Financial Report

2021

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MBH CORPORATION

COMPANY REGISTRATION 10238873

CONTENTS	**PAGES**

MBH CORPORATION PLC
OFFICERS AND PROFESSIONAL ADVISERS
31 DECEMBER 2021

The Board of Directors	Mr Callum Arthur Michael Laing Ms Victoria Anne Sylvester Ms Svetlana Coronado (resigned 31 July 2021) Mr Stanislaw Jozef Patey Ms Margaret Manning (resigned on 14 January 2022) Ms Lisa Claire Maynard-Atem (appointed on 14 January 2022)
Company registration number	10238873
Registered office	7 Royal Victoria Patriotic Building John Archer Way London SW18 3SX United Kingdom
Auditors	Barnes Roffe LLP Chartered Accountants & Statutory Auditors Charles Lake House Claire Causeway Crossways Business Park Dartford DA2 6QA United Kingdom
Share registrar	Avenir Registrars Limited 5 St John's Lane Farringdon London EC1M 4BH United Kingdom
UK solicitors to the Company	Charles Russell Speechlys LLP 5 Fleet Place London EC4M 7RD
Stock exchange listing	MBH Corporation plc is listed on: ● Primärmarkt of the Düsseldorf Stock Exchange (M8H:GR) ● Frankfurt Stock Exchange (M8H) ● OTC Markets Group Inc (OTCMKTS: MBHCF)

MBH CORPORATION PLC
THE DIRECTORS' REPORT
31 DECEMBER 2021

The Directors present their report together with the consolidated financial statements of the consolidated Group comprising of MBH Corporation plc ("the Company") and its subsidiaries (collectively referred to as "the Group" or "MBH") for the year ended 31 December 2021.

RESULTS AND DIVIDENDS

The total profit for the year amounted to £66,000 after tax. We note that the profit after tax represents acquisitions that were completed during the year (refer note 29 for acquisition dates). The Directors have recommended a dividend of EUR 0.005 per share.

DIRECTORS

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

Mr Callum Arthur Michael Laing
Ms Victoria Anne Sylvester
Ms Svetlana Coronado (resigned 31 July 2021)
Mr Stanislaw Jozef Patey
Ms Margaret Manning (resigned on 14 January 2022)
Ms Lisa Claire Maynard-Atem (appointed on 14 January 2022)

Company Secretary

Ms Victoria Anne Sylvester was appointed Company Secretary on 10 October 2020.

STRATEGIC REPORT

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 the Company has chosen to set out in the Company's Strategic Report the information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise bank balances, trade and other payables and trade and other receivables, loans and borrowings, bonds and contingent consideration. The main purpose of these instruments is to provide funds to finance the Group's operations and activities. The main risks arising from the financial instruments are credit risk, liquidity risk and market risk. Further details of the principal risks facing the Group are included in the Strategic Report.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

The company takes supplier and customer involvement seriously ensuring that any concerns that they raise are dealt with by the management team, and if it is material by amount or nature, will be raised to the Board of Directors.

GOING CONCERN

The Group has considerable financial resources, together with committed contracts with numerous customers and suppliers across different geographic areas and market sectors. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the uncertainties in the global economic outlook.

After making enquiries, the Directors have a reasonable expectation that the Group and parent company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

EMPLOYEES AND EQUAL OPPORTUNITY

Our employees are vital to the success of the Group. We want to attract, motivate and retain the best people to deliver great customer service and help our business to grow. The diversity of the subsidiary companies of MBH Corporation Plc requires the Group to promote a culture of equality and diversity through our policies, procedures and working practices. No employee or potential employee therefore receives less favourable treatment due to their sex, race (including creed, colour, nationality, ethnic or national origins), pregnancy or maternity, religious beliefs, sex change, sexual orientation, marital or parental status, connections with a national minority, membership or non-membership of a trade union, age, political belief or disability where a reasonable adjustment cannot be made. We want to ensure that all our employees receive equal and fair treatment, and this applies to recruitment and selection, terms and conditions of employment, promotion, training, development opportunities and employment benefits.

We believe in creating a culture throughout the Group that is free from discrimination and harassment and will not permit or tolerate discrimination in any form. In terms of equal opportunities, the Group gives full and fair consideration to applications for employment when these are received from disabled people. Should an employee become disabled when working for the Group, we will endeavour to adapt the work environment and provide retraining if necessary so that they may continue their employment.

Training, career development and promotion opportunities are equally applied for all our employees, regardless of disability.

We provide a range of learning opportunities and initiatives that are designed to help our employees develop their skills and experience. These include online courses, workshops, mentoring and coaching and during the covid pandemic our employees were upskilled where necessary to ensure they were able to meet any new working conditions. To ensure the safety of all employees and customers during the COVID-19 outbreak, we rolled out a number of precautions and policies we deemed necessary to ensure they were fully aware of the operational changes and health and safety precautions introduced in response to the pandemic.

Employee Involvement

Our ESG committee ensures engagement from employees within our companies with regards to equality and diversity across the Group and this committee is represented at board level by the ESG Board Representative.

Employee engagement is supported through clear communication of the Group's performance and objectives, and in addition the individual company's role in achieving the group objectives. This information is cascaded in various forums and formats which includes team briefings, employee events, intranet sites and newsletters.

Each company who joins the Group has an incentive plan as part of the earn out consideration in each acquisition agreement. The principals of the companies have agreed to share such incentives with their employees as and when employees have shown the characteristics to promote the objectives and culture of the Group.

MBH CORPORATION PLC
DIRECTORS' RESPONSIBILITIES STATEMENT
31 DECEMBER 2021

The Directors are responsible for preparing the Strategic Report, Directors' Report and the Group and Parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the UK with applicable law. The Company's financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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 the 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 and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the UK;
- for the Parent company financial statements, state whether FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the Group and parent company will not continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware there is no relevant audit information of which the company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

The consolidated financial statements incorporate the financial statements of MBH Corporation plc and all of the entities controlled by the Company, its subsidiaries as at 31 December 2021.

Signed on behalf of the Directors

Callum Laing
Chief Executive Officer
MBH Corporation plc

Approved by the Directors on 27 April 2022

PRINCIPAL ACTIVITY

The Company was incorporated in 2016 for the sole purpose to acquire and act as the holding company for established, profitable small-to-medium enterprises in different sectors. As at 31 December 2021, the Group comprised 27 trading entities in United Kingdom, New Zealand, Australia, U.S.A and Singapore that employed an aggregate 642 professionals.

MARKET DEVELOPMENT

Small and medium-sized enterprises (SMEs) continue to be the backbone of a number of major developed economies in the world. SMEs contribute significantly to a country's global domestic product ("GDP") and often have the potential to contribute more to society and the economy.

REVIEW OF THE GROUP'S FINANCIAL PERFORMANCE AND FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2021

In 2021, MBH's net profit after tax decreased by 95% from the previous year to £66,000 as the Group recognised net one-off losses of £3.0m from discontinued operations (2020: £0.2m profit) in relation to the divestment of Parenta Group (Amplify Investments Ltd and its subsidiary companies).

Excluding the above stated one off charges, the net profit after tax from continuing operations was £3m which is an increase of 168% from the previous year.

The statutory financial statements for the year ended 31 December 2021 and 31 December 2020 only represent the results for the companies in the Group from the date of acquisition (refer to Note 29 Business Combinations).

Revenue

Revenue was £108.8m which represents an increase of 94% from last year. The increase in revenue was largely driven by acquisitions alongside an increase in both the Construction and Leisure Verticals as business activities largely resumed post lifting of various COVID-19 restrictions (refer to Note 4 Operating Segments).

Earnings

The key earnings metrics are as:

	2021 (£'000s)	2020 (£'000s)	Var (£'000s)	Var %
EBIT from continuing operations	5,164	1,593	3,571	224%
NPAT from continuing operations	2,997	1,120	1,877	168%

Earnings Per Share

	2021 pence	2020 pence
Basic for profit for the year attributable to ordinary members of the parent		
From continuing operations	3.97	2.04
From discontinued operations	(3.88)	0.45
Total	0.09	2.49
Diluted for profit for the year attributable to ordinary members of the parent		
From continuing operations	3.20	2.02
From discontinued operations	(3.13)	0.45
Total	0.07	2.47

Cash and Financial Position

As at 31 December 2021, the Group has cash on hand of £6.1m (2020: £6.2m). Cash inflow from operating activities for the year was £5.2m (2020: outflow £2.3m). This excludes cash inflow from acquisition of subsidiaries of £1.7m.

Capital expenditure for the year was £1.9m which was largely spent on software development for the Education sector.

Cash outflow from financing activities for the year was £4.1m (2020: inflow £2.5m) largely due to repayment of bonds and loans.

The total cash inflow for the year was £0.8m. The Group's net cash position is £5.4m which includes £0.6m of bank overdraft.

Net assets of the Group are £62.8m (2020: £59.8m).

Financial Key Performance Indicators (KPIs)

The key financial metric that the Board has assessed itself on is the earnings per share ("EPS"). The Board endeavours to continue increasing shareholder value and returns. The Board will endeavour to grow EPS organically from our portfolio companies and growth through EPS accretive acquisitions.

STRENGTHS AND COMPETITIVE ADVANTAGES

The Group embraces a number of principles which the directors believe provide competitive advantage.

The Group is committed to maintaining the entrepreneurial spirit and unique culture of the businesses we acquire. So much of a company's value is wrapped up in its people and its unique idiosyncrasies – it is vital to preserve winning teams, and that special something, that made the company so attractive in the first place.

The Group's flat structure and nimble approach means that decisions can be made quickly based on changes to market conditions or client demands.

The Group is highly diversified across service offering, geography and sector vertical. As further acquisitions continue, this diversification will increase. One of the benefits of maintaining individual company autonomy is that each business is its own profit and cost centre and thus risk is hived down to that level.

SIGNIFICANT RISKS AND UNCERTAINTIES

The management of risk is the responsibility of the Board of Directors who have carried out a robust assessment of the potential risks facing the Group. The Group's Principal operating risks and uncertainties are set out below.

Risk Assessments

Our business is subject to risks and uncertainties. We have identified the risks that we regard as the most relevant to our business. These are the risks that we see as most material to MBH's business and performance at this time.

There may be other risks that could emerge in the future. Our principal risks include risks that could impact our business in the short-term (i.e. the next two years), medium term (i.e. the next three to ten years) or over the longer term (i.e. beyond ten years).

The most significant risk is the containment of the Coronavirus (COVID-19). COVID-19 has impacted the financial performance of the Group for the year ended 31 December 2021 and at present risks still exist in the short term. The short and long term financial impact is uncertain and unquantifiable at this point in time. We are monitoring the situation and are taking all necessary steps to protect our people and mitigate the risk to our business.

Our principal risks have not fundamentally changed this year. The key risks are as follows:
- Macro-economic conditions;
- Going concern; and
- Loss of talent.

We set out below certain key controls that we believe help us to manage these risks. However, we may not be successful in deploying some or all of these mitigating actions. If the circumstances in these risks occur or are not successfully mitigated, our cash flow, operating results, financial position, business and reputation could be materially adversely affected. In addition, risks and uncertainties could cause actual results to vary from those described, which may include forward-looking statements, or could impact on our ability to meet our targets or be detrimental to our profitability or reputation.

Macro-Economic Conditions

Catastrophic events, pandemics, terrorist attacks or acts of war may lead to an abrupt interruption of business activities and the Group may be subject to losses resulting from such disruptions. If the business continuity plans of the Group are not available or inadequate, losses may increase further. In addition, such events and the responses to those events may create economic and political uncertainties which could have an unanticipated adverse impact on the markets in which the Group operates and on the operations of the Group.

Updates on COVID-19 impact to the Group

The Group will continue to its best ability to minimise any financial losses that may arise from COVID-19 in 2022. In addition, the Group will continue to monitor cash reserves to ensure there is sufficient working capital to continue operations for the foreseeable future.

Key controls

The following are some of the key controls that are in place:

- Insurance - Ensuring adequate business insurance policies are in place for each company to prevent significant financial and assets loss

- Business continuity plans - Ensuring there are business continuity plans for each company.

Mitigating factors

As a collective group and being a publicly listed company, the risk of going concern reduces when compared to a standalone business. The Group has considerable financial resources, together with committed contracts with numerous customers and suppliers across different geographic areas and market sectors.

As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the uncertainties in the global economic outlook.

Going Concern

Going concern will always be one of the principal risks of the business model of MBH. The nature and size of the companies within the MBH group will always be susceptible to risks around the loss of key staff members, loss of key customers or any significant detrimental macro economic event that may result in going concerns matters. In general, small businesses have less margin for error. This includes loss of key clients or key employees. As a consequence, a single event may have a material impact on the particular company's financial results for the year.

Key controls

There are a number of financial and non-financial controls that have been put in place. The following are some of the key controls that are in place:

- Financial reporting – bi-monthly financial reporting is provided to the Board

- Audit – companies are audited under the International Standards on Auditing ("ISA") prior to joining MBH.

- Directors' Declaration – a personal liability statement that the directors of each company will sign to ensure the financial statements of the respective companies are prepared accurately and the company can pay its debts when they fall due

- Share purchase agreements – the share purchase agreements contain clauses that includes:
  - Adherence to the above points;
  - Unwind clause in the event that the profit of the company is below 80% of the profit when the company joined MBH; and
  - Reserved matters that requires MBH board approval. Reserved matters include increasing directors salaries, entering into any funding arrangements and incurring of costs over and above the delegated authority levels set by the MBH Board.

At each board meeting, the risk register is presented and discussed.

Mitigating factors

The mitigating factors are similar to the ones discussed above.

After making enquiries, the Directors have a reasonable expectation that the Group and parent company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Loss of Talent

The success of the Group's business depends upon the personal reputation, judgment, integrity, business generation capabilities and project execution skills of the business owners. The Principals' personal reputations and relationships with their clients are often a critical element in obtaining and maintaining client engagements. Accordingly, the retention of our Principals is particularly crucial to our future success. Although the Principals have entered into an Employment agreement with the Group, the restriction period in many of the agreements does not exceed 2 years, and there is no guarantee that these will be adhered to.

Key controls

There are a number of financial and non-financial controls that have been put in place. The following are some of the key controls that are in place:

- Financial incentives - The earn out components of each share purchase agreements should incentivise key personnel to remain in the business.

- Acquisition consideration - The acquisition consideration is structured and priced in a manner that does not represent an exit valuation.

- Management team - The earn out incentives are structured to ensure the senior management team are incentivised and trained to take on a larger role within each company.

DIRECTORS' STATEMENT OF COMPLIANCE WITH DUTY TO PROMOTE THE SUCCESS OF THE COMPANY

The Directors are well aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company, (the "s.172(1) Matters").

Induction materials provided on appointment include an explanation of Directors' duties, and the Board is regularly reminded of the s.172(1) matters. The key matters that are consistently prevalent in the decision making process includes:

- ensuring corporate governance policies are adhered to,
- long term objectives of the company;
- setting the right culture at Board level and throughout the subsidiaries of the group; and
- increasing shareholder value.

The above is to ensure the success of the Company is at the forefront of all decision making process.

FUTURE DEVELOPMENTS

Driving organic growth

The companies acquired by the Group have excellent growth prospects. Providing a PLC environment enables them to flourish and grow their business organically

Global client engagements

The Group has a forward-looking strategy that provides global opportunities. The subsidiaries of the Group can rely on support from MBH, whether in the form of providing the ability to carry out share acquisitions globally to set up new locations, or in the form of networking connections and leveraging off the other knowledge from their overseas counterparts.

Acquisition strategy

The Group continues to identify and acquire additional high-quality companies with talented entrepreneurs, in the US$0.5m - US$5m EBIT range.

DIVIDENDS

The Board of Directors has proposed a dividend of EUR 0.005 per share. The Board will continue to be committed to the return of profits to shareholders through a distribution or share buybacks.

Callum Laing
Chief Executive Officer
MBH Corporation plc

Approved by the Directors on 27 April 2022

INTRODUCTION

This statement is made by me, Stan Patey, as the Company's Chairman and explains the Company's present corporate governance arrangements and the standards with which the Company complies.

The Company has elected to adopt and comply with the QCA Corporate Governance Code (the "QCA Code"). This statement reflects the structures that the Company has adopted in order to achieve compliance with the QCA Code.

THE BOARD OF DIRECTORS

The Company (and thereby its group (the "Group")) is ultimately managed by the directors of the Company (the "Directors"), who (individually and as a group) are responsible for running the Company for the benefit of its shareholders in accordance with their fiduciary and statutory duties.

The Board of Directors (the "Board") currently comprises four Directors: two Non-Executive Directors, and two Executive Directors. The Board has one standing committee (the "Committee") being the Audit Committee.

QCA CODE PRINCIPLES

Principle 1: Establish a strategy and business model which promote long-term value for shareholders.

MBH Corporation PLC uses the agglomeration model as its primary strategy for growth. The agglomeration model enables private companies to swap their privately held shares for shares in the Company.

