fixed cumulative preferential dividend at the annual rate of 13% of the purchase price of £6,947,670 increasing to the issue price of £9,834,654 after 10 years. Preference shares have no voting rights. Preference shares have been treated as debt as they have the right to a fixed cumulative preferential dividend at the annual rate of 13 per cent of the issue price, however this dividend is only payable where there is the means to allow its payment, the dividend paid will be pro rata per preference share where there are restrictions on the payment.

Notes *(continued)*

viii. Share capital

	Number of ordinary shares	Number of ordinary A shares	Number of ordinary C shares	Value of shares	Share premium	Total share capital
				$	$	$
On issue at 31 December 2019	-	5,918,750	263,956	807,892	4,669,143	**5,477,035**
On issue at 31 December 2020	-	5,918,750	263,956	807,892	4,669,143	**5,477,035**
On issue at 31 December 2021	-	**5,918,750**	**263,956**	**807,892**	**4,669,143**	**5,477,035**

	2021	2020
	$000	$000
Allotted, called up and fully paid:		
5,918,750 (2020: 5,918,750) ordinary A shares of £0.10 each	773	773
263,956 (2020: 263,956) ordinary C shares of £0.10 each	35	35
	808	808

ix. Reconciliation of movement in shareholders' funds

	2021	2020
	$000	$000
Opening shareholders' funds	(14,071)	(4,739)
Profit/(loss) for the financial year	(9,500)	(9,191)
Currency translation differences	131	(141)
Net increase in shareholders' funds	(9,369)	(9,332)
Closing shareholders' funds at the end of the year	**(23,440)**	**(14,071)**

x. Commitments

There were no commitments at the year end.

xi. Controlling party

At the end of the financial period the directors noted that the ultimate controlling party was Agilitas 2015 Private Equity Fund L.P., based on the disposition of shareholdings in the company.