COMPANY REGISTRATION NUMBER 10238873

MBH CORPORATION PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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The Board of Directors	Ms Victoria Sylvester Ms Victoria Smith (appointed on 31 May 2022) Mr Kevin Potter (appointed on 20 Oct 2022) Mr Callum Arthur Michael Laing Mr Stanislaw Jozef Patey Ms Margaret Manning (resigned on 14 January 2022) Ms Lisa Claire Maynard-Atem (appointed on 14 January 2022) Mr Nigel Paul Seabridge (appointed on 31 May 2022 and resigned on 15 October 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) ● Aquis Stock Exchange (M8H)

MBH CORPORATION PLC
THE DIRECTORS' REPORT
31 DECEMBER 2022

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 2022.

RESULTS AND DIVIDENDS

The total profit for the year amounted to £2,181,000 after tax. We note that the profit after tax includes acquisitions that were completed during the year (refer note 29 for acquisition dates). The Directors have recommended a dividend of EUR 0.001 per share.

DIRECTORS

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

Ms Victoria Sylvester
Ms Victoria Smith (appointed on 31 May 2022)
Mr Kevin Potter (appointed on 20 Oct 2022)
Mr Callum Arthur Michael Laing
Mr Stanislaw Jozef Patey
Ms Margaret Manning (resigned on 14 January 2022)
Ms Lisa Claire Maynard-Atem (appointed on 14 January 2022)
Mr Nigel Paul Seabridge (appointed on 31 May 2022 and resigned on 15 October 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.

EMPLOYEES AND EQUAL OPPORTUNITY (CONTINUED)

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
THE DIRECTORS' RESPONSIBILITIES STATEMENT
31 DECEMBER 2022

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 2022.

Signed on behalf of the Directors

Victoria Sylvester
Chief Executive Officer
MBH Corporation plc

Approved by the Directors on 28 April 2023

MBH CORPORATION PLC
THE GROUP STRATEGIC REPORT
31 DECEMBER 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 2022, the Group comprised 23trading entities in United Kingdom, New Zealand, Australia, U.S.A and Singapore that employed an aggregate 476 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 2022

Notwithstanding the ongoing uncertainties surrounding global macroeconomic and geopolitical environment, MBH continued to demonstrate its resilience by delivering a revenue of £142.8m, representing an increase of 31% from last year which was largely driven by the Construction vertical as construction activities largely recovered post lifting of various COVID-19 restrictions. (refer to Note 4 Operating Segments).

In 2022, the Group's EBIT derived from its operating segments was £4.3m (Note 4), down 22% from previous year which was mainly attributable to the following contributing verticals:

a. Construction vertical – The Construction vertical showed a 42% drop in EBIT versus prior year as higher construction material and labour costs as a result of inflationary pressure had largely offset the strong revenue recovery in year 2022 due to effect of bumper order book and decent pipeline.

b. Leisure vertical – The caravan business displayed a 49% decrease in EBIT versus prior year as a result of ongoing disruption in supply chain and higher business costs incurred due to inflationary pressure.

c. Education vertical – The EBIT was 17% down from last year due to delay in obtaining approval for certain government contracts, coupled with surge in labour costs due to a crunch in UK labour market.

After accounting for the non-trading items of £1.2m, the Group reported a net profit after tax of £2.2m. The non trading items recorded in the year mainly comprised a gain of £7.0m arising from the fair value changes in contingent consideration, partly off offset by a £5.9m loss recognised on writing off an other receivable which was non-trade in nature. The non-trading item in year 2021 pertained to a net one-off loss of £3.0m from discontinued operations in relation to the divestment of Parenta Group (Amplify Investments Ltd and its subsidiary companies).

The statutory financial statements for the year ended 31 December 2022 and 31 December 2021 only represent the results for the companies in the Group from the date of acquisition (refer to Note 29 Business Combinations).