The Board believe the agglomeration model offers a sound route to long-term value for shareholders, and as such continue to focus their primary attention on:

- identifying quality companies with strong leaders that are highly profitable, self-funding (i.e. do not require further capital) and primed for growth;
- acquiring these companies, usually in a share-for-share exchange, but always in an earnings-per-share accretive manner;
- providing the corporate governance tools, resources and infrastructure for the acquired companies to grow;
- strongly incentivising the management of acquired companies to improve their financial results and organic growth; and
- providing financial systems and business process optimisation to support the acquired companies.

The Board believes that identifying companies in different sectors, different geographies and with different currencies acts to de-risk the Group as a whole.

Principle 2. Seek to understand and meet shareholder needs and expectations

The Board recognises that, today, approximately 60% of the Company's shares are held by the Principals of the companies the Company has acquired. As such, the Chairman, CEO and CFO engage with the principals on a very regular basis. As part of these exchanges, shareholder needs are captured, and fed back.

That said, the Board also recognises that as liquidity increases, through Principals divesting some of their stock and as new institutional and retail investors come it, it will become increasingly difficult to engage on a one-to-one basis with shareholders.

To this end the Board produces its report annually and provides investors an opportunity to meet with the Board at the AGM. Additionally however, the Company produces a monthly newsletter which showcases the successes of the subsidiary companies and introduces key personnel. This newsletter is distributed to all shareholders who register on the Company's website as well as the Principals themselves.

Principle 3. Take into account wider stakeholder and social responsibilities and the implications for long term success

The Agglomeration model allows for MBH Corporation Plc to focus on its customers, the shareholders of the Group, whilst each company within the Group operates entirely autonomously, subject to Corporate and Financial Governance.

Accordingly, the stakeholders of each individual company are managed by, and serviced by the Governance policies of those companies. That said, a key component of agglomeration is for companies within the Group to share best practice which allows other companies within the Group to learn from the stakeholder management systems of their sister companies, irrespective of sector or geography.

Most importantly however, by sharing the results of best practice, companies can feedback to both the Board and their peer Principals on progress and how it affects their operations.

Principle 4. Embed effective risk management, considering both opportunities and threats, throughout the organization

A key tenant of the Agglomeration strategy, is to maintain each acquired company as an autonomous entity. As such, an issue in a single company does not cause contagion within the rest of the Group. None the less, the Board reviews a risk register driven from financial data every month, considering the financial health of the businesses both individually and collectively. Issues of concern are then raised with the Principal of the individual company.

Individually, each company keeps its own risk register and records threats and weaknesses as required. Given the very strong incentives though to achieve improved results the Board consider that the individual Principals are best placed to seek and find market opportunities, whilst the Board focuses on finding additional highly profitable, low debt companies with strong leaders to add to the MBH portfolio.

Principle 5. Maintain the Board as a well-functioning, balanced team led by the chair

The main Board consists of a non-executive chairman, two executive directors, and one non-executive director. Each member of the Board is an established and experienced senior leader with expertise in their own right. One member of the Board represents the Principals on the Board.

The structure of the Board is reviewed annually and changes are recommended to shareholders at the AGM.

The Board receives a quality information pack in advance of every formal meeting. Meetings are held at least monthly. The Board is supported by one committee (Audit) who meet as necessary.

In addition, a board consisting of the Principals, as the primary shareholders of the Company, meets in an informal manner, on an ad-hoc basis. This board holds the main Board to account.

Principle 6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities.

The Board consists of four directors with varying sector experience. Details of the Board members are contained in this Annual Report.

Principle 7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The effectiveness of the Board is vital to the success of the company.

Consequently, the Board considers the evaluation of its collective, and individual performance as fundamental in establishing a culture of accountability and transparency. To this end, it's the Board's intent that each member of the Board's performance will be reviewed annually. The Board does consider however, that given the Company is in a period of considerable growth, a small and agile team is best suited at this time.

In addition to reviewing performance, the Board also reviews annually how directors maintain their skill and knowledge necessary to meet their obligations.

However, the Board structure is continuously evaluated by a sub-committee and changes and amendments recommended where thought necessary.

Principle 8. Promote a corporate culture that is based on ethical values and behaviours

The Company has a clear value set which defines how it wishes to operate. The Board embrace the value set and work to ensure that all meetings and all decisions are made in line with the value set.

Given that the companies with the Group are all run autonomously, they each have their own value set which they abide by.

Principle 9. Maintain governance structures and processes that are fit for purpose and support good decision making by the board.

The Board have reviewed these principles and have concluded they are fit for purpose for the Company considering how recently it has listed and the current market cap. Key controls in place include:
- monthly financial reporting;
- delegated expenditure authority limits imposed across the whole Group;
- legal declarations from the directors of each company which confirms that each subsidiary is solvent;
- independent review of agreements or contracts that are material for the Group;
- securities trading policy;
- continuous disclosure policy;
- code of conduct;
- principals charter and
- board charter.

Given the Board's very ambitious growth plans the Board also consider that the governance structure and process will need frequent review. As such the Board have decreed that these Governance rules will be reviewed on the anniversary of listing and/or on reaching a market cap of £ 100m, whichever comes sooner.

The Board is supported by one committee, namely the Audit Committee.

Principle 10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The Board values the views of all its shareholders. It also acknowledges their interest in the Company's strategy and success.

The Board communicates to stakeholders through its annual and half-yearly report, through its website and newsletter, through frequent IR releases and through briefings given to analysts and institutional investors.

AUDIT COMMITTEE

The key responsibilities of the audit committee are as follows:

- Effective governance over the appropriateness of the Group's financial reporting, including adequacy of related disclosures;
- Oversight of the Group's system of internal control, including risk management;
- Oversight of the work and findings of external audit; and
- Review the effectiveness of processes for Compliance with laws, regulations and ethical code of practice.

The committee acts independently of the executive directors and all its members are non-executive directors of the Company. Ms Lisa Maynard-Atem and Mr Stanislaw Jozef Patey sit on the audit committee.

The audit committee has met 2 times this year and other attendees included the Chief Financial Officer, and the external auditors. The committee:

- Reviewed the 2021 Annual report;
- Reviewed the results announcement;
- Considered the quality and appropriateness of accounting policies and practices and critical accounting estimates and key judgements;
- Assessed whether the 2021 Annual Report, taken as a whole, is fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- Considered and approved the audit plan and scope of work; and
- Considered and approved the letter of representation.

INFORMATION ON DIRECTORS

The directors of the Company at any time during or since the end of the financial year and up to the date of this report are:

Name, responsibilities	Experience and other directorships
Stanislaw Jozef Patey Non-Executive Director Member of of Audit and Risk committee Appointed: 1 August 2020	Stan has considerable corporate experience at operational and board level. For many years Stan has acted as an M&A Advisor, Corporate Strategist and mentor to many Chief Executive Officers within larger private family firms in the UK. His expertise spans across various industries, such as Venture Capital, Private Equity, Energy, Engineering, IT and Food Manufacture/Distribution. **Other Appointments:** Nil
Callum Laing Chief Executive Officer Appointed: 16 January 2017	Callum has more than two decades of experience in starting, building, buying, and selling over half a dozen businesses in a range of sectors, including recruitment, sport and lifestyle, information technology, and telecommunications. He has published best-selling books on business, has interviewed and published more than 1,000 interviews with entrepreneurs and sits as High Commissioner to the World Business Angel Investor Forum in Singapore. **Other Appointments:** Nil
Victoria Sylvester Executive Director Company Secretary Appointed: 29 May 2019	Victoria joined the Issuer as Executive Director in 2019. She has extensive experience in leading businesses and is an MBH Principal of her own company in the Group, Acacia. Victoria has experience in the UK education sector and social care, as well as experience of supporting business turnaround with other companies and voluntary roles within education related governing boards. **Other Appointments:** Acacia Training Limited R&V Sylvester Limited Foundations Nail & Beauty Academy Ltd Middle Coppice Management Limited Samuel Hobson House Limited SHH Top Co Ltd

Name, responsibilities	Experience and other directorships
Lisa Maynard-Atem Non-Executive Director Member of of Audit and Risk committee Appointed: 14 January 2022	Lisa Maynard-Atem is the Managing Director of the Black United Representation Network (BURN CIC), an organisation focused on the economic and social empowerment of the Black community. Previous to this, Lisa worked as a Social Media Strategist both as a consultant and for Harrods, heading up their social media department for 7.5 years, taking their following from 30,000 to over 2.5M, making them one of the most followed luxury department stores in the world. **Other Appointments:** Nil

Time Commitment of Directors

The Executive Directors devote any time necessary to the role as required. Non-Executive Directors attend Board meetings and they are also required to attend committee meetings as and when required by the Board.

Frequency of Meetings

The Board meets at least once every two months and relevant information is distributed to Directors in advance of the meetings.

The Group does not have a formal schedule of matters reserved to the Board but does maintain a delegated authority framework which is periodically reviewed and approved by the Board. Save for those matters delegated, the Board makes decisions on all material matters including strategy, annual operating and capital budgets, capital structure and financial and internal controls.

Director's attendance at Board and Committee meetings during the year were as follows:

	Board Meetings		Audit Committee	
Director	**Held**	**Attended**	**Held**	**Attended**
Callum Laing	18	18	N/A	N/A
Stanislaw Jozef Patey	18	8	2	2
Victoria Sylvester	18	18	N/A	N/A
Svetlana Coronado (resigned 31 July 2021)	18	11	2	1
Margaret Manning (resigned 14 January 2022)	18	1	2	1

EVALUATING BOARD PERFORMANCE

The Board has a number of sources of information from which it judges its own performance and that of the individual Directors, these include but are not limited to:

a. financial performance indicators including revenue, gross margin, net margin, earnings per share and cash flow;
b. the Company's share price;
c. reports from external auditors; shareholder feedback;
d. formal and informal reviews of its effectiveness by the Company's nominated adviser; and
e. employee feedback.

All these factors are considered and action taken to improve performance as appropriate.

The Board will formally evaluate its own performance (whether itself, through its retained advisers, or by engaging external consultants) not less than once a year.

Directors have access to professional courses where appropriate. Non-Executive Directors ensure they keep current with appropriate regulations and Board-appropriate websites and current affairs.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE [ESG]

MBH has continued on its ESG journey throughout 2021 with MBH and the subsidiaries maintaining their focus on impact in line with people, planet and prosperity. The nature of small business naturally develops cultures in the businesses that have a sense of purpose as small business starts from an entrepreneur with a vision to change and improve something for the better. Equally small business is an important part of local communities providing a service, creating jobs and changing the landscape.

MBH has continued on its 5-stage roadmap, having completed the first two stages focusing on identifying and making commitments, 2021 saw MBH undertake more activities on the biggest, and most important phase, which is the “act” phase. In June 2022 MBH will be providing its first annual sustainability report and will contain information for investors specifically around the subject of ESG.

2021 has provided MBH with a more realistic baseline picture in terms of data. Due to the pandemic the prior years normal operating activities of the businesses was impacted, during 2021 however most businesses were operating almost at full capacity. We commissioned numerous research activities into the businesses in terms or ESG and this in turn has informed our action plans both at group and subsidiary level. This has supported our next phase, for example our goal to set Science Based Targets (SBTi’s) for 2022.

Some highlights from 2021 include the success of our board apprentice initiative. This provided an opportunity for an under-represented individual to gain board experience, adding value to MBH and their own career. Highly successful for us, as our board apprentice went onto secure a board position within MBH and within one of our subsidiaries. This commitment will continue in 2022 as we recruit a new board apprentice continuing to raise awareness of the importance of diversity in our business and the added value this brings.

In addition, in terms of diversity, MBH have delivered their first Female Leadership Programme. This was aimed at women in business both inside and outside of the MBH group, creating learnings and a network of women with ambitions to be future leaders supporting our group. Due to the success of this programme, this will be continuing during 2022 and beyond.

In terms of the environment, although challenging in a diverse company with new companies joining at different stages of their ESG journey, we have continued to see a commitment from the companies to work towards net zero. For example, there has been an increase in companies using renewable energy suppliers, companies moving towards the development of their own SBTi’s and the continued movement towards hybrid and electric vehicles. In addition, MBH continues to offset as a minimum, all of their carbon use across the group through environmental initiatives.

We have continued to support third world initiatives through our partner B1G1, ensuring that our presence in the world has a positive impact all over the world. Our target was to hit 250,000 impacts by the end of 2021, and our actual achievement was 303,000. This year we have set the challenging target to achieve 1 million.

This report summarises the energy usage, associated emissions, energy efficiency actions and energy performance for MBH, under the government policy Streamlined Energy & Carbon Reporting (SECR), as implemented by the Companies (Directors’ Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

It also summarises, in the reporting methodology below, the methodologies utilised for all calculations related to the elements reported under Energy & Carbon. Under the new SECR legislation we are mandated to include energy consumption, related emissions, intensity metrics and all energy efficiency improvements implemented throughout the portfolio in our most recent financial year.

Organisational structure and qualification

MBH is required to comply with SECR as a group, as we exceed the qualification threshold of employee numbers (in 2021, MBH employed 642 FTE across the group), and of turnover (in 2021, MBH had a turnover of £108.8million). MBH is also listed on the Frankfurt Stock Exchange. There are no businesses within the corporate group that qualify for SECR in their own right for this reporting year. In the event of any subsidiary of the group qualifying individually for SECR, the breakdown of consumption and emissions will be detailed in this report, ensuring transparency and compliance throughout the group.

MBH CORPORATION PLC
STREAMLINED ENERGY AND CARBON REPORTING
YEAR ENDED 31 DECEMBER 2021

Annual reporting figures

Group (Global) Greenhouse Gas Emissions and Energy Use Data for the period 1 January 2021 to 31 December 2021 is as follows:

Indicator	Metric	2021	2020
Scope 1	tonnes CO_2e	1,827	287
Scope 2	tonnes CO_2e	201	83
Total CO_2e emissions [1]	tonnes CO_2e	2,028	369
CO_2e emissions intensity	tonnes CO_2e / £100,000 revenue	1.86	0.71
Total energy consumption [2]	**kWh**	**8,257,857**	**1,878,184**

1. UK-based greenhouse gas emissions: 88% (2020: 63%)
2. UK-based energy consumption: 97% (2020: 71%)

This is the second year for which we have calculated and reported our emissions and energy performance, in accordance with the Streamlined Energy and Carbon Reporting (SECR) requirement and Greenhouse Gas Protocol guidance. In future reports, we will continue to disclose historic figures to provide a comparison year.

Energy-related activities in the reporting period

During the reporting period, several of our entities undertook initiatives to reduce carbon emissions, from purchasing green electricity to installing LED lighting and using hybrid vehicles. For example, seven out of eighteen UK subsidiaries used a combined 532,599 kWh of renewable energy in 2021.

In addition to replacing inefficient light bulbs with LEDs that use sensors, Acacia Training Ltd has invested in some hybrid vehicles, and have begun to heat four individual zones opposed to one for their whole building.

Learning Wings Pte Ltd has also installed energy efficient lighting, where possible, to reduce electricity consumption and UK Sports Sports Training Ltd have switched to paperless enrolments and digital workbooks to reduce emissions that arise from printing.

Methodology

MBH collects and reports data in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition. Data is based on energy and fuel consumption of 26 entities for the period 1 January to 31 December 2021, with an operational control boundary.

A market-based approach was used to consider renewable sources of scope 2 energy (opposed to a location-based approach). UK CO_2e emissions were calculated using DEFRA (2021) greenhouse gas reporting conversion factors for all fuels. The following factors were used to calculate emissions for non-UK energy: Singapore: Singapore Energy Statistics (2021), United States: US Environmental Protection Agency (EPA) eGrid (2021). Some energy consumption was estimated where primary data was unavailable due to tenancy arrangements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MBH CORPORATION PLC

Opinion

We have audited the financial statements of MBH Corporation Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the consolidated and statement of comprehensive income, consolidated and parent company statements of financial position, consolidated and parent company statements of changes in equity, consolidated statement of cash flows 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 Financial Reporting Standards (IFRSs) as adopted by the UK. 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 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the UK;
- 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; and, as regards the group financial statements, Article 4 of the IAS Regulation.

Emphasis of Matter

We draw attention to note 27 to the financial statements which describes the accounting treatment for shares issued during the year in consideration for the acquisition of investments in subsidiary companies where the market value of those shares was below the nominal value. Our opinion is not modified in respect of this matter.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors assessment of the entity's ability to continue to adopt the going concern basis of accounting included review and interrogation of forecasts prepared for the group by the group's management, and comparison of forecasts to actual results generated by the group in previous accounting periods. We have also considered management's assessment of the continued impact of the coronavirus pandemic on the group and the effect this may have on the use of the going concern basis of accounting.

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

An overview of the scope of our audit

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risk of material misstatement at the group level.

The group comprises 27 trading subsidiaries located in the UK, New Zealand, Australia, USA and Singapore. Monitoring and control over the operations of these subsidiaries, including those located overseas, is undertaken at a local level, with overall control being situated in Singapore.

We were engaged to undertake full scope audits of 14 (*2020: 7*) UK-based trading components of the group. The remaining trading entities were audited by component auditors under our direction and review.

Whilst materiality for the group financial statements as a whole was set out as detailed in this report, each component of the group was audited to a lower level of materiality.

MBH CORPORATION PLC
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED 31 DECEMBER 2021

Key audit matters

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

This is not a complete list of all risks identified by our audit.

Key audit matter	How the scope of our audit addressed the key audit matter
Acquisition accounting – parent company and group	
As detailed in Note 29 to the financial statements, the group acquired a number of subsidiary companies during the year with both initial consideration and contingent consideration being in the form of shares in the parent company. Accounting for business combinations is complex and requires the recognition of both consideration paid and acquired assets and liabilities at the acquisition date at fair value, which can involve significant judgement and estimates. There is a risk that inappropriate assumptions could result in material errors in acquisition accounting.	We obtained a copy of the sale and purchase agreements to confirm the initial consideration for these acquisitions, as well as assessing the accounting for the contingent elements of the acquisition. We performed audit work on the acquisition balance sheets to confirm the opening balances as at date of acquisition. We also assessed the disclosures made and application of accounting standards in line with IFRS.
Goodwill – group only	
As detailed in Note 14 to the financial statements, the group recognises goodwill on acquisition of subsidiaries, which management test for impairment on an annual basis in line with accounting standards. There is a risk that the uncertainty surrounding the trade of each subsidiary could resulting a material error in respect of the recoverability of goodwill.	We have obtained and reviewed the detailed workings to support the initial recognition of goodwill. We have considered the validity of forecasts provided for each of the entities acquired and verified the assumptions used in the going concern assessments of those entities. We have considered the assumptions used in the preparation of discounted cash flows for each of the entities acquired forming the basis for management's impairment review, and have reviewed management's sensitivity analysis in respect of key assumptions. We also assessed the disclosures made and application of the standard in line with IFRS.
Valuation of investments – parent company only	
The valuation of investments relating to subsidiaries of the parent company is directly linked to the assessment of goodwill on consolidation as noted above. There is a risk that the uncertainty surrounding the trade of each subsidiary could result in a material error in respect of the recoverability of investments.	We have obtained and reviewed the detailed workings to support the initial recognition of investments. We have considered the validity of forecasts provided for each of the entities acquired and verified the assumptions used in the going concern assessments of those entities. We also assessed the disclosures made and application of the standard in line with IFRS.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Our application of materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements.

We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the group financial statements as a whole to be £810,000 (*2020: £450,000*) based on a percentage of group turnover.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £40,500 (*2020: £25,500*). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 directors' responsibilities statement, set out on page 4, 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.

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:

- The engagement partner ensures that the engagement team collectively has the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We identify the laws and regulations applicable to the group through discussion with directors and other management, and from our commercial knowledge and experience of the relevant sector;
- The specific laws and regulations which we consider may have a direct material effect on the financial statements or the operations of the group, are as follows;
    - Companies Act 2006
    - FRS101
    - IFRS
    - Listing requirements
    - Health and Safety legislation
    - Employment legislation
    - Tax legislation
- We assess the extent of compliance with the laws and regulations identified above through making enquiries of management, reviewing board minutes and inspecting legal correspondence;
- Laws and regulations are communicated within the audit team at the planning meeting, and during the audit as any further laws and regulation are identified. The audit team remain alert to instances of non-compliance throughout the audit; and
- As auditors of the parent company and some of the UK trading subsidiaries, and from direct communications with component auditors for the other significant UK and overseas trading subsidiaries, we were able to cover the above matters at a group and component level and thereby ensure the audit teams were aware of the above matters across all Group companies.

We assess the susceptibility of the group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur by:

- Making enquires of management as to where they consider there was susceptibility to fraud and their knowledge of actual suspected and alleged fraud;
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations;
- Reviewing the financial statements and testing the disclosures against supporting documentation;
- Performing analytical procedures to identify any unusual or unexpected trends or anomalies;
- Inspecting and testing journal entries to identify unusual or unexpected transactions;
- Assessing whether judgement and assumptions made in determining significant accounting estimates were indicative of management bias; and
- Investigating the rationale behind significant transactions, or transactions that are unusual or outside the group's usual course of business.

The areas that we identify as being susceptible to misstatement through fraud were:

- Management bias in the estimates and judgements made;
- Management override of controls; and
- Posting of unusual journals or transactions.

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

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

Other matters which we are required to address

We were re-appointed by the Shareholders, as proposed by the Directors, to audit the financial statements for the period ending 31 December 2021. Our total uninterrupted period of engagement is 4 years, covering the periods ending 31 December 2018 to 31 December 2021.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

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

Use of this report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditors' 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.

Mario Cientanni (Senior Statutory Auditor)
For and on behalf of
Barnes Roffe LLP
Chartered Accountants and Statutory Auditor
Charles Lake House
Claire Causeway, Crossways Business Park
Dartford, Kent, DA2 6QA

Date: 27 April 2022

Consolidated Statement of Comprehensive Income
Year Ended 31 December 2021

	Note	2021 £'000	Re-presented* 2020 £'000
Continuing operations			
Revenue from contracts with customers	5	108,765	56,058
Cost of sales		(83,427)	(45,452)
Gross profit		**25,338**	10,606
Other (expenses)/ income	8	1,085	1,182
Administrative expenses		(21,419)	(10,516)
Finance costs, net	6	(1,790)	(644)
Operating profit		**3,214**	628
Fair value gain		160	321
Profit before income tax		**3,374**	949
Income tax (expense)/ benefit	7	(377)	171
Profit from continuing operations		**2,997**	1,120
Results from discontinued operations			
Impairment of goodwill on discontinued operations	14	(2,476)	-
Provision for impairment losses on discontinued operations	19	(1,822)	-
Profit from discontinued operations	19	1,367	247
		(2,931)	247
Profit for the year	8	**66**	1,367
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign exchange differences on translation of foreign operations		(99)	120
Other comprehensive income for the year, net of tax		**(99)**	120
Total comprehensive income for the year		**(33)**	1,487
Basic earnings per share from continuing operations (pence)	9	3.97	2.04
Diluted earnings per share from continuing operations (pence)	9	3.20	2.02
Basic earnings per share from continuing and discontinued operations (pence)	9	0.09	2.49
Diluted earnings per share from continuing and discontinued operations (pence)	9	0.07	2.47

* *See note 19. The comparative information has been re-presented due to discontinued operation*

The Group had no non-controlling interests during the year. Both the profit for the period and the total comprehensive income for the period are wholly attributable to the equity holders of the Company.

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
As at 31 December 2021

	Note	2021 £'000	2020 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	8,932	7,416
Intangible assets	12	1,734	4,164
Right-of-use assets	13	4,264	1,934
Goodwill	14	102,719	90,605
Investment	15	255	106
Deferred tax assets	16	627	560
Total non-current assets		**118,531**	104,785
Current assets			
Cash and cash equivalents	17	6,088	6,217
Trade and other receivables	18	20,538	18,953
Inventories	20	4,822	4,057
Assets classified as held for sale	19	5,142	-
Total current assets		**36,590**	29,227
Total assets		**155,121**	134,012
LIABILITIES			
Non-current liabilities			
Lease liabilities	13	3,598	1,556
Deferred tax liabilities	16	599	317
Loan and other borrowings	21	5,819	6,682
Bonds	22	27,018	23,261
Contingent consideration	23	20,711	17,153
Other payables	24	345	34
Total non-current liabilities		**58,090**	49,003
Current liabilities			
Lease liabilities	13	1,030	371
Loan and other borrowings	21	5,134	4,670
Bonds	22	2,534	-
Contingent consideration	23	1,156	3,945
Trade and other payables	24	24,888	15,725
Provisions	25	95	46
Current tax liabilities		800	471
Liabilities classified as held for sale	19	1,142	-
Total current liabilities		**34,245**	25,228
Total liabilities		**92,335**	74,231
Net assets		**62,786**	59,781
EQUITY			
Share capital and share premium	26	73,933	69,638
Other reserves	27	(16,829)	(15,869)
Translation reserve		(47)	52
Retained earnings		5,729	5,960
Total equity		**62,786**	59,781

These financial statements were approved by the Directors and authorised for issue on 27 April 2022, and were signed on their behalf by:

Callum Laing
Chief Executive Officer
MBH Corporation plc

Company Registration Number: 10238873

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
Year Ended 31 December 2021

	Share capital and premium	Other reserves	Translation reserves	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2020	38,455	30	(68)	4,864	43,281
Profit for the year	-	-	-	1,367	1,367
Other comprehensive income	-	-	120	-	120
Total comprehensive income for the year	-	-	120	1,367	1,487
Transactions with owners in their capacity as owners					
Issue of ordinary shares as consideration for a business combination	16,514	(10,411)	-	-	6,103
Issue of ordinary shares as consideration for contingent performance	11,977	(4,868)	-	-	7,109
Credit to equity for equity-settled share-based payments	498	-	-	-	498
Issue of ordinary shares	1,632	(590)	-	-	1,042
Dividends declared	562	-	-	(271)	291
Termination of convertible notes	-	(30)	-	-	(30)
	31,183	**(15,899)**	**-**	**(271)**	**15,013**
Balance at 31 December 2020	**69,638**	**(15,869)**	**52**	**5,960**	**59,781**
Profit for the year	-	-	-	66	66
Other comprehensive income	-	-	(99)	-	(99)
Total comprehensive income for the year	-	**-**	**(99)**	**66**	**(33)**
Transactions with owners in their capacity as owners					
Issue of ordinary shares as consideration for a business combination	2,757	(960)	-	-	1,797
Issue of ordinary shares as consideration for contingent performance	839	-	-	-	839
Credit to equity for equity-settled share-based payments	388	-	-	-	388
Issue of ordinary shares	18	-	-	-	18
Dividends declared	293	-	-	(297)	(4)
Termination of convertible notes	-	-	-	-	-
	4,295	**(960)**	**-**	**(297)**	**3,038**
Balance at 31 December 2021	**73,933**	**(16,829)**	**(47)**	**5,729**	**62,786**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
Year Ended 31 December 2021

	2021	2020
	£'000	£'000
Operating activities		
Profit for the year	66	1,367
Adjustments for:		
Interest income	(63)	(20)
Interest expense	1,816	678
Depreciation of plant and equipment	789	243
Amortisation of intangible assets	1,019	1,036
Amortisation of right of use asset	1,091	523
Amortisation of transaction costs	-	36
Fair value (gain)/loss	(160)	(321)
Loss on disposal of plant and equipment	97	(32)
Impairment of goodwill	2,476	-
Provision for impairment losses	1,864	-
Loss allowance on trade receivables	369	82
Acquisition related costs	4	18
Share-based payments expense	215	265
Tax income/ (expense)	515	(272)
Operating cash flows before movements in working capital	**10,098**	3,603
Decrease/(Increase) in trade and other receivables	(2,593)	2,029
Decrease/(Increase) in inventory	(450)	796
Decrease in trade and other payables	(1,713)	(8,737)
Increase in provisions	(46)	7
Cash generated by / (used in) operations	**5,296**	(2,302)
Income tax paid	(131)	(26)
Net cash from / (used in) operating activities	**5,165**	(2,328)
Investing activities		
Interest received	64	20
Proceeds from sale of property, plant and equipment	118	90
Purchase of plant and equipment	(835)	(478)
Addition to intangible assets	(1,030)	(944)
Payment for investment	-	(42)
Proceeds from sale of investment	186	-
Acquisition related costs paid	(4)	(18)
Acquisition of subsidiaries, net of cash acquired	1,744	2,843
Net cash from investing activities	**243**	1,471
Financing activities		
Interest paid	(1,315)	(525)
Proceeds from borrowings	1,465	6,280
Repayments of loans and borrowings	(2,124)	(1,691)
Repayment of bonds	(1,485)	(1,007)
Dividends paid	(3)	-
Payment of lease liabilities	(1,126)	(561)
Net cash (used in) / generated from financing activities	**(4,588)**	2,496
Net increase in cash and cash equivalents	**820**	1,639
Cash and cash equivalents at beginning of year	5,754	4,015
Cash and cash equivalents on discontinued operations, re-classified with assets held for sale **(note 19)**	(809)	-
Effect of foreign exchange rate charges	(314)	100
Cash and cash equivalents at end of year (note 17)	**5,451**	5,754

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements
Year Ended 31 December 2021

1. GENERAL INFORMATION

MBH Corporation plc ("the Company") is a public limited company domiciled and incorporated in the United Kingdom (Company Registration Number 10238873). The registered office address is 7 Royal Victoria Patriotic Building, John Archer Way, London SW18 3SX, United Kingdom.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are set out in note 27.

These financial statements are presented in British Pounds.

2. ACCOUNTING POLICIES

a) Statement of compliance with IFRS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting in IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

b) Basis of preparation

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

The principal accounting policies adopted are set out below.

c) Adoption of New and Revised Standards

New and amended IFRS standards that are effective for the current year

The Group has adopted for its annual reporting year beginning on 1 January 2021 the amendments to *IFRS 16 COVID-19 Related Rent Concessions beyond 30 June 2021*. The amendment provides a practical expedient to permit lessees to apply it to rent concessions for which reductions in lease payments affect payments originally due on or before 30 June 2022. The Group has applied the practical expedient to these rent concessions. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs. Only one subsidiary in the Group received any COVID-19-related rent concessions in 2021 and it was accounted for in the profit and loss as other income with an offsetting reduction to the lease liability.

Other new and amended standards and Interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

Standards issued but not effective or applied by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for the reporting periods and have not been early adopted by the Group as follows:

- Amendment to IFRS 9: Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (effective from 1st January 2022)
- Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract (effective from 1st January 2022)
- Amendment to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective from 1st January 2023)

These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

2. ACCOUNTING POLICIES (continued)

e) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-Based Payments* at the acquisition date (see below); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

f) Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

g) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Where the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

2. ACCOUNTING POLICIES (continued)

h) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the amount of revenue/income can be reliably measured. As the Group operates diverse businesses, it applies a number of relevant accounting standards for the recognition of revenue. The following summarises specific recognition criteria in line with these standards for revenue from the following major sources:

Course Training Services
Revenue from course fees is recognised over the duration of the course. Revenue that is recognised but yet to be billed is included in contract asset. The Group charges non-refundable registration fees to new apprentices who register with the Group. Registration fees revenue is recognised when the application is accepted.

Other Education Training services (Software cloud provider)
The Group provides cloud-based software solutions to the nursery sector. Revenue is recognised in the accounting period in which the services are rendered. For fixed price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefit simultaneously. In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contact asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Some contracts include multiple deliverables, such as nursery management software, child progress tracking software. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost-plus margin. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Commercial Refurbishment services
The Group is engaged to provide construction related services such as commercial office fit outs, commercial building refurbishment, shop fitting and seismic upgrades. Under the terms of the contracts, the Group has an enforceable right to payment for work done. Revenue from commercial refurbishment is therefore recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total costs. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations.

The Group becomes entitled to invoice customers for construction services rendered based on achieving a series of performance-related milestones. When a particular milestone is reached, the customer is sent a relevant statement of work and an invoice for the related milestone payment. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the cost–to–cost method then the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue under the cost-to-cost method and the milestone payment is always less than one year.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Sale of goods
The Group's contracts with customers for the sale of goods generally include one performance obligation. Revenue for the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, typically at either the point of sale or at the time of delivery of the goods to the customer. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Transportation services
Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

Health and care services
Revenue generated from the services and management of an aged care facilities is recognised over time when the customer simultaneously receives the benefits from the services provided by the Group as the Group performs under the contract.

For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence the Group does not adjust any of the transaction price for the time value of money.

2. ACCOUNTING POLICIES (continued)

i) Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset as follows:

- Leasehold property — 10% – 25% per annum
- Office equipment, fixtures and fittings — 10% – 25% per annum
- Motor vehicles — 20% per annum

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the ‘Property, Plant and Equipment’ policy.

Prior to 1 January 2019, operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

j) Foreign currencies

In preparing the financial statements of the Group entities, transactions in currencies other than the entity’s functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

2. ACCOUNTING POLICIES (continued)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

l) Retirement benefit costs

Payments made to state-managed retirement benefit plans are accounted for as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

m) Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Included in liabilities is a provision for long-service leave. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of each reporting period on high quality corporate bond rates with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

n) Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

2. ACCOUNTING POLICIES (continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

o) Property, plant and equipment

Recognition and Measurement

Land and buildings held for use in the production or supply of goods or services for rental to others (excluding investment properties), or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of the asset also includes the cost of replacing parts that are eligible for capitalisation, and the cost of major inspections.

Depreciation

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

•Leasehold property	10% – 25% per annum
•Office equipment, fixtures and fittings	10% – 25% per annum
•Motor vehicles	20% per annum

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2. ACCOUNTING POLICIES (continued)

p) Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally-generated intangible assets – research and development expenditure

An amount initially recognised for internally-generated intangible asset arising from development (or from the development phase of an internal project) is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2. ACCOUNTING POLICIES (continued)

q) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

r) Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently at either amortised cost or fair value, depending on the classification of the financial assets.