Earnings

The key earnings metrics are as:

	2022 (£'000s)	2021 (£'000s)	Var (£'000s)	Var %
Revenue	142,844	108,765	34,079	31%
EBIT from operating segments (Note 4)	4,330	5,574	(1,244)	(22%)
EBIT from underlying operations	3,392	5,164	(1,772)	(34%)
NPAT from underlying operations	962	2,997	(2,035)	(68%)

Earnings Per Share

Basic for profit for the year attributable to ordinary members of the parent	**2022 pence**	**2021 pence**
From underlying profit (continuing operations)	0.90	3.97
From non-trading profit	1.13	(3.88)
Total	2.03	0.09
Diluted for profit for the year attributable to ordinary members of the parent		
From underlying profit (continuing operations)	0.89	3.20
From non-trading profit	1.12	(3.13)
Total	2.01	0.07

Cash and Financial Position

As at 31 December 2022, the Group has cash on hand of £6.8m (2021: £6.1m). Cash inflow from operating activities for the year was £3.6m (2021: inflow £5.2m) due mainly to lower operating profit, coupled with improved working capital.

Capital expenditure for the year was £0.8m (2021: £1.8m) which was largely spent on software development for the Education sector.

Cash outflow from financing activities for the year was £2.5m (2021: outflow £4.6m) due mainly to additional drawdowns on loan facilities.

The total cash inflow for the year was £0.8m which remained consistent with the previous year. The Group's net cash position is £6.5m which includes £0.4m of bank overdraft.

Net assets of the Group are £71.7m (2021: £62.8m).

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 ongoing uncertainties around the global geopolitical situation which the impacts have significantly increased from the past year. External risks created from political tensions, such as the dynamic between Russia and Ukraine and its Western alliances, could affect global markets, dampen economic activity, disrupt supply chains and place more pressure on rising inflation and interest rates. While the Group does not have direct business relationships in these countries, the consequences of these armed conflicts are unpredictable and, therefore, may pose significant uncertainty to the portfolio. The Group monitors the situation closely to manage any operational changes collectively; for example, sourcing alternative suppliers to prepare for potential supply chain disruption.

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 has continued 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.

Inflation

Inflation continues to be a risk to global economies and has a direct impact on the Group. In addition to inflation, interest rates have increased which also presents a significant hurdle for economic growth.

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; and
- Ensure customers contracts allow price increases for any inflationary pressures from supplies required to deliver the sales

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 include:
  - 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 Group is at the forefront of all decision making processes and further details are covered in the corporate governance statement on page 10 and directors' report on page 2.

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 0.001 per share. The Board will continue to be committed to the return of profits to shareholders through a distribution or share buybacks.

Victoria Sylvester
Chief Executive Officer
MBH Corporation plc

Approved by the Directors on 28 April 2023

MBH CORPORATION PLC
CORPORATE GOVERNANCE STATEMENT
YEAR ENDED 31 DECEMBER 2022

INTRODUCTION

This statement is made by me, Callum Laing, 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 six Directors: three Non-Executive Directors, and three 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 in, 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.

QCA CODE PRINCIPLES (CONTINUED)

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.

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 and a non-executive vice chairman, three 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 six 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 and bi 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 once during 2022, with further meetings in January 2023 and April 2023 and other attendees included the Chief Financial Officer, and the external auditors. The committee:

- Reviewed the 2022 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 2022 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.

In relation to the 2022 audit the audit committee also considered the audit term of the engagement partner. Our current auditors are Barnes Roffe LLP and the engagement partner is Mr Cientanni. Under the FRC's ethical standards the engagement partner is required to rotate after 5 years, but after discussions between the audit committee and Mr Cientanni, the audit committee requested to extend Mr Cientanni's term by up to two years, as is permitted under section 3.15 of the FRC's ethical standard in order to safeguard audit quality as the Group continues to integrate and manage acquired operations and navigates macro-economic issues. This request was accepted by Barnes Roffe LLP and Mr Cientanni has therefore continued as the audit engagement partner for 2022.