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets (other than purchased or originated credit-impaired financial assets), the effective interest rate is the rate that exactly discounts estimated future cash receipts excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at fair value through other comprehensive income (FVTOCI).

(ii) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

2. ACCOUNTING POLICIES (continued)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'other gains and losses' line item. Other exchange differences are recognised in other comprehensive income in the investments revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applied a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

Derecognition of financial assets

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in other comprehensive income for debt instruments is recognised in profit or loss.

<u>Financial liabilities and equity</u>

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2. ACCOUNTING POLICIES (continued)

Compound instruments

The component parts of convertible loan notes issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other equity reserve. Where the conversion option remains unexercised at the maturity date of the convertible loan note, the balance recognised in equity will be transferred to other equity reserve. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible loan notes using the effective interest method.

<u>Financial liabilities</u>

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognised in profit or loss.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest 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 (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

2. ACCOUNTING POLICIES (continued)

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other gains and losses' line item in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

s) Provisions

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 reporting 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 (when the effect of the time value of money is material).

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.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 and the amount recognised initially less cumulative amount of income recognised in accordance with the principles of IFRS 15.

t) Assets and liabilities held for sale

Assets and liabilities which there is commitment to sell within 12 months of the year end are held within assets and liabilities held for sale. It is measured at the lower of carrying amount and fair value less cost to sell. Any impairment required as a result of the transfer is recognized in the statement of comprehensive income.

u) Share-based payments

Share-based payment transactions of the Company Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES

In the application of the Group's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

a) Purchase price allocation review

The Group has exercised significant judgement regarding the allocation of the purchase price to the assets and liabilities acquired, including judgement made relating to: identification of intangible assets, fair value adjustments to the carrying amount of assets and liabilities of the acquirees during the purchase price allocation review.

Key source of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

b) Impairment of non-financial assets

In accordance with the Group's accounting policy, the carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired.

The goodwill impairment review was undertaken in December 2021. The review assessed whether the carrying value of goodwill was supported by the net present value of future cash flows, using a pre-tax discount rate depending on geographical location of between 6.25% and 9.10%, management forecasts for a projection period of up to five years including an assumed improvement in operating margins, followed by an assumed annual long-term growth rate of 5.0%. Management have made the judgement that this long-term growth rate does not exceed the long-term average growth rate for the industry.

The goodwill impairment review concluded that no impairment charge was required as the carrying amount did not exceed the 'recoverable amount', defined as the higher of fair value less costs to sell and value in use.

Our approach in determining the recoverable amount utilises a discounted cash flow methodology, which necessarily involves making numerous estimates and assumptions regarding revenue growth, operating margins, appropriate discount rates and working capital requirements. The key assumptions used for estimating cash flow projections in the Group's impairment testing are those relating to revenue growth and operating margin. The key assumptions take account of the businesses' expectations for the projection period. These expectations consider the macroeconomic environment, industry and market conditions, the unit's historical performance and any other circumstances particular to the unit, such as business strategy and client mix.

These estimates will likely differ from future actual results of operations and cash flows, and it is possible that these differences could be material. In addition, judgements are applied in determining the level of cash-generating unit identified for impairment testing and the criteria used to determine which assets should be aggregated. A difference in testing levels could affect whether an impairment is recorded and the extent of impairment loss. Changes in our business activities or structure may also result in changes to the level of testing in future periods. Further, future events could cause the Group to conclude that impairment indicators exist and that the asset values associated with a given operation have become impaired. Any resulting impairment loss could have a material impact on the Group's financial condition and results of operations.

c) Useful life of internally generated software development cost

The Group constantly develop software that is used to provide solutions to the nursery section in United Kingdom. As at 31 December 2021, the carrying amount of the internally generated software was £469,000 (2020: £2,748,000). The Group estimates the useful life of the software to be at least 10 years based on the expected technical useful life of such assets. However, the actual useful life may be shorter, depending on the technical innovations and competitors' actions.

d) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the end of the reporting period was £102,719,000 (2020: £90,605,000).

For the year ended 31 December 2021, the Group has had to consider whether any impairment was required for the Parenta Group (Amplify Investments Ltd and its subsidiary companies) as this cash-generating unit was sold post year end from the Groups education operating segment. This required the calculation of the present value of all cash-generating units in the education operating segment and a reallocation of goodwill within the education segment based on the present value of each cash generating unit as at 31 December 2021, in accordance with IAS 36.

As a result of the above the Group recognised an impairment loss of £2,476,000 in relation goodwill allocated to the Parenta Group (Amplify Investments Ltd and its subsidiary companies) cash-generating unit (note 19).

e) Contingent consideration

In the event that the subsidiaries achieve adjusted earnings before interest and tax (“adjusted EBIT”) exceeding prior year and exceeding adjusted EBIT of base acquisition year for the next five financial years, additional consideration may be payable in shares the year upon release of results. Adjusted EBIT represents adjustments that has been made to earnings before interest and tax (“EBIT”) which have been mutually agreed between the Board of Directors of MBH Corporation PLC and the original founding members of the companies within the Group.

As disclosed in Note 22 to the financial statements, as at 31 December 2021, the fair value of the contingent consideration of £21,867,000 (2020: £21,098,000) was estimated by calculating the present value of the future expected cash flows.

4. OPERATING SEGMENTS

a) Basis for segmentation

The Group's Board of Directors (the chief operating decision-makers) monitor the operating results of the segments separately for the purpose of making decisions about resource allocation and performance assessment. The Group's operating segments are organised by industry sector and the nature of products and services offered. Operating segments for the year ended 31 December 2021 were determined based on reporting at regular Board meetings of the Group.

The following summary describes the operations of each reportable segment:

Reportable Segments	Operations
Education	Includes the provision of education and learning related services for apprentices.
Construction Services	Includes commercial interior fit-out and construction contractor services.
Leisure	Includes the sale of new and pre-owned touring caravans and related caravan accessories and awnings.

Other operations include the provision of care services and residential elderly-care, food and beverage, engineering services, transportation services including taxis and licensed private hire operators and property services including state brokerage, commercial funding company and a real estate investor association and mentoring programme. None of these segments met the quantitative thresholds for reportable segments in 2021.

b) Information about reportable segments

Information related to each reportable segment is set out below.

The Board primarily uses a measure of adjusted earnings before interest and tax (EBIT, see below) to assess the performance of the operating segments. For the purposes of monitoring segment performance and allocating resources between segments, the Board also receives information about the segments' revenue, assets and liabilities on a monthly basis. Disaggregated information about segment revenue including by geographic location is disclosed in note 5.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2.

The previous year's segment information has been re-presented to show the comparative figures in a similar manner to the current year.

31 December 2021	Reportable segments					
	Education	Construction Services	Leisure	Total Reportable segments	All Other Segments	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Total Segment Revenue from continuing operations (Note 5)*	13,562	55,764	23,468	92,794	15,971	**108,765**
Adjusted EBIT	1,786	1,333	1,711	4,830	744	**5,574**
Segment Assets	30,531	17,347	6,660	54,538	14,854	**69,392**
Segment Liabilities	(3,446)	(12,752)	(5,367)	(21,565)	(7,117)	**(28,682)**

4. OPERATING SEGMENTS (continued)

Re-presented * 31 December 2020	Reportable segments					
	Education	Construction Services	Leisure	Total Reportable segments	All Other Segments	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Total Segment Revenue from continuing operations (Note 5)#	6,818	34,734	11,912	53,464	2,594	**56,058**
Adjusted EBIT	1,286	(1,251)	1,279	1,314	393	**1,707**
Segment Assets	18,422	12,857	5,391	36,670	3,698	**40,368**
Segment Liabilities	(4,938)	(8,893)	(5,275)	(19,106)	(2,834)	**(21,940)**

** See note 19. The comparative information has been re-presented due to discontinued operation*

Transactions between segments are carried out at arm's length basis and are eliminated on consolidation. There was no inter-segment revenue in the year (2020: Nil).

c) Reconciliations of information on reportable segments to the amounts reported in the financial statements

(i) Adjusted EBIT

Adjusted EBIT excludes the allocation of central administration costs and directors' salaries; management fee charges; the effects of significant items of income and expenditure which may have an impact on the quality of earnings such as restructuring costs, legal expenses, and impairments where the impairment is the result of an isolated, non-recurring event. It also excludes the effects of unrealised gains or losses on financial instruments.

A reconciliation of adjusted EBIT to Profit from continuing operations in the Statement of Comprehensive Income is provided as follows:

	2021	Re-presented * 2020
	£'000	£'000
Total segment Adjusted EBIT	**5,574**	**1,707**
Other income	72	479
Central administration costs and directors' salaries	(278)	(353)
Professional and Marketing Fees	(632)	(408)
Group eliminations	268	(169)
Finance costs, net	(1,790)	(694)
Fair value gain	160	321
Profit before income tax	**3,374**	**883**
Income tax (expense)/ benefit	(377)	272
Profit for the year from continuing operations	**2,997**	**1,155**

** See note 19. The comparative information has been re-presented due to discontinued operation*

4. OPERATING SEGMENTS (continued)

(ii) Segment Assets and Liabilities

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset. Goodwill has been allocated to reportable segments as described in note 14. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

Unallocated corporate assets mainly represent bank balances and cash, other receivables, deposits and prepayments at corporate level. Unallocated corporate liabilities represent other payables and bonds at corporate level.

	Assets		Liabilities	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Total Segment Assets / (Liabilities)	**69,392**	40,368	**(28,682)**	(21,940)
Unallocated assets/(liabilities)	5,240	13,831	(34,232)	(7,682)
Goodwill recognised on acquisition (note 14)	102,719	90,605	-	-
Bonds issued on acquisition (note 21)	-	-	(27,018)	(23,261)
Contingent consideration recognised on acquisition (note 22)	-	-	(1,156)	(21,098)
Discontinued operations (note 19)	6,964	-	(1,142)	-
Group eliminations	(29,194)	(10,792)	(105)	(250)
Total assets / (liabilities) as per the Balance Sheet	**155,121**	**134,012**	**(92,335)**	**(74,231)**

d) Geographical information

The Group's information about its segment non-current assets and Group non-current assets including goodwill by geographical location are detailed below:

	2021	**2020**
	£'000	**£'000**
Primary geographical location		
United Kingdom	83,988	73,304
Oceania	26,194	25,794
Asia	1,084	1,449
North America	7,265	4,238
	118,531	**104,785**

e) Information about major customers

There is no single customer which contributes 10% or more of the revenue in 2021 and 2020, respectively.

5. REVENUE

a) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by major products/services, primary geographical locations and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's three reportable segments (see Note 4).

	Reportable segments											
	Education		Construction Services		Leisure		Total Reportable segments		All Other Segments		Total	
	2021	Re-presented * 2020	2021	2020	2021	2020	2021	Re-presented * 2020	2021	2020	2021	Re-presented * 2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Primary geographical location												
United Kingdom	13,076	6,620	28,131	18,919	23,468	11,912	64,675	37,451	9,980	2,372	74,655	39,823
Oceania	-	-	27,633	15,815	-	-	27,633	15,815	-	-	27,633	15,815
Asia	486	198	-	-	-	-	486	198	-	-	486	198
North America	-	-	-	-	-	-	-	-	3,853	222	3,853	222
Other	-	-	-	-	-	-	-	-	2,138	-	2,138	-
	13,562	**6,818**	**55,764**	**34,734**	**23,468**	**11,912**	**92,794**	**53,464**	**15,971**	**2,594**	**108,765**	**56,058**
Major products/ services												
Course Training services	13,562	6,077	-	-	-	-	13,562	6,077	-	-	13,562	6,077
Other Education Training services	-	741	-	-	-	-	-	741	-	-	-	741
Commercial Refurbishment services	-	-	55,764	34,734	-	-	55,764	34,734	-	-	55,764	34,734
Sale of goods (caravans)	-	-	-	-	23,468	11,912	23,468	11,912	-	-	23,468	11,912
Transportation services	-	-	-	-	-	-	-	-	6,560	1,294	6,560	1,294
Health and care services	-	-	-	-	-	-	-	-	1,011	1,078	1,011	1,078
Property related services	-	-	-	-	-	-	-	-	771	222	771	222
Food and beverage sector	-	-	-	-	-	-	-	-	3,083	-	3,083	-
Engineering sector	-	-	-	-	-	-	-	-	4,546	-	4,546	-
Other services	-	-	-	-	-	-	-	-	-	-	-	-
	13,562	**6,818**	**55,764**	**34,734**	**23,468**	**11,912**	**92,794**	**53,464**	**15,971**	**2,594**	**108,765**	**56,058**
Timing of Revenue Recognition												
At a point in time	487	6,077	-	-	23,468	11,912	23,955	17,989	9,643	-	33,598	17,989
Over time	13,075	741	55,763	34,734	-	-	68,838	35,475	6,329	2,594	75,167	38,069
	13,562	**6,818**	**55,763**	**34,734**	**23,468**	**11,912**	**92,793**	**53,464**	**15,972**	**2,594**	**108,765**	**56,058**

** See note 19. The comparative information has been re-presented due to discontinued operation*

6. FINANCE COSTS, NET

	2021	Re-presented* 2020
	£'000	£'000
Financial income		
Interest income	(4)	(20)
Financial expense		
Amortisation of transaction costs for convertible notes	-	36
Interest expenses on bonds	1,228	325
Interest expense on bank overdraft	14	8
Interest expense on borrowings	215	218
Interest expense on lease liabilities	309	77
Interest expense on other	28	-
Total Financial expense	**1,794**	664
Finance costs, net	**1,790**	644

** See note 19. The comparative information has been re-presented due to discontinued operation*

7. TAX (BENEFIT) / EXPENSES

Income tax recognised in profit or loss:

	2021	Re-presented* 2020
	£'000	£'000
Current tax		
In respect of the current year	350	(269)
In respect of the previous year	-	-
Deferred tax		
In respect of the current year	27	98
Total	**377**	(171)

Reconciliation of the total tax charge

The tax rate in the income statement for the period is lower than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are reconciled below:

	2021	Re-presented* 2020
	£'000	£'000
Accounting profit before taxation	**3,374**	949
Accounting profit multiplied by the UK standard rate of corporation tax of 19%	641	180
Effect of different tax rates of subsidiaries operating in other jurisdictions	(36)	(101)
Effect of income that is exempt from taxation	(50)	(61)
Effect of expenses that are not deductible in determining tax	83	-
Effect of timing differences	41	121
Effect of previously unrecognised tax losses now recognised as deferred tax assets	-	5
Research and development tax relief / credits	(90)	-
Adjustment in respect of previous years	(62)	-
Group relief	(150)	(315)
Total tax charge	**377**	(171)

** See note 19. The comparative information has been re-presented due to discontinued operation*

7. TAX (BENEFIT)/EXPENSES (continued)

The Group's profit is derived from several geographical areas, the tax rates in these main locations are as follows:

	2021	2020
United Kingdom	19%	19%
New Zealand	28%	28%
Singapore	17%	17%
United States of America	21%	21%
Australia	25%	26%

8. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging/(crediting):

	Note	**2021**	Re-presented* 2020
		£'000	£'000
Depreciation and amortisation expenses			
Depreciation of plant and equipment	11	789	243
Amortisation of intangible assets	12	1,019	1,036
Amortisation of right-of-use assets	13	1,091	523
Total		**2,899**	**1,802**
Loss allowance on trade receivables		369	82
Net foreign exchange (gains)/losses		(71)	(45)
Loss on sale/disposal of fixed assets		97	32
Fair value gain on bond redemption		(160)	(321)
Other expense / (income)			
Other income		(200)	(541)
Government grant income		(885)	(641)
Total		**(1,085)**	**(1,182)**
Salaries and wages			
Salaries and wages		8,845	5,004
Directors' remuneration – Directors of the Company [1]		948	249
Directors' fees – Directors of the Company		33	40
Total salaries and wages		**9,826**	**5,293**
Audit fees:			
- To auditors of the Company		178	79
- To other auditors		171	56
		349	**135**
Non-audit fees:			
- To auditors of the Company		15	20
- To other auditors		143	42
		158	**62**
Total		**507**	**197**

1. The highest paid director received remuneration of £81,000 (2020: £101,000). The remuneration of the Key Management Personal, that have the authority and responsibility for planning, directing and controlling the activities of the Group includes the Directors and Chief Financial Officer and comprises short-term employment benefits and share-based payments.