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
Callum Laing Non-Executive Chair Appointed: 9 February 2023 (Previously held the role of Chief Executive Officer from 16 January 2017 to 9 February 2023)	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
Stanislaw Jozef Patey Non-Executive Director and Vice Chair Member 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
Victoria Sylvester Chief Executive Officer Company Secretary Appointed: 9 February 2023 (Previously held the role of Executive Director from 29 May 2019 to 9 February 2023	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
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
Victoria Smith Executive Director Appointed: 31 May 2022	Vicky Smith has been successful in the health and social care sector since leaving higher education over 15 years ago. She started her career as a care assistant within the sector and in 2014 became a Registered Manager of an EMI residential home. Vicky is now the Managing Director of Samuel Hobson House - a care home in Staffordshire. **Other Appointments:** Samuel Hobson House Limited SHH Top Co Ltd
Kevin Potter Executive Director Appointed: 20 October 2022	A joiner by trade, Kevin has been in business for more than 35 years. At 21 he became the youngest accredited NHBC builder and developer, building his first two new properties in Essex followed by many more luxury properties and successful developments for high end clients. Kevin is currently CEO of Guildprime Specialist Contracts Ltd, a company specialized in luxury fit outs and refurbishments for high end retail brands, sporting venues, commercial office spaces and prime residential properties. **Other Appointments:** Guildprime Specialist Contracts Ltd

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 Arthur Michael Laing	12	12	1	0
Victoria Sylvester	12	11	1	0
Stanislaw Jozef Patey	12	10	1	1
Lisa Claire Maynard-Atem (appointed on 14 January 2022)	12	11	1	1
Victoria Smith (appointed on 31 May 2022)	12	5	1	0
Kevin Potter (appointed on 20 Oct 2022)	12	1	0	0
Margaret Manning (resigned on 14 January 2022)	12	0	1	0

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.

MBH CORPORATION PLC
STREAMLINED ENERGY AND CARBON REPORTING
YEAR ENDED 31 DECEMBER 2022

ENVIRONMENTAL, SOCIAL AND GOVERNANCE [ESG]

During 2022, MBH Corporation has remained fully committed to its ESG strategy, continuing on a path focusing on impact on people, planet and prosperity. ESG is a golden thread throughout the group and the decisions made in our businesses are made with consideration for future generations and in preparing the businesses to remain competitive and sustainable in a world that needs to change.

Our 5-stage roadmap as described in our first ever ESG report released in June 2022 continues to be the tool we use to plan and track our journey, and we have continued to align our work with the UNSDG's. Key to our success is transparency and facing up to the reality of the impact business can have both positively and negatively, dealing with trial and error as we establish new and innovative ways to step up the complexity of the challenge.

Our second ESG report for 2022 will be released in June 2023 and will detail the work we have done over the past year. Some key areas of work during 2022 include widening our carbon data collection across the group to establish a broader baseline to include both direct and indirect emissions. This informs our net zero/carbon reduction plans both high level and at subsidiary level, again will be making this publicly available in June 2023 and will include targets in areas such as around our supply chains as we continue to not shy away from our responsibilities. This baseline is really important for MBH, particularly as 2020 & 2021 were more complex in data collection as industries were closed for periods of time due to the pandemic, we now have a more robust data set to work from and we will continue to improve our data collection detail as we progress, including our SBTi commitment.

MBH continues to not be driven by compliance, instead driven by targeting where we can have a positive impact and as a result compliance is a side effect of the work we do. We work to stretch beyond the compliance and regulation to ensure we are as effective and impactful as we can be. The businesses in the group are experienced businesses, they are not in this for the short term and recognise fully the this is a longer-term journey when it comes to ESG. In addition, our businesses are established from a desire to create change and are embedded in local communities They naturally consider their impact and being in MBH has assisted in strategizing and learning from other people, industries and geographies across the group this diversity creates innovative ideas.

There are many success stories which will be shared in our June ESG report, and likewise at group level our work has continued. Our female leadership programme has completed 3 cohorts now and what started out with 25 women now has closer to 100, all focused on the future diversity of leadership across the group. This all contributes to diverse thinking, however from an ESG perspective is significant as research shows that women in leadership are more likely to drive ESG than male counterparts, hence why this is such a key part of our strategy.

After the success of our board apprentice programme in 2021, we continued during 2022 this time with a focus on disabilities (or different abilities) and young people to again all contribute to diversity of thought from the input of under-represented voices. Despite being small in the listed businesses world, MBH continues to be a leader in this kind of work – small yet mighty.
And finally, our third world impact has continued with strategic partner B1G1 as we continue to work towards achieving 1,000,000 impacts. During 2022 we achieved the milestone of hitting over 400,000 impacts as we continue to donate every month to projects around the world.