The average number of staff employed by the Group during the financial year amounted to:	**2021**	2020
	No.	No.
Total	**642**	444

9. EARNINGS PER SHARE

	2021 pence	Re-presented* 2020 pence
Basic earnings per share		
From continuing operations	**3.97**	2.04
From discontinued operations	**(3.88)**	0.45
Total Basic earnings per share attributable to the ordinary equity holders of the company	**0.09**	2.49
Diluted earnings per share		
From continuing operations	**3.20**	2.02
From discontinued operations	**(3.13)**	0.45
Total Diluted earnings per share attributable to the ordinary equity holders of the company	**0.07**	2.47

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2021 £'000	Re-presented* 2020 £'000
Basic earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share:		
From continuing operations	**2,997**	1,120
From discontinued operations	**(2,931)**	247
	66	1,367
Diluted earnings per share		
Profit attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share:		
From continuing operations	**2,997**	1,120
From discontinued operations	**(2,931)**	247
	66	1,367

	2021 Number ('000)	2020 Number ('000)
Weighted average number of ordinary shares for the purposes of basic earnings per share	75,527	54,865
Effect of dilutive potential ordinary shares from share options and convertible bonds	18,116	421
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**93,643**	**55,286**

** See note 19. The comparative information has been re-presented due to discontinued operation*

10. DIVIDENDS

	2021 £'000	2020 £'000
Proposed final dividend for the year ended 31 December 2021 of EUR 0.005 (2020: EUR 0.005) per share	**421**	315

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been provided for. The payment of this dividend will not have any tax consequences for the Group.

11. PLANT AND EQUIPMENT

	Land and Buildings	Leasehold property	Plant and equipment	Office equipment, fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2020						
Cost	-	138	-	1,532	360	2,030
Accumulated depreciation	-	(61)	-	(655)	(164)	(880)
Reclassified to right-of-use asset	-	-	-	-	(44)	(44)
Net book amount	**-**	**77**	**-**	**877**	**152**	**1,106**
Movements year ended 31 December 2020						
Acquired on acquisition of subsidiaries	4,954	283	-	333	567	6,137
Additions	-	179	-	220	79	478
Disposals	-	-	-	-	(54)	(54)
Charge for the year	-	(17)	-	(181)	(45)	(243)
Exchange differences	-	(12)	-	1	3	(8)
Closing net book amount	**4,954**	**510**	**-**	**1,250**	**702**	**7,416**
At 31 December 2020						
Cost	4,954	588	-	2,267	1,011	8,820
Accumulated depreciation	-	(78)	-	(1,017)	(309)	(1,404)
Net book amount	**4,954**	**510**	**-**	**1,250**	**702**	**7,416**
Movements year ended 31 December 2021						
Acquired on acquisition of subsidiaries (note 28)	-	19	1,264	125	275	1,683
Additions	-	-	182	418	235	835
Disposals	-	-	-	(25)	(180)	(205)
Charge for the year	-	(25)	(225)	(324)	(215)	(789)
Reclassification	-	-	-	63	38	101
Reclassified to assets held for sale (note 19)	-	(3)	-	(95)	-	(98)
Exchange differences	-	(7)	6	(4)	(6)	(11)
Closing net book amount	**4,954**	**494**	**1,227**	**1,408**	**849**	**8,932**
At 31 December 2021						
Cost	4,954	725	3,775	3,402	2,966	15,822
Accumulated depreciation	-	(231)	(2,548)	(1,994)	(2,117)	(6,890)
Net book amount	**4,954**	**494**	**1,227**	**1,408**	**849**	**8,932**

12. INTANGIBLE ASSETS

	Internally generated software development costs	Trademark and licenses	Total
	£'000	£'000	£'000
At 1 January 2020			
Cost	5,590	492	6,082
Accumulated amortisation	(2,655)	(212)	(2,867)
Net book amount	**2,935**	**280**	**3,215**
Movements year ended 31 December 2020			
Acquired on acquisition of subsidiaries	-	1,042	1,042
Additions	469	475	944
Charge for the year	(656)	(380)	(1,036)
Exchange differences	-	(1)	(1)
Closing net book amount	**2,748**	**1,416**	**4,164**
At 31 December 2020			
Cost	6,059	2,171	8,230
Accumulated amortisation	(3,311)	(755)	(4,066)
Net book amount	**2,748**	**1,416**	**4,164**
Movements year ended 31 December 2021			
Acquired on acquisition of subsidiaries (note 29)	11	-	11
Additions	869	161	1,030
Disposals	-	(53)	(53)
Reclassification	(64)	-	(64)
Reclassified to assets held for sale (note 19)	(2,337)	-	(2,337)
Charge for the year	(758)	(261)	(1,019)
Exchange differences	-	2	2
Closing net book amount	**469**	**1,265**	**1,734**
At 31 December 2021			
Cost	1,264	1,962	3,226
Accumulated amortisation	(795)	(697)	(1,492)
Net book amount	**469**	**1,265**	**1,734**

Internally generated software development costs include the Group's software development system, which is created by an internal development team for the Group's specific requirements, with constant redevelopments and enhancements to its cloud-based software. The asset is carried at £469,000 (2020: £2,748,000) and is amortised on a straight-line basis over ten years. There are no other individually material intangible assets.

The trademark used for the know-how operations of the Company's business activities amounting to £222,000 (2020: £222,000) is a perpetual licence to use the Agglomeration trademark and processes. Therefore, the trademark is carried at cost without amortisation, but is tested for impairment in accordance with note 3.

13. RIGHT-OF-USE ASSETS

	Leasehold property	Plant and equipment	Office equipment, fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
At 1 January 2020					
Cost	1,834	-	51	350	2,235
Accumulated amortisation	(291)	-	(4)	(96)	(391)
Net book amount	**1,543**	**-**	**47**	**298**	**1,888**
Movements year ended 31 December 2020					
Acquired on acquisition of subsidiaries	410	-	16	71	497
Additions	-	-	62	35	97
Disposals	-	-	(4)	-	(4)
Charge for the year	(332)	-	(25)	(166)	(523)
Exchange differences	(42)	-	-	21	(21)
Closing net book amount	**1,579**	**-**	**96**	**259**	**1,934**
At 31 December 2020					
Cost	2,283	-	128	525	2,936
Accumulated amortisation	(704)	-	(32)	(266)	(1,002)
Net book amount	**1,579**	**-**	**96**	**259**	**1,934**
Movements year ended 31 December 2021					
Acquired on acquisition of subsidiaries (note 29)	671	43	-	16	730
Additions	2,426	-	57	298	2,781
Disposals	53	-	-	(10)	43
Reclassification	(52)	-	8	7	(37)
Reclassified to assets held for sale (note 19)	(62)	-	(28)	-	(90)
Charge for the year	(813)	(16)	(43)	(219)	(1,091)
Exchange differences	(5)	(1)	1	(1)	(6)
Closing net book amount	**3,797**	**26**	**91**	**350**	**4,264**
At 31 December 2021					
Cost	5,345	81	154	720	6,300
Accumulated amortisation	(1,548)	(55)	(63)	(370)	(2,036)
Net book amount	**3,797**	**26**	**91**	**350**	**4,264**

The average lease term is 3 - 10 years (2020: 3 - 10 years). Set out below are the carrying amounts of lease liabilities and the movement during the period:

	2021	2020
	£'000	£'000
At 1 January	1,927	1,857
Acquired on acquisition of subsidiaries (note 28)	812	454
Additions	2,781	97
Adjustments	-	(9)
Payments	(1,126)	(561)
Accretion of interest	309	83
Reclassified to liabilities held for sale (note 19)	(98)	-
Exchange differences	23	6
At 31 December	**4,628**	**1,927**
Classified as		
Current	1,030	371
Non-current	3,598	1,556
	4,628	**1,927**

13. RIGHT-OF-USE ASSETS (continued)

The following are the amounts recognised in profit or loss:

	2021	Re-presented* 2020
	£'000	£'000
Amortisation of right-of-use assets (note 8)	1,091	523
Interest expense on lease liabilities (note 6)	309	77
Expenses relating to short-term lease (included in other expense)	216	135
Total	**1,616**	**735**

* *See note 19. The comparative information has been re-presented due to discontinued operation*

During the year, the Group had total cash outflows for leases of £1,126,000 (2020: £513,000). The Group also had non-cash additions to right-of-use assets of £3,511,000 (2020: £594,000) and lease liabilities of £3,593,000 (2020: £504,000).

14. GOODWILL

	Group
	£'000
Cost	
At 1 January 2020	36,540
Adjustment to previous business combinations (note 28)	3,065
Arising on acquisition of subsidiaries	51,000
At 31 December 2020	**90,605**
Adjustment to previous business combinations (note 28)	2,182
Arising on acquisition of subsidiaries (note 28)	12,408
At 31 December 2021	**105,195**
Accumulated impairment	
At 1 January 2021	-
Impairment (note 19)	2,476
At 31 December 2021	**2,476**
Net book value at 31 December 2021	**102,719**
Net book value at 31 December 2020	90,605

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGU) that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	2021	2020
	£'000	£'000
Education sector	31,398	32,815
Construction service sector	37,323	37,800
Leisure sector	10,500	8,900
Health sector	1,030	1,030
Transportation services sector	10,810	6,210
Property service sector	3,850	3,850
Engineering service sector	5,808	-
Food and beverage sector	2,000	-
	102,719	**90,605**

14. GOODWILL (continued)

	Growth rates		Pre-tax discount rates	
	2021	2020	**2021**	2020
	%	%	**%**	%
Education sector	4-11	5-25	9.04-9.40	9.04
Construction service sector	13-18	5-30	8.67-8.87	8.67 -8.87
Leisure sector	10	10	9.08	9.08
Health services sector	10	20	8.26	8.26
Transportation services sector	14-20	20-30	9.08	9.08
Property service sector	25	10-25	6.25	6.25
Engineering service sector	7-8	-	8.26-8.87	-
Food and beverage sector	5-30	-	7.59	-

Assumption	Description
Growth rates	The forecasted growth rates are based on published industry research, potential of growth within the industry, and do not exceed the long-term average growth rate for the industries relevant to the CGUs.
Pre-tax discount rates	Discount rates represent the current market assessment of the risks specific to each entity within the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Sensitivity to changes in assumptions

With regards to the assessment of value in use for both CGUs, the Group believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

15. INVESTMENT

	Note	**2021 £'000**	2020 £'000
Financial assets designated at FVTOCI			
- Quoted equity investment	(a)	**147**	-
- Unquoted equity investment	(b)	**108**	106
		255	106

(a) The Group designated the investment as investments designated at FVTOCI as these investments represent investments that the Group intends to hold for the long-term. The fair value of the Group's investment in equity investment designated at FVTOCI are estimated based on the quoted price of the investment.

(b) The Group holds a seed investment in Riide Ltd, a private company limited by shares (registered in the United Kingdom). As at 31 December 2021, the investment held by the Group is less than 10% of the total shareholding in Riide Ltd.

16. DEFERRED TAX

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period.

	Deferred tax liabilities	Deferred tax assets		
	Fixed assets timing differences	Fixed assets timing differences	Unrealised tax losses	Total
	£'000	£'000	£'000	£'000
At 1 January 2020	(97)	21	417	438
Acquisition of subsidiaries	(220)	127	-	127
Charged to profit or loss	-	-	(5)	(5)
Exchange difference	-	-	-	-
At 31 December 2020	**(317)**	**148**	**412**	**560**
Acquisition of subsidiaries	(187)	2	11	13
Charged to profit or loss	(95)	(43)	111	68
Exchange difference	-	(14)	-	(14)
At 31 December 2021	**(599)**	**93**	**534**	**627**

Unrealised tax losses

At the end of the reporting period, the Group has tax losses of approximately £2,810,000 (2020: £2,170,000) that are available for offset against future taxable profits of the subsidiaries in which the losses arose. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

17. CASH AND CASH EQUIVALENTS

	2021	2020
	£'000	£'000
Cash in hand	8	3
Cash at bank	6,080	5,550
Short-term deposits	-	664
	6,088	6,217
Bank overdraft (note 21)	(637)	(463)
Cash and cash equivalent as per statement of consolidated cash flow	**5,451**	**5,754**

18. TRADE AND OTHER RECEIVABLES

	2021	2020
	£'000	£'000
Trade receivables	10,530	6,510
Contract assets	4,912	4,709
Loss allowance	(416)	(424)
	15,026	**10,795**
Other debtors	3,756	6,921
Prepayments	1,756	1,237
	20,538	**18,953**

Non-trade amount due from connected parties are unsecured, interest-free and are repayable on demand.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

18. TRADE AND OTHER RECEIVABLES (continued)

Contract assets

	2021	2020
	£'000	£'000
Construction services contracts	2,820	2,078
Course training	2,092	2,631
Total contract assets	**4,912**	**4,709**

Amounts relating to contract assets are balances due from customers under the Group's construction service sector that arise when the Group receives payments from customers in line with a series of performance related milestones. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

Payment for course training provided by the Group's education sector is not due from the customer until the courses are complete (other than the initial upfront fee) and therefore a contract asset is recognised over the period in which the courses have been provided to represent the Group's right to consideration for the services transferred to date.

At 31 December 2021, the carrying amount of retention monies held by customers for contract work amounted to £777,000 (2020: £1,046,000).

The following table details the risk profile of trade receivables and contract assets based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on aging profile from invoice dates is not further distinguished between the Group's different customer base.

	Not past due	**Trade receivables – days past due**				
		<30	**31-60**	**61 - 90**	**More than 90 days**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
31 December 2021						
Expected credit loss rate (%)	0	0 - 3	3 - 5	5 - 20	20-50	
Estimated total gross carrying amount at default	11,679	1,239	577	255	1,692	15,442
Lifetime ECL	-	(12)	(21)	(28)	(355)	(416)
						15,026
31 December 2020						
Expected credit loss rate (%)	0	0 - 3	3 - 5	5 - 20	20-50	
Estimated total gross carrying amount at default (restated)	7,872	1,877	530	224	716	11,219
Lifetime ECL	-	(19)	(21)	(26)	(358)	(424)
						10,795

Loss allowance for other receivables has always been at an amount equal to lifetime expected credit losses (ECL). The ECL on other receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Management believes that there is no loss allowance required using 12-month ECL as it is not material.

19. ASSETS AND LIABILITIES HELD FOR SALE

(a) Description

On 26 May 2021 the Group announced its intention to divest the Parenta Group (comprising Amplify Investments Ltd and its wholly-owned subsidiaries), subject to shareholder and regulatory agreement. The assets and liabilities of the Parenta Group are consequently presented as held for sale in the current period.

The sale was completed on 31 January 2022 for a consideration of £4,000,000. Correspondingly, the Group recognised a provision for impairment losses of £1,822,000 and an impairment of goodwill of £2,476,000 as at 31 December 2021 as a result of the disposal. The segment was not previously presented as a discontinued operation or classified as held for sale as at 31 December 2020. Thus, the comparative statement of profit or loss has been re-presented to show the discontinued operation separately from continuing operations.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented reflects the operations for the full year ended 31 December 2021:

	2021	2020
	£'000	£'000
Revenue from contracts with customers	7,348	4,343
Cost of sales	(2,653)	(2,296)
Gross profit	**4,695**	2,047
Other income	17	341
Administrative expenses	(3,244)	(2,192)
Finance costs, net	37	(50)
Operating profit before income tax	**1,505**	146
Income tax benefit/(expense)	(138)	101
Profit from continuing operations	**1,367**	247
Net cash inflow from ordinary activities	910	
Net cash outflow from investing activities	(481)	
Net cash inflow from financing activities	71	
Net increase in cash generated by the subsidiary	**500**	

(c) Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 31 December 2021:

	2021
	£'000
Assets classified as held for sale	
Property, plant and equipment	98
Intangible assets	2,337
Right-of-use assets	90
Cash and cash equivalents	809
Trade and other receivables	3,630
Total assets of disposal group held for sale	**6,964**
Less: provision for impairment losses	1,822
Net carrying amount of assets of disposal group held for sale	**5,142**
Liabilities directly associated with assets classified as held for sale	
Lease liabilities	98
Deferred tax liabilities	3
Loan and other borrowings	400
Trade and other payables	497
Current tax liabilities	144
Total liabilities of disposal group held for sale	**1,142**

20. INVENTORIES

	2021 £'000	2020 £'000
Raw materials	216	128
Work-in-progress	366	320
Finished goods	4,240	3,609
Total	**4,822**	**4,057**

The cost of inventories recognised as an expense during the year in respect of continuing operations was £3,760,000 (2020: £9,938,000).

21. LOAN AND OTHER BORROWINGS

		2021 £'000	2020 £'000
Current			
Bank overdraft	(a)	637	463
Bank loans	(b)	1,009	931
Stock financing	(c)	3,488	3,276
Convertible note	(e)	-	-
		5,134	**4,670**
Non-current			
Bank loans	(b)	4,819	4,882
Loan note	(d)	1,000	1,800
		5,819	**6,682**
Total		**10,953**	**11,352**

a) Bank overdraft

Bank overdrafts are repayable on demand. Overdrafts have been secured by a charge over certain of the Group's assets.