More information can be found here https://www.mbhcorporation.com/esg and our 2022 ESG report will be released 30th June 2023.

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 2022, MBH employed 642 FTE across the group), and of turnover (in 2022, MBH had a group revenue of £142.844 million). 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.

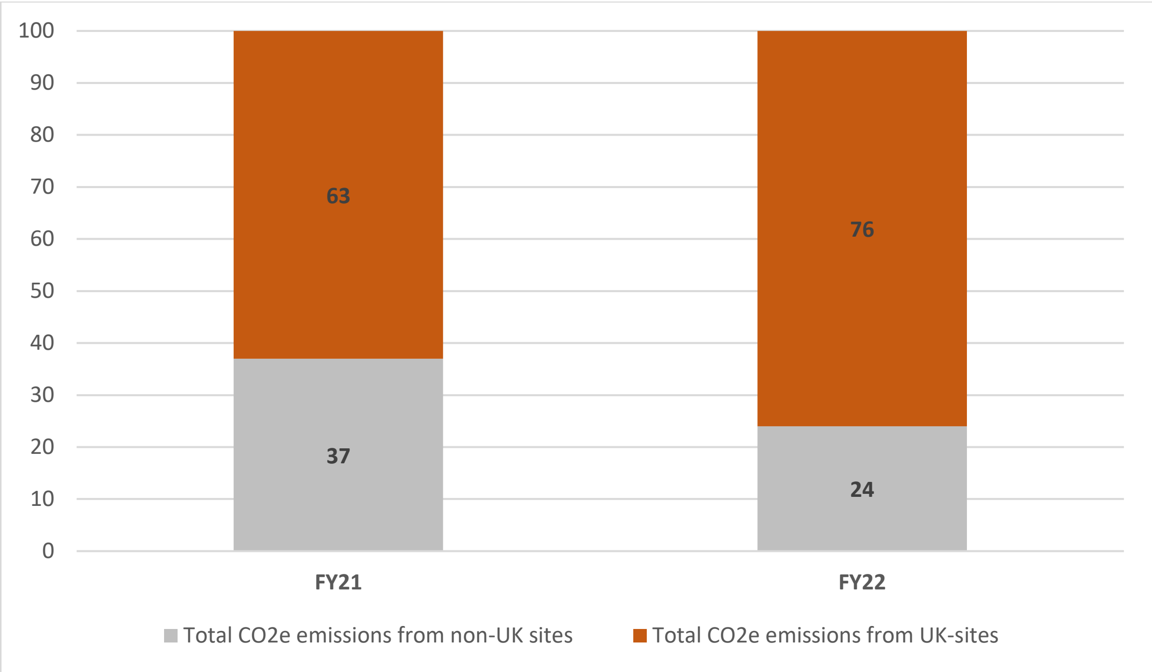
Annual reporting figures

Group (Global) Greenhouse Gas Emissions and Energy Use Data for the period 1 January 2022 to 31 December 2022 is as follows:

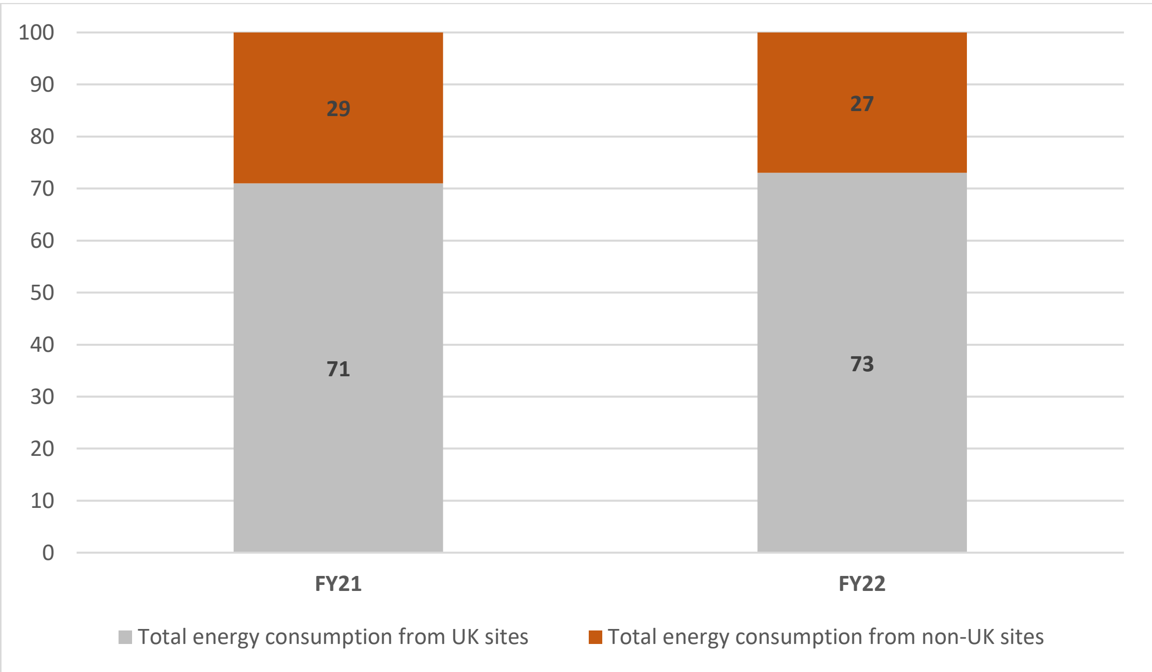
Indicator	**Metric**	**Current reporting year 2022**			**Comparison reporting year 2021**	**Comparison reporting year 2020**
		UK	**Rest of World**	**Total**	**Total**	**Total**
Scope 1	Tonnes CO2e	685	210	895	1,827	287
Scope 2 – market based	Tonnes CO2e	188	65	253	201	83
Scope 2 – location based	Tonnes CO2e	250	107	357	-	-
Total CO2e Emissions – market based	Tonnes CO2e	873	275	1,148	2,028	369
Total CO2e Emissions – location based	Tonnes CO2e	935	317	1,252	-	-
CO2e Emissions Intensity – market based	Tonnes CO2e / £100,000 revenue	0.61	0.19	0.80	1.86	0.71
CO2 Emissions Intensity – location based	Tonnes CO2e / £100,000 revenue	0.65	0.22	0.87	-	-
Total Energy Consumption	**kWh**	2,999,025	1,085,813	4,084,838	8,257,857	1,878,184

Annual reporting figures (continued)

The bar chart below contains information regarding the proportion of CO2e emissions (market-based method) that belong to UK sites. In FY21 63% of total Scope 1 and Scope 2 CO2e emissions originated from UK sites. In FY22 the proportion increased to 76%.



The second bar chart below contains information regarding the proportion of energy consumption that belong to UK sites. In FY21 71% of energy was consumed by UK sites which increased to 73% in FY22.



Energy consumption in FY22 decreased by 4,173,019 kWh compared to FY21. This large decrease in consumption was a result of 4x Ltd and Parenta Group leaving the MBH Cooperation Group. 4x Ltd and Parenta Group collectively accounted for 3,837,358 kWh of energy usage. The rest of the decrease was due to less fuel consumption by the MBH subsidiarie

Annual reporting figures (continued)

This is the third 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.

This is the third 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 using hybrid vehicles. Thirteen out of twenty one subsidiaries used a combined 432,669 kWh of renewable energy in 2022 saving 104 tonnes of CO2e. Furthermore, 50 per cent of Acacia Training's employees use renewable electricity at home.

In addition to renewable energy, KS Training, Guildprime, Take Me (Group), Gaysha and Intercity incorporated hybrid and electric vehicles in their company-owned fleet.

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 21 entities for the period 1 January to 31 December 2022, with an operational control boundary.

Due to data availability this year and immaterial difference to the overall carbon footprint (less than 5% difference), Acacia Training was excluded from the calculations of emissions arising from mobile combustion. MBH will work on improving the data for the next SECR statement.

For the current reporting year 2022, both market-based and location based approaches were used for Scope 2 calculations to allow an analysis of renewable energy impact. The current year's emissions were also divided into UK and non-UK emissions for further comparisons.