21. LOAN AND OTHER BORROWINGS (continued)

b) Loans

The terms and conditions of outstanding secured bank loans and government loans are as follows:

Type of loan	Currency	Nominal interest rate	Year of maturity	2021 Carrying amount £'000	2020 Carrying amount £'000
Secured bank loan	GBP	3.85% + LIBOR	2022	-	297
Secured bank loan	GBP	9.90%	2022	-	18
Secured bank loan	GBP	4.5% + Base Rate	2033	267	400
Secured bank loan	GBP	19.60%	2021	-	22
Secured bank loan	GBP	4.90%	2021	-	19
Secured bank loan	NZD	0.00%	2023	31	32
Secured bank loan	GBP	3.99% + Base Rate	2023	201	250
Secured bank loan	SGD	6.25%	2023	46	77
Secured bank loan	GBP	2.32% + Base Rate	2025	-	210
Secured bank loan	GBP	3.1%	2026	225	250
Secured bank loan	GBP	2.96% + Base Rate	2026	-	150
Secured bank loan	GBP	3.99%	2026	147	170
Secured bank loan	GBP	3.00% + Base Rate	2026	214	248
Secured bank loan	GBP	3.19% + Base Rate	2026	230	250
Secured bank loan	GBP	3.63% + Base Rate	2026	209	250
Secured bank loan	GBP	3.05% + Base Rate	2026	321	350
Secured bank loan	GBP	2.69%	2026	419	400
Secured bank loan	GBP	3.50%	2035	1,375	1,450
Secured bank loan	SGD	2.08%	2048	355	364
Secured bank loan	USD	3.75%	2050	222	116
Secured bank loan	USD	12.99%	2025	14	-
Secured bank loan	GBP	2.91%	2036	620	-
Secured bank loan	GBP	3.63%	2027	100	-
Secured bank loan	GBP	5.00%	2026	343	-
Unsecured bank loan	GBP	0%	2022	82	-
Unsecured bank loan	GBP	13.30%	2023	-	40
Unsecured bank loan	GBP	5.00%	2026	220	250
Unsecured bank loan	GBP	2.50%	2026	187	200
Total loans				**5,828**	**5,813**

The bank loans are secured over the Group's land and buildings, inventories, and trade receivables. UK government backed loans were issued during 2020 under the Coronavirus Business Interruption Loan Scheme and the Bounce Back Loan Scheme.

c) Stock financing

The Group has stock financing facilities secured over the Group's inventory of finished goods (caravans). The financing facilities are repayable at the earlier of maturity of the facility or the sale of the secured caravan and accrued interest on a monthly basis with an annual variable interest rates at 31 December 2021 ranging between 7.90% - 9.90% (2020: 7.90% - 9.90%).

d) Loan note

A loan note of £1,800,000 was issued for the acquisition of Samuel Hobson House TopCo Limited. The loan is interest-free and repayable in 2023. The loan is secured by a charge on certain Group assets. The loan note balance as at 31 December 2021 was £1,000,000.

21. LOAN AND OTHER BORROWINGS (continued)

e) Reconciliation of movement of liabilities to cash flows arising from financing activities

	Liabilities				
		Borrowings			
	Bank overdrafts	Bank loans	Loan notes	Stock financing	Total
	£'000	£'000	£'000	£'000	£'000
At 1 January 2021	**463**	**5,813**	**1,800**	**3,276**	**11,352**
Net cash provided by financing activities					
Repayment of borrowings	-	(1,324)	(800)	-	(2,124)
Proceeds from borrowings	-	1,253	-	212	1,465
Interest paid	(14)	(216)	-	(54)	(284)
Net cash inflow from financing cash flows	**(14)**	**(287)**	**(800)**	**158**	**(943)**
Movement in loans and other borrowings					
Acquisition of subsidiaries, net	-	499	-	-	499
Increase in overdraft position	174	-	-	-	174
Reclassified to liabilities held for sale	-	(400)	-	-	(400)
Effect of change from foreign exchange rates	-	(13)	-	-	(13)
Other movement in loans and other borrowings	**174**	**86**	**-**	**-**	**260**
Statement of Comprehensive Income					
Interest expense	14	216	-	54	284
Total amounts recognised in the Statement of Comprehensive Income	**14**	**216**	**-**	**54**	**284**
At 31 December 2021	**637**	**5,828**	**1,000**	**3,488**	**10,953**

21. LOAN AND OTHER BORROWINGS (continued)

	Liabilities						
		Borrowings					
	Bank overdrafts	Bank loans	Loan notes	Stock financing	Convertible note	Equity component of convertible note	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2020	**493**	**965**	**-**	**-**	**323**	**30**	**1,811**
Net cash provided by financing activities							
Repayment of borrowings	-	(1,691)	-	-	-	-	(1,691)
Proceeds from borrowings	-	3,581	-	2,699	-	-	6,280
Interest paid	(8)	(136)	-	(126)	-	-	(270)
Net cash inflow from financing cash flows	**(8)**	**1,754**	**-**	**2,573**	**-**	**-**	**4,319**
Movement in loans and other borrowings							
Acquisition of subsidiaries, net	-	2,972	-	577	-	-	3,549
Issued on acquisition	-	-	1,800	-	-	-	1,800
Decrease in overdraft position	(30)	-	-	-	-	-	(30)
Conversion of convertible notes	-	-	-	-	(359)	(30)	(389)
Effect of change from foreign exchange rates	-	(14)	-	-	-	-	(14)
Other movement in loans and other borrowings	**(30)**	**2,958**	**1,800**	**577**	**(359)**	**(30)**	**4,916**
Statement of Comprehensive Income							
Amortisation of transaction costs	-	-	-	-	36	-	36
Interest expense	8	136	-	126	-	-	270
Total amounts recognised in the Statement of Comprehensive Income	**8**	**136**	**-**	**126**	**36**	**-**	**306**
At 31 December 2020	**463**	**5,813**	**1,800**	**3,276**	**-**	**-**	**11,352**

22. BONDS

	2021 £'000	2020 £'000
Current		
Bonds	**2,534**	-
Non-current		
Bonds	**24,484**	23,261

On 8 June 2020, the Company listed a €50,000,000 MBH Bond programme on the Irish Stock Exchange (trading as Euronext Dublin). The key features of the bond programme are as follows:

- 5-year maturity term;
- Interest payable semi-annually;
- Interest rate up to 5%; and
- Unsecured.

Further information on the MBH Bond can be found on the Company's website https://www.mbhcorporation.com/mbh-bond

The terms and conditions of outstanding bonds are as follows:

Type of loan	Currency	Nominal interest rate	Year of maturity	2021 Carrying amount £'000	2020 Carrying amount £'000
Unsecured bonds	EUR	2.00%	2025	2,860	4,432
Unsecured bonds	GBP	5.00%	2025	9,182	8,382
Unsecured bonds	GBP	5.00%	2025	2,858	3,004
Unsecured bonds	USD	5.00%	2025	2,220	2,196
Unsecured bonds	GBP	5.00%	2025	5,259	5,247
Unsecured bonds	GBP	5.00%	2026	1,479	-
Unsecured bonds	GBP	5.00%	2026	2,976	-
Unsecured bonds	EUR	5.00%	2026	184	-
				27,018	**23,261**

a) Reconciliation of movement of bonds to cash flows arising from financing activities

	Bonds £'000	Bond interest £'000	Total £'000
At 1 January 2021	**23,261**	**70**	**23,331**
Net cash from financing activities			
Bond redemption	(1,485)	-	(1,485)
Interest paid	-	(1,032)	(1,032)
Total cash outflow from financing activities	**(1,485)**	**(1,032)**	**(2,517)**
Movement in Bonds liability			
Issuance of bonds	5,632	-	5,632
Effect of change from foreign exchange rates	(225)	(76)	(301)
Other movement in bonds liability	**5,407**	**(76)**	**5,331**
Statement of Comprehensive Income			
Fair value gain on bond redemption	(165)	-	(165)
Interest expense	-	1,228	1,228
Total amounts recognised in the Statement of Comprehensive Income	**(165)**	**1,228**	**1,063**
At 31 December 2021	**27,018**	**190**	**27,208**

22. BONDS (continued)

b) Reconciliation of movement of bonds to cash flows arising from financing activities

	Bonds	Bond interest	Total
	£'000	**£'000**	**£'000**
At 1 January 2020	-	-	-
Net cash from financing activities			
Bond redemption	(1,007)	-	(1,007)
Interest paid	-	(246)	(246)
Total cash outflow from financing activities	**(1,007)**	**(246)**	**(1,253)**
Movement in Bonds liability			
Issuance of bonds	24,692	-	24,692
Effect of change from foreign exchange rates	(103)	(9)	(112)
Other movement in bonds liability	**24,589**	**(9)**	**24,580**
Statement of Comprehensive Income			
Fair value gain on bond redemption	(321)	-	(321)
Interest expense	-	325	325
Total amounts recognised in the Statement of Comprehensive Income	**(321)**	**325**	**4**
At 31 December 2020	**23,261**	**70**	**23,331**

23. CONTINGENT CONSIDERATION

	2021	2020
	£'000	£'000
At 1 January	21,098	6,433
Adjustment from prior years acquisitions	(349)	2,364
Arising from acquisition of subsidiaries (note 28)	1,979	16,916
Recognised on acquisition of subsidiary (note 28)	-	187
Issuance of shares	(861)	(4,761)
Expected issuance of shares reclassed to other payables	-	(18)
Charge to profit or loss	-	(23)
At 31 December	**21,867**	**21,098**
Amount due for settlement within 12 months (shown under current liabilities)	1,156	3,945
Amount due for settlement after 12 months (shown under non-current liabilities)	20,711	17,153
	21,867	**21,098**

The Company has an incentive scheme for certain directors and senior employees of the subsidiaries of the Group. In accordance with the terms stipulated in the Share Purchase Agreement between the Company and subsidiaries of the Group, certain directors and senior employees may be granted additional equity shares in the Company should the subsidiary for which they are responsible achieve increased profits in excess of its previous year, provided that this is in excess of the base year of assessment which is the year of acquisition.

For every £1 of additional adjusted EBIT generated by the subsidiary over that of the previous year, the directors and senior employees to the Share Purchase Agreement are entitled to receive additional equity shares in the Company equivalent in value to three times that amount, subject to satisfactory due-diligence conducted by the board of the Company.

24. TRADE AND OTHER PAYABLES

	2021	2020
	£'000	£'000
Current		
Trade payables	7,555	6,081
Other taxation and social security	1,726	698
Other payables	2,935	1,965
Accruals	1,273	618
Advances received	-	8
Consideration payable	-	277
Deferred consideration (note 28)	10,302	5,739
Contract liabilities	907	269
Bonds interest payable	190	70
	24,888	**15,725**
Non-current		
Other payables	345	34
Total	**25,233**	**15,759**

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Contract liabilities

Contract liabilities relates to balances due to customers under construction services contracts, including retentions payable. These arise if a particular milestone payment exceeds the revenue recognised to date under the cost-to-cost method.

	2021	2020
	£'000	£'000
Construction services contracts	**907**	269

25. PROVISIONS

	2021	2020
	£'000	£'000
Provision for long service leave	**95**	46

26. ISSUED CAPITAL AND SHARE PREMIUM

	Allotted and issued – Number of shares	Class	Nominal Value Euro	2021	2020
				£'000	£'000
Share capital	70,470,225	Ordinary	1.00	-	62,723
Share capital	72,577,164	Deferred	0.99	63,909	-
Share capital	82,079,491	Ordinary	0.01	727	-
				64,636	**62,723**
Share premium				9,297	6,915
				73,933	**69,638**

On 18 June 2021 the Company sub-divided its issued share capital of 72,577,164 Ordinary shares of €1 each into 72,577,164 Ordinary shares of €0.01 each and 72,577,164 Deferred shares of €0.99 each. There was no change to the aggregate nominal value of the Company's share capital, nor any change to the number of ordinary shares in issue.

26. ISSUED CAPITAL AND SHARE PREMIUM (continued)

The sub-division did not involve any change to the rights attaching to the Ordinary Shares. The ordinary shares shall confer upon the holders the right to receive dividends and other distributions and participate in the income or profit of the Company.
The deferred shares shall confer upon the holders the following rights and shall be subject to the following restrictions:

- Income and Capital: The Deferred Shares are only entitled to participate in the assets of the Company on a return of assets on liquidation or capital reduction or otherwise after the holders of the Ordinary Shares shall have received the sum of £10,000,000 in respect of each Ordinary Share;
- Voting: None of the Deferred Shares carry any right to receive notice of or attend or vote at any general meeting of the Company;
- Transfer: the Deferred Shares are not capable of transfer;
- Repurchase: the Company has power and authority at any time to purchase all or any of the Deferred Shares for an aggregate consideration of £1, which shall be applied for the benefit of the Company; and
- Share Certificates: the holders of Deferred Shares shall not be entitled to require the Company to issue share certificates in respect of the Deferred Shares held by them.

The following table reconciles the movements in the number of shares on issued and the movement in share capital by class of share and share premium:

		Share Capital				Share premium	Total
	Number of shares	Ordinary Share Capital at Euro 1.00	Ordinary Share Capital at Euro 0.01	Deferred Share Capital at Euro 0.99	Total Share Capital		
	'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2020	39,254	34,721	-	-	34,721	3,734	38,455
Issue of ordinary shares as consideration for a business combination	15,681	14,012	-	-	14,012	2,502	16,514
Issuance of new shares as consideration for contingent performance (note 22)	12,567	11,298	-	-	11,298	679	11,977
Credit to equity for equity-settled share-based payments	562	498	-	-	498	-	498
Issuance of ordinary shares	1,782	1,632	-	-	1,632	-	1,632
Dividends declared	624	562	-	-	562	-	562
At 31 December 2020	**70,470**	**62,723**	**-**	**-**	**62,723**	**6,915**	**69,638**
Issue of ordinary shares as consideration for a business combination	1,743	1,511	-	-	**1,511**	-	1,511
Credit to equity for equity-settled share-based payments	349	308	-	-	**308**	-	308
Issuance of ordinary shares	15	13	-	-	**13**	5	18
Sub-total prior to Share Division	**72,577**	**64,555**	-	-	**64,555**	**6,920**	**71,475**
Share division	-	(64,555)	646	63,909	**-**	-	-
Credit to equity for equity-settled share-based payments	394	-	3	-	**3**	77	80
Issue of ordinary shares as consideration for a business combination	5,061	-	43	-	**43**	1,202	1,245
Issuance of ordinary shares	2,944		25		**25**	814	839
Dividends declared	1,104	-	10	-	**10**	284	294
At 31 December 2021	**82,080**	**-**	**727**	**63,909**	**64,636**	**9,297**	**73,933**

For the financial year ended 31 December 2021, the Company issued equity-settled share-based payments amounting to £388,000 (2020: £264,000) for directors and senior management remuneration.

27. OTHER RESERVES

Details of the movements in the other reserve is set out in the Consolidated Statement of Changes in Equity.

The Other Reserve has arisen through the issue of share capital in consideration for the acquisition of investments in subsidiary companies. Where the fair value of consideration exceeds the nominal value of share capital issued, merger relief would apply. Due to fluctuations in the company's share price, certain acquisitions have been made whereby the market value of consideration is below the nominal value of the share capital issued. The Group has obtained legal opinion to ensure that the requirements of s580 Companies Act 2006 have been complied with and that shares have not been issued at a discount. The directors do however acknowledge the fact that alternative conclusions may be drawn in respect of the legal treatment of the shares issued. Should a contravention of s580(1) Companies Act 2006 have occurred in respect of the issue of the consideration shares, an adjustment would be required, to reduce the value of investments in subsidiaries by £16.8m (2020: £15.9m) and to recognise a debtor of the same amount in the parent company accounts (in the Group accounts the effect would be to remove other reserves and bring in a debtor of £16.8m (2020: £15.9m)) from the parties to whom the shares were issued. In addition, interest at the appropriate rate would also be due from the parties to whom the shares were issued, in accordance with s580(2) Companies Act 2006, totalling £1.02m (2020: £0.2m). In order for the requirements of IFRS 3 to be complied with by accounting for investments at their fair value, the difference between the fair value of consideration and the nominal value of shares capital issued has been reflected within the Other Reserve.

28. SUBSIDIARIES

The Company holds a majority of the voting rights in 44 subsidiaries (2020: 44). The company has 27 subsidiaries that are significant and material to the Group in 2021 (2020: 22).