UK CO2e emissions were calculated using DEFRA (2022) greenhouse gas reporting conversion factors for all fuels. To calculate emissions for non-UK energy, EcoInvent version 3.9.1 was used to obtain emission factors. Some energy consumption was estimated where primary data was unavailable due to tenancy arrangements.

MBH CORPORATION PLC INDEPENDENT AUDITOR'S REPORT YEAR ENDED 31 DECEMBER 2022

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 2022 which comprise the consolidated 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 'Reduced Disclosure Framework (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 2022 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with 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 prior years 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, including the FRC's Ethical Standard as applied to listed entities 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 23 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 12 (*2021: 14*) 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.

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 prior year with both initial consideration and contingent consideration being in the form of shares and / or bonds 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, and adjustments during the measurement period, 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, and any adjustments during the measurement period. We have considered the validity of forecasts provided for each of the entities acquired and verified the assumptions used in the goodwill calculations. 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 investment calculations. We have considered the assumptions used in the preparation of discounted cash flows utilised in management's impairments of investments. We also assessed the disclosures made and application of the standard in line with IFRS.

Other Reserves – group only As detailed in role 27 to the financial statements the Other Reserve has arisen, in prior years, through the issue of share capital in consideration for the acquisition of investments in subsidiary companies. Due to fluctuations in the company's share price, certain acquisitions were made whereby the market value of consideration is below the nominal value of the share capital issued. The accounting treatment of the above, and consideration of whether the Companies Act has been complied with, is complex and requires judgment on technical issues.	We have reviewed legal opinion obtained by the Group and have considered the adequacy and accuracy of the disclosures at note 27.

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 £1,090,000 (*2021: £810,000*) 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.

Based on our professional judgement, we determined overall performance materiality for the group financial statements as a whole to be £817,500 (*2021: £607,500*) based on a percentage of overall materiality.

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 £56,000 (*2021: £40,500*). 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 2022. Our total uninterrupted period of engagement is 5 years, covering the periods ending 31 December 2018 to 31 December 2022.

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.

The engagement partner is Mr Cientanni. Under the FRC's ethical standards the engagement partner is required to rotate after 5 years, but after a request from the audit committee Mr Cientanni's term was extended by up to two years, as is permitted under section 3.15 of the FRC's ethical standard in order to safeguard audit quality as the Group continues to integrate and manage acquired operations and navigates macro-economic issues. This request was accepted by Barnes Roffe LLP and Mr Cientanni has therefore continued as the audit engagement partner for 2022.

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: 28 April 2023

Consolidated Statement of Comprehensive Income
Year Ended 31 December 2022

	Note	2022 £'000	2021 £'000
Continuing operations			
Revenue from contracts with customers	5	142,844	108,765
Cost of sales		(114,983)	(83,427)
Gross profit		**27,861**	25,338
Other income	8	444	1,085
Administrative expenses		(25,119)	(21,419)
Finance costs, net	6	(2,072)	(1,790)
Operating profit		**1,114**	3,214
Fair value gain		206	160
Profit before income tax		**1,320**	3,374
Income tax expense	7	(358)	(377)
Profit after tax from continuing operations (underlying profit)		**962**	2,997
Non-trading items			
Profit/ (loss) from discontinued operations, net of tax	9	77	(2,931)
Fair value changes of contingent consideration	9	7,032	-
Bad debts written-off (non-trade)	9	(5,890)	-
		1,219	(2,931)
Profit after tax for the year	8	**2,181**	66
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign exchange differences on translation of foreign operations		250	(99)
Other comprehensive income for the year, net of tax		**250**	(99)
Total comprehensive income for the year		**2,431**	(33)
Basic earnings per share from underlying profit (pence)	9	0.90	3.97
Diluted earnings per share from underlying profit (pence)	9	0.89	3.20
Basic earnings per share from total profit (pence)	9	2.03	0.09
Diluted earnings per share from total profit (pence)	9	2.01	0.07

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 2022

	Note	2022 £'000	2021 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	8,673	8,932
Intangible assets	12	2,151	1,734
Right-of-use assets	13	4,220	4,264
Goodwill	14	96,658	102,719
Investment	15	-	255
Deferred tax