Significant subsidiaries of the Group are those with the most significant contribution to the Group's net profit or net assets. The Group's interest in the significant subsidiaries results are listed in the table below:

Name of subsidiary	Principal activities	Country of incorporation	Proportion of ownership interest and voting power held	
			2021	2020
Education				
Acacia Training Ltd	Vocational training to health, social and management sector	United Kingdom	100%	100%
Parenta Group Ltd #	Education software solutions	United Kingdom	100%	100%
Parenta Training Ltd #	Vocational training to early years sector	United Kingdom	100%	100%
UK Sports Training Ltd	Vocational training to health sector	United Kingdom	100%	100%
K S Training Ltd	Vocational training to education sector	United Kingdom	100%	100%
Logistica Training Limited	Vocational training to education sector	United Kingdom	100%	100%
Learning Wings Pte Ltd	Training and Enrichment programs to primary school students	Singapore	100%	100%
NVQ Nail & Beauty Specialist Academy Limited	Vocational training to beauty sector	United Kingdom	100%	100%
Academy 1 Sports Ltd	Vocational training to sports education sector	United Kingdom	100%	100%
Construction Services				
Cape Ltd	Commercial interior fit-out and construction contractor	New Zealand	100%	100%
Guildprime Specialist Contracts Ltd	Commercial interior fit-out and construction contractor	United Kingdom	100%	100%
du Boulay Contracts Ltd	Commercial interior fit-out and construction contractor	United Kingdom	100%	100%
Gaysha Limited	Commercial interior fit-out and construction contractor	United Kingdom	100%	100%
G.S. Contracts (Joinery) Ltd	Commercial interior fit-out and construction contractor	United Kingdom	100%	100%
C&B Pty Ltd trading as Cobul Construction	Commercial building and fit-out projects and construction contractor	Australia	100%	100%
Leisure				
Robinsons Caravans Limited	Sale of new and used caravans	United Kingdom	100%	100%
Health				
Samuel Hobson House Limited	Aged care residential services	United Kingdom	100%	100%
Transport				
Driven by Riide Ltd *	Taxi services	United Kingdom	100%	100%
Driven by Riide Data Ltd	Taxi services	Ireland	100%	100%
Victoria Gosden Travel Limited	Taxi and licensed private hire operator	United Kingdom	100%	100%
4X Limited	Taxi services	United Kingdom	100%	-
Intercity Private Hire Limited	Taxi services	United Kingdom	100%	-
Property				
Meeting Of The Minds, Inc Dba LIREIA ^	Real Estate investor association and mentoring programme	USA	-	100%
Everyday Realty Services, Inc	Real Estate brokerage and commercial funding company	USA	100%	100%

28. SUBSIDIARIES (continued)

Name of subsidiary	Principal activities	Country of incorporation	Proportion of ownership interest and voting power held	
Engineering				
3 K'S Engineering Company Limited	Fabrication and heavy machining service provider	United Kingdom	100%	-
Approved Air Limited	Validation and verification testing of medical facilities	United Kingdom	100%	-
Food and Beverages				
GBS Partners, Inc	Food manufacturing company	USA	100%	-

* Effective 24 March 2021, Driven by Riide Ltd has changed its name to Take Me (Group) Ltd.
# Reclassed to assets held for sale
^ Merged with Everyday Realty Services, Inc in August 2021

(a) A complete list of the Group's subsidiaries will be attached to the MBH Corporation Plc's annual return made to the UK Registrar of Companies.

29. BUSINESS COMBINATIONS

2021 Acquisitions

a) Acquisition of subsidiaries

i) 3K's Engineering Company Limited ("3K's")

On 26 January 2021, the Group acquired, via a special purpose entity, 3K's Engineering Company Limited, a fabrication and heavy machining service provider in the United Kingdom. 3K's will be included in a newly created Engineering vertical in the Group.

The transaction has been accounted for by the acquisition method of accounting, with no consideration paid in cash. The total consideration is to be settled in MBH shares. The contingent consideration will be settled in MBH shares by the purchaser in accordance with the terms stipulated in the Share Purchase Agreement.

The consideration and fair value of assets and liabilities acquired has only been provisionally determined based on the management's best estimate of the likely values at the point of acquisition and will be finalised within 12 months from acquisition date.

ii) GBS Partners Inc. ("GBS")

On 15 February 2021, the Group acquired, via a special purpose entity, GBS Partners Inc. ("GBS"), a food manufacturing company, trading as Boulder Sausage, in the United States of America. GBS will be included in a newly created Food and Beverage vertical in the Group.

The transaction has been accounted for by the acquisition method of accounting, with no consideration paid in cash. The total consideration is to be settled in bonds and MBH shares. The bonds amounting to £2,070,000 were issued on 27 May 2021 at the following terms: i) 5-year maturity with principal payable at maturity; and ii) 5% coupon rate per annum payable semi-annually. The contingent consideration will be settled in MBH shares by the purchaser in accordance with the terms stipulated in the Share Purchase Agreement.

The consideration and fair value of assets and liabilities acquired has only been provisionally determined based on the management's best estimate of the likely values at the point of acquisition and will be finalised within 12 months from acquisition date.

29. BUSINESS COMBINATIONS (continued)

2021 Acquisitions (continued)

a) Acquisition of subsidiaries (continued)

iii) 4X Limited("4X")

On 15 March 2021, the Group acquired, via a special purpose entity, 4X Limited ("4X"), a taxi service provider in the United Kingdom. 4X Limited will be included in the Transport vertical in the Group.

The transaction has been accounted for by the acquisition method of accounting, with no consideration paid in cash.

The total consideration is to be settled in bonds and MBH shares. The bonds amounting to £906,000 were issued on 27 May 2021 at the following terms: i) 5-year maturity with principal payable at maturity; and ii) 5% coupon rate per annum payable semi-annually. The contingent consideration will be settled in MBH shares by the purchaser in accordance with the terms stipulated in the Share Purchase Agreement.

The consideration and fair value of assets and liabilities acquired has only been provisionally determined based on the management's best estimate of the likely values at the point of acquisition and will be finalised within 12 months from acquisition date.

iv) Intercity Private Hire Limited ("Intercity")

On 5 May 2021, the Group acquired, via a special purpose entity, Intercity Private Hire Limited ("Intercity"), a taxi service provider in the United Kingdom. Intercity will be included in the Transport vertical in the Group.

The transaction has been accounted for by the acquisition method of accounting, with £2,288,000 paid in cash.

The total consideration is to be settled in bonds and MBH shares. The bonds amounting to EUR 179,000 was issued on 2 June 2021 at the following terms: i) 5-year maturity with principal payable at maturity; and ii) 5% coupon rate per annum payable semi-annually. The contingent consideration will be settled in MBH shares by the purchaser in accordance with the terms stipulated in the Share Purchase Agreement.

The consideration and fair value of assets and liabilities acquired has only been provisionally determined based on the management's best estimate of the likely values at the point of acquisition and will be finalised within 12 months from acquisition date.

v) Approved Air Limited ("Approved Air")

On 5 November 2021, the Group acquired, via a special purpose entity, Approved Air Limited ("Approved Air"), a company in the United Kingdom which provides high quality validation and verification testing of medical facilities to ensure compliance with Health Technical Memorandums and as independent specialists gives objective assessments and supports with improvement plans to keep both patients and staff safe in the United Kingdom. Approved Air will be included in the Engineering vertical in the Group.

The transaction has been accounted for by the acquisition method of accounting, with no consideration paid in cash.

The total consideration is to be settled in bonds and MBH shares. As at 31 December 2021, no bonds have been issued. The contingent consideration will be settled in MBH shares by the purchaser in accordance with the terms stipulated in the Share Purchase Agreement.

The consideration and fair value of assets and liabilities acquired has only been provisionally determined based on the management's best estimate of the likely values at the point of acquisition and will be finalised within 12 months from acquisition date.

29. BUSINESS COMBINATIONS (continued)

	3Ks	GBS	4X	Intercity	Approved Air	Total
Fair value of assets acquired	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Property, plant and equipment	1,075	265	252	60	31	1,683
Intangibles	-	-	-	11	-	11
Right-of-use assets	18	656	56	-	-	730
Investments	-	382	-	-	-	382
Trade and other receivables	963	374	259	904	224	2,724
Inventory	204	98	12	1	-	315
Cash and cash equivalents	697	221	188	2,452	446	4,004
Deferred tax asset	-	-	13	-	-	13
Trade and other payables	(808)	(90)	(352)	(67)	(76)	(1,393)
Lease liabilities	(18)	(684)	(110)	-	-	(812)
Loans and borrowings	(499)	-	-	-	-	(499)
Income tax payable	25	(7)	(46)	(100)	-	(128)
Deferred tax liability	(174)	-	-	(13)		(187)
Net identifiable assets / (liabilities) acquired	**1,483**	**1,215**	**272**	**3,248**	**625**	**6,843**
Add: goodwill (note 14)	2,408	2,000	1,600	3,000	3,400	12,408
Total consideration	**3,891**	**3,215**	**1,872**	**6,248**	**4,025**	**19,251**
Breakdown						
Consideration – Cash	-	-	-	2,287	-	2,287
Consideration – MBH shares	426	-	-	879	-	1,305
Bonds	2,964	2,069	906	1,956	1,929	9,824
Other non-monetary asset	424	954	562	612	1,306	3,858
Contingent consideration	77	192	404	514	790	1,977
Total consideration	**3,891**	**3,215**	**1,872**	**6,248**	**4,025**	**19,251**
Effects on cash flows of the Group						
Cash paid	-	-	-	(2,287)	-	(2,287)
(Less) / Add: net of cash and cash equivalents and bank overdraft in businesses acquired	697	221	188	2,453	472	4,031
Cash inflow / (outflow) on acquisition	**697**	**221**	**188**	**166**	**472**	**1,744**

29. BUSINESS COMBINATIONS (continued)

a) Goodwill arising on acquisitions

Goodwill amounting to £12,408,000 (2020: £51,000,000) arose in the acquisition of the above companies and business because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and future market development of these companies. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

a. Impact of acquisitions on the results of the Group

Included in the revenue and (loss)/profit after income tax for the year is £9,448,000 (2020: £18,782,000) and £134,000 (2020: £2,054,000) respectively attributable to the additional business generated by the above acquisitions.

Had these business combinations been effected at 1 January 2021, the revenue and profit after income tax for the year of the Group from continuing operations would have been as follows:

	Revenue	Profit / (Loss) after income tax
	£'000	£'000
3K's	4,454	280
GBS	3,372	(116)
4X	1,277	(1,027)
Intercity	1,308	79
Approved Air	1,094	18
Total	**11,505**	**(766)**

The Directors consider these "pro-forma" numbers to represent an approximate measure of the performance of the combined Group on an annualised basis and to provide a reference point of comparison in future periods.

The total profit/(loss) after tax is not an accurate representation of the trading results for the Group as the pre-acquisition results include significant one-off transactions which would not normally occur under the Group's ownership if the companies have been acquired at the beginning of the current year.

b) Acquisition-related costs

In 2021, acquisition-related costs amounting £3,692 had been excluded from the consideration transferred and have been recognised as an expense in the period, within the "non-operating expenses" line item in the statement of comprehensive income.

2020 Acquisitions

As disclosed in the 31 December 2020 annual report and accounts the Group acquired 100% of the issued share capital and voting rights of:

- SHH Topco Limited and Samuel Hobson House limited ("SHH Group")
- Robinsons Caravans Holding Company Ltd and Robinsons Caravans Limited ("Robinsons Group")
- Logistica Training Limited ("Logistica")
- Learning Wings Pte Ltd ("Learning Wings")
- G.S. Contracts Holdings Ltd and G.S. Contracts (Joinery) Ltd ("G.S Group")
- Driven by Riide Ltd, Riide East Midlands Ltd and Driven by Riide Data Ltd ("DBR Group")
- Meeting Of The Minds ("MOTM")
- Everyday Realty Services, Inc ("ERS")
- C&B Pty Ltd trading as Cobul Construction ("Cobul")
- NVQ Nail & Beauty Specialist Academy Limited ("NVQ")
- Academy 1 Group Ltd, Academy 1 Sports College East Ltd, Academy 1 Sports Management Ltd and Academy 1 Sports Ltd ("A1 Group")
- Victoria Gosden Travel Limited ("VGT")

A provisional fair value exercise to determine the fair value of assets and liabilities acquired in relation to the above acquisitions was carried out. Within the twelve-month hindsight period, the Group has reassessed the provisional fair values, which have now been finalised as per the table below.

29. BUSINESS COMBINATIONS (continued)

	SHH Group	Robinsons Group	Logistica	Learning Wings	G.S. Group	DBR Group	MOTM	ERS	Cobul	NVQ	A1 Group	VGT	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fair value of assets acquired													
Property, plant and equipment	1,849	2,507	2	251	858	53	-	54	16	13	26	508	6,137
Intangibles	-	145	-	-	-	557	25	46	-	-	-	269	1,042
Investments	-	-	-	-	-	62	-	-	-	-	-	-	62
Right-of-use assets	-	-	-	56	-	55	-	302	13	-	31	40	497
Trade and other receivables	347	862	477	197	452	240	-	38	331	81	864	107	3,996
Inventory	-	4,645	-	-	35	-	-	-	-	-	1	-	4,681
Cash and cash equivalents	3	452	1,982	22	299	252	1	459	480	78	318	314	4,660
Deferred tax asset	-	73	5	-	-	-	-	-	49	-	-	-	127
Trade and other payables	(395)	(5,597)	(73)	(21)	(754)	(741)	(27)	(509)	(429)	-	(305)	(350)	(9,201)
Loans and borrowings	-	(1,987)	-	(303)	(350)	(170)	(4)	(116)	-	-	(350)	(269)	(3,549)
Lease liabilities	-	-	-	(58)	-	(52)	-	(297)	(13)	-	(29)	(5)	(454)
Income tax payable	-	(47)	(54)	(6)	26	(179)	-	-	(48)	-	(124)	(12)	(444)
Deferred tax liability	(4)	(26)	-	-	(92)	-	-	-	-	-	-	(98)	(220)
Contingent consideration	-	-	-	-	-	-	-	-	(187)	-	-	-	(187)
Net identifiable assets (liabilities) acquired	**1,800**	**1,027**	**2,339**	**138**	**474**	**77**	**(5)**	**(23)**	**212**	**172**	**432**	**504**	**7,147**
Add: goodwill	1,030	8,900	9,100	1,000	2,410	4,300	2,480	1,370	11,800	1,300	5,400	1,910	51,000
Total consideration	**2,830**	**9,927**	**11,439**	**1,138**	**2,884**	**4,377**	**2,475**	**1,347**	**12,012**	**1,472**	**5,832**	**2,414**	**58,147**
Elements of consideration													
Cash	-	-	1,817	-	-	-	-	-	-	-	-	-	1,817
Offset of directors' accounts	-	-	342	-	-	-	-	-	-	-	-	-	342
MBH shares	150	-	-	220	379	1,154	649	296	2,392	190	928	720	7,078
Bonds / Loan note	1,800	7,974	5,746	-	760	2,244	1,427	826	5,247	-	-	-	26,024
Deferred consideration	-	434	-	521	601	1	-	-	351	457	2,211	1,394	5,970
Contingent consideration	880	1,519	3,534	397	1,144	978	399	225	4,022	825	2,693	300	16,916
Total consideration	**2,830**	**9,927**	**11,439**	**1,138**	**2,884**	**4,377**	**2,475**	**1,347**	**12,012**	**1,472**	**5,832**	**2,414**	**58,147**
Effects on cash flows of the Group													
Cash paid	-	-	(1,817)	-	-	-	-	-	-	-	-	-	(1,817)
Add: net of cash and cash equivalents and bank overdraft in businesses acquired	3	452	1,982	22	299	252	1	459	480	78	318	314	4,660
Cash inflow on acquisition	**3**	**452**	**165**	**22**	**299**	**252**	**1**	**459**	**480**	**78**	**318**	**314**	**2,843**

30. DIVESTMENT OF SUBSIDIARIES

The Group disposed of a number of wholly owned dormant special purpose entities during the year ended 31 December 2021 (2020: Nil). MBH Parent's equity interest in some subsidiaries changed from being an indirect 100% interest via special purpose entity to a direct 100% interest. The total equity ownership interest has not changed.

There was no impact of the divestment of the subsidiaries in 2021 on the Statement of Financial Position, financial performance or cash flows of the Group for the year ended 31 December 2021. There was no gain/(loss) recognised on disposal in the Statement of Other Comprehensive Income.

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

a) Capital management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. Management ensures that all externally imposed financial covenants are complied with. As at the end of the reporting period, the Group is in compliance with all financial covenants for external borrowings.

The capital structure of the Group consists of equity and bank borrowings. Management reviews the capital structure on an on-going basis. As a part of this review, management considers the cost of capital, the tenure and the risks associated with each class of capital.

b) Categories of financial instruments

The Group holds the following financial instruments:

	2021	2020
	£'000	£'000
Financial assets:		
Trade and other receivables	18,101	17,716
Cash and cash equivalents	6,088	6,217
Equity instruments designated as at FVTOCI	255	106
	24,444	**24,039**
Financial liabilities at amortised cost:		
Trade and other payables	24,730	15,061
Lease liabilities	4,627	1,927
Loans and borrowings	10,953	11,352
Bonds	27,018	23,261
Contingent consideration	21,867	21,098
	89,195	**72,699**

c) Offsetting financial assets and financial liabilities

The Group does not have any financial instruments which are subject to enforceable master netting arrangements or similar netting agreements.

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

d) Financial risk management policies and objectives

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Group. The Board of Directors provides written principles for overall financial risk management and written policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk and equity price risk), credit risk, liquidity risk and cash flow interest rate risk. Such written policies are reviewed annually by the Board of Directors and periodic reviews are undertaken to ensure that the Group's policy guidelines are complied with. Risk management is carried out by the management team under the policies approved by the Board of Directors.

The Group does not hold or issue derivative financial instruments for speculative purposes.

e) Foreign exchange risk management

The Group transacts business in Euro and United States Dollar (USD) and therefore is exposed to foreign exchange risk.

As at each reporting date, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	USD		Euro	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Bonds	2,220	2,196	3,045	4,432
Total	**2,220**	**2,196**	**3,045**	**4,432**

If the relevant foreign currency strengthens by 10% against the functional currency of each group entity, profit or loss and other equity denominated in Euro and in USD will decrease by £305,000 (2020: £443,000) and £222,000 (2020: £220,000) respectively. Conversely, a weakening of foreign currency by 10% would have the opposite effect on profits.

10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where they gave rise to an impact on the Group's profit or loss and/or equity.

f) Interest rate risk management

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. The Group monitors the movements in interest rates on an ongoing basis and evaluates the exposure for its debt obligations. The Group's borrowings are carried at amortised cost.

For variable-rate bank borrowing, the analysis is prepared assuming the amounts outstanding at the end of the reporting period were outstanding for the whole year. A 100-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rate had been 100 basis points higher/lower and all other variables were held constant, the Group's profit would increase/decrease by £NIL (2020: £3,000).

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

g) Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2021, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise credit risk, the Group has tasked its key management personnel to develop and maintain the Group's credit risk gradings according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the credit management committee uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Category	Company definition of category	Basis for recognition of expected credit loss (ECL) provision
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Asset is written off

The tables below detail the credit quality of the Group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	External credit rating	Internal credit rating	12 month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
					£'000	£'000	£'000
31 December 2021							
Trade receivables and contract assets	**18**	**n.a.**	**a)**	**Lifetime ECL (simplified approach)**	**15,442**	**(416)**	**15,026**
Other receivables	**18**	**n.a.**	**b)**	**12-month ECL**	**3,756**	**-**	**3,756**
31 December 2020							
Trade receivables and contract assets	18	n.a.	a)	Lifetime ECL (simplified approach)	11,219	(424)	10,795
Other receivables	18	n.a.	b)	12-month ECL	6,921	-	6,921

a) For trade receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Notes 18 includes further details on the loss allowance for these assets.

b) For other receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by historical credit loss experience based on past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

h) Credit risk management

In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Information on counterparties supplied by independent rating agencies where available, other publicly available financial information and the Group's own historical transactions with these counterparties are used to make decisions relating to credit granted to customers or advances made to suppliers. The Group's exposure to credit risk, concentration risk and the credit terms granted to counterparties are monitored continuously.

The Group's credit risk primarily relates to the Group's trade and other receivables, prepayments and bank balances. Trade receivables and contract assets account for 9.7% (2020: 8.1%) of total assets, and consist of a large number of customers, spread across diverse industries. For contract related work and contract assets, collection of debts including retention sums can involve extended period of time. Management closely monitors overdue trade debts. The recoverable amount of each individual trade debt is reviewed at the end of each reporting period. Such review takes into consideration the due date, the period the payment is overdue, the results of communications with debtors, adherence to instalment payment plans or otherwise and current commercial information of debtors where available. Following the identification of slow payments, the responsible sales personnel discuss with the relevant customers and report on results of recovery actions and recovery prospects. Management is of the view that adequate allowance for doubtful debts has been made for irrecoverable amounts.

The Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk to any other counterparty did not exceed 5% of gross monetary assets at any time during the year. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Other receivables account for 3.1% (2020: 5.4%) of total assets. To minimise risk, trade prepayments are generally made to suppliers with good credit ratings and with good trading history with the Group. At 31 December 2021, there was no concentration of credit risk with any particular supplier.

Bank balances are placed with reputable banking institutions in the countries the Group is operating in.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at end of the financial period in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the statement of financial position.

Further details of credit risks on trade and other receivables are disclosed in note 18 to the financial statements.

i) Liquidity risk management

The Group maintains a level of cash and cash equivalents deemed adequate by the Management to finance the Group's operations and mitigate the effects of fluctuations in cash flows relative to expectations. Management monitors cash flows, utilisation of bank borrowings and compliance with financial covenants relating to credit facilities.

Certain companies of the Group have embarked on more service concession arrangements which involve substantial commitment of funds during the construction of infrastructure with cash inflows only after completion and delivering of projects to end users.

Management is satisfied that with the availability of credit facilities and operations from newly acquired companies during the financial year, the Group will be able to meet its obligations as and when they fall due. It is appropriate for the financial statements to be prepared on a going concern basis.

<u>Non-derivative financial liabilities</u>

The following table details the remaining contractual maturity for 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 and the Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 or 5 years	More than 5 years	Adjustment	Total
	%	£'000	£'000	£'000	£'000	£'000
31 December 2021						
Non-interest bearing	-	23,427	1,303	-	-	24,730
Variable interest rate	3.6	310	1,210	-	(78)	1,442
Fixed interest rate	6.3	4,629	1,856	2,524	502	9,511
Lease liabilities	8.0	1,112	5,285	-	(1,771)	4,627
Bonds	5.0	2,661	34,483	-	(10,126)	27,018
Contingent consideration	-	1,156	20,711	-	-	21,867
Total		**33,295**	**64,848**	**2,524**	**(11,473)**	**89,195**
31 December 2020						
Non-interest bearing	-	15,027	34	-	-	15,061
Variable interest rate	4.6	584	2,267	-	(196)	2,655
Fixed interest rate	4.2	4,292	3,517	2,074	(1,186)	8,697
Lease liabilities	8.0	401	2,286	-	(760)	1,927
Bonds	5.0	-	29,688	-	(6,427)	23,261
Contingent consideration	-	3,945	17,153	-	-	21,098
Total		**24,249**	**54,945**	**2,074**	**(8,569)**	**72,699**

j) Fair value of financial assets and financial liabilities

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets / Financial liabilities	Fair value as at 31 December 2021 Assets/ (Liabilities)	31 December 2020 Assets/ (Liabilities)	Fair value hierarchy	Valuation technique and key input	Significant unobservable input(s)	Relationship of unobservable input to fair value
	£'000	£'000				
Listed equity share	147	-	Level 1	Quoted bid prices in an active market.	n.a.	n.a.
Seed Investment	108	106	Level 2	Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly	Financial Statements of Riide Ltd	n.a.
Contingent consideration	(21,867)	(21,098)	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group arising from the contingent consideration.	Discount rate of 8.50% – 9.25% per annum determined using a Capital Asset Pricing Model.	A slight increase in the discount rate used in isolation would result in a significant decrease in the fair value.

32. SUBSEQUENT EVENTS

Acquisition of Vista Care

On 19 August 2021, the Company announced acquisition of 100% of the share capital of Vista Care Solutions Limited (Vista Care), a company whose principal activity is as a home care agency provider in the United Kingdom. Vista Care will be included in the health vertical in the Group. The total consideration for the acquisition of Vista Care will be approximately GBP3.3m to GBP 4.0m which will be settled by way of convertible notes.

The financial effects of the acquisition have not been recognised as at 31 December 2021. The operating results and assets and liabilities of the acquired companies will be consolidated once the acquisition has been legally completed. An announcement will be provided on legal completion date. As at reporting date, the status of acquisition accounting is incomplete and does not permit the disclosure of any pro-forma financial information.

Divestment of the Parenta Group

On 26 May 2021 the Group announced its intention to divest the Parenta Group (comprising Amplify Investments Ltd and its wholly-owned subsidiaries), subject to shareholder and regulatory agreement. The assets and liabilities of the Parenta Group are consequently presented as held for sale in the current period.

The sale was completed on 31 January 2022 for a consideration of £4,000,000. The accounting impact has been provided in the results for the year ended 31 December 2021 (note 19).

Other than the matters outlined above, no matters or circumstances have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations, results of operations or state of affairs of the Group in subsequent accounting periods.

MBH CORPORATION PLC
PARENT ENTITY FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021

Parent Company Statement of Financial Position
As at 31 December 2021

	Note	2021 £'000	2020 £'000
ASSETS			
Non-current assets			
Intangible assets	D	222	222
Investment in subsidiaries	E	130,586	108,184
Deferred tax assets	F	179	91
Total non-current assets		**130,987**	108,497
Current assets			
Cash and cash equivalents		125	155
Trade and other receivables	G	4,714	13,362
Total current assets		**4,839**	13,517
Total assets		**135,826**	122,014
LIABILITIES			
Non-current liabilities			
Contingent consideration	H	20,711	17,153
Bonds	I	27,018	23,261
Loan and other borrowings		1,000	1,800
Total non-current liabilities		**48,729**	42,214
Current liabilities			
Contingent and deferred consideration	H	1,156	3,781
Convertible notes	J	-	-
Trade and other payables	K	12,521	6,046
Total current liabilities		**13,677**	9,827
Total liabilities		**62,406**	52,041
Net assets		**73,420**	69,973
EQUITY			
Share capital and share premium	L	73,933	69,638
Other reserves	M	-	-
Retained earnings		(513)	335
Total equity		**73,420**	69,973

These financial statements were approved by the Directors and authorised for issue on 27 April 2022, and were signed on their behalf by:

Callum Laing
Chief Executive Officer
MBH Corporation plc

Company Registration Number: 10238873

The above parent statement of financial position should be read in conjunction with the accompanying notes.

MBH CORPORATION PLC
PARENT ENTITY FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021

Parent Company Statement of Changes in Equity
For the year ended 31 December 2021

	Share capital	Share premium	Other reserves	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2020	34,721	3,734	30	(729)	37,756
Profit for the year, representing total comprehensive income for the year	-	-	-	1,335	1,335
Transactions with owners in their capacity as owners					
Issue of ordinary shares as consideration for a business combination	14,012	2,502	-	-	16,514
Issue of ordinary shares as consideration for contingent performance	11,298	679	-	-	11,977
Credit to equity for equity-settled share-based payments	498	-	-	-	498
Issue of ordinary shares	1,632	-	-	-	1,632
Dividends declared	562	-	-	(271)	291
Termination of convertible notes	-	-	(30)	-	(30)
	28,002	**3,181**	**(30)**	**(271)**	**30,882**
Balance at 31 December 2020	**62,723**	**6,915**	**-**	**335**	**69,973**
Loss for the year, representing total comprehensive expense for the year	-	-	-	(552)	(552)
Transactions with owners in their capacity as owners					
Issue of ordinary shares as consideration for a business combination	1,554	1,202	-	-	2,756
Issue of ordinary shares as consideration for contingent performance	-	-	-	-	-
Credit to equity for equity-settled share-based payments	311	77	-	-	388
Issue of ordinary shares	38	819	-	-	857
Dividends declared	10	284	-	(296)	(2)
	1,913	**2,382**	**-**	**(296)**	**3,999**
Balance at 31 December 2021	**64,636**	**9,297**	**-**	**(513)**	**73,420**

The above parent statement of changes in equity should be read in conjunction with the accompanying notes.

Notes to Parent Company Financial Statements

A. ACCOUNTING POLICIES

a) Statement of compliance with FRS 101

These financial statements (the parent company financial statements) were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101) and in accordance with applicable accounting standards.

No profit or loss account is presented by the Company as permitted by Section 408 of the Companies Act 2006. The results of MBH Corporation plc are included in the consolidated financial statements of MBH Corporation plc which are included on pages 37 to 87.

The accounting policies which follow set out those policies which apply in preparing the parent company financial statements for the year ended 31 December 2021. The parent company financial statements are presented in Pounds (GBP).

b) Basis of preparation

The Company's previous financial statements were prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. For the year ended 31 December 2021, the Company has applied the reduced disclosure framework of FRS 101 for all periods presented.

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

- The requirements of paragraphs 45(b) and 46-52 of IFRS 2 *Share Based Payments*;
- The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q) (ii), B66 and B67 of IFRS 3 *Business Combinations*;
- The requirements of IFRS 7 *Financial Instruments: Disclosures*;
- The requirements of paragraphs 91-99 of IFRS 13 *Fair Value Measurement*;
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 *Revenue from Contracts with Customers*.
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 *Leases*.
- The requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 *Presentation of Financial Statements*;
- The requirements of IAS 7 *Statement of Cash Flows*;
- The requirements of paragraph 73(e) of IAS 16 *Property, Plant and Equipment*;
- The requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies*;
- The requirements of paragraph 17 of IAS 24 *Related Party Disclosures*;
- The requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- The requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 *Impairment of Assets*.

A. ACCOUNTING POLICIES (continued)

c) Investment in subsidiaries

In the parent company financial statements, investment in subsidiaries are measured at cost less accumulated impairment.

d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, call and current balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

e) Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the statement of financial position date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except in respect of deferred income tax assets which are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the income statement.

f) Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

g) Amounts owed to/from group undertakings

Amounts owed to/from group undertakings are recognised at fair value, less provision for impairment. Provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

h) Share capital

Ordinary shares are classified as equity.

i) Foreign currency translation

Transactions in foreign currencies are recorded at the rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. Differences arising on the translation of monetary assets and liabilities are taken to the income statement.

The financial statements of the parent company are presented in Pounds. The functional currency of the parent company is Pounds.

A. ACCOUNTING POLICIES (continued)

j) Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

B. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. However, the nature of estimation means that actual outcomes could differ from those estimates. If in the future such estimates and assumptions which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. Details regarding judgements which have the most significant effect on the amounts recognised in the financial statements are as follows:

Impairment of non-financial assets

The parent company applies the same consideration for impairment on its investments as it applies to the consideration of goodwill impairment in the consolidated financial statements. For details of the consideration of the goodwill impairment see note 3 in the consolidated financial statements.

C. PROFIT/LOSS FOR THE YEAR

As permitted by Section 408 of the Companies Act 2006, the parent company's profit or loss account has not been included in these financial statements. The parent company's loss after tax was £552,000 (2020: profit after tax of £1,335,000).

The total Directors' emoluments paid through the parent company was £275,000 (2020: £289,000). There were no employees (2020: nil) other than the Directors.

The audit fee is disclosed in note 8 of the consolidated financial statements.

D. INTANGIBLE ASSETS

	Trademark and licenses
	£'000
At cost and carrying amount	
At 1 January 2020	222
Additions	-
At 31 December 2020 and 31 December 2021	**222**

The trademark used for the know-how operations of the Company's business activities amounting to £222,000 (2020: £222,000) is a perpetual licence to use the Agglomeration trademark and processes. Therefore, the trademark is carried at cost without amortisation, but is tested for impairment in accordance with note 3 of the consolidated financial statements.

E. INVESTMENT IN SUBSIDIARIES

	Company
	£'000
Cost and carrying amount	
At 1 January 2020	37,146
Additions	71,038
At 31 December 2020	108,184
Additions	22,402
At 31 December 2021	**130,586**

All of the subsidiary undertakings are included within note 27 of the consolidated financial statements.

F. DEFERRED TAX ASSETS

The following are the major deferred tax assets recognised by the Company and movements thereon during the current and prior reporting period.

	Fixed assets timing differences £'000
At 1 January 2020	91
Charged to profit or loss	-
At 31 December 2020	**91**
Charged to profit or loss	88
At 31 December 2021	**179**

Unrealised tax losses

At the end of the reporting period, the Company has tax losses of approximately £485,000 (2019: £485,000) that are available for offset against future taxable profits of the subsidiaries in which the losses arose. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

G. TRADE AND OTHER RECEIVABLES

	2021 £'000	2020 £'000
Trade receivables due from related companies	-	19
Other receivables due from related companies	1,351	9,499
Other receivables	2,987	3,310
Prepayments	376	534
Total	**4,714**	**13,362**

Receivables due from related companies are non-interest bearing and are generally on between 30 and 60 days' terms and are shown net of any provisions for impairment. As at 31 December 2021, no material impairment of trade receivables was required.

H. CONTINGENT CONSIDERATION

Disclosures in respect of contingent consideration are provided in note 23 to the consolidated financial statements.

I. BONDS

Disclosures in respect of bonds are provided in note 22 to the consolidated financial statements.

J. CONVERTIBLE NOTES

Disclosures in respect of convertible notes are provided in note 21 to the consolidated financial statements.

K. TRADE PAYABLES AND OTHER PAYABLES

	2021	2020
	£'000	£'000
Trade payables	27	27
Other payables	61	102
Provision and accruals	116	78
Consideration payable	1,885	18
Deferred consideration	10,217	5,739
Bonds interest payable	190	70
Other taxation and social security	25	12
Total	**12,521**	**6,046**

L. ISSUED CAPITAL AND SHARE PREMIUM

Disclosures in respect of share capital and share premium of the Company are provided in note 25 to the consolidated financial statements.

M. OTHER RESERVES

Details of the movements in other reserves is set out in the Parent Company Statement of Changes in Equity. Disclosures in respect of other reserves of the Company are provided in note 27 to the consolidated financial statements.

N. POST BALANCE SHEET EVENTS

Disclosures in respect of subsequent events of the Company are provided in note 32 to the consolidated financial statements.

O. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under FRS 101 from disclosing transactions with wholly owned group companies.

Disclosures in respect of transactions with other related parties of the Company as follows:

	2021	2020
	£'000	£'000
Management fee income	**975**	614
Dividend income	**283**	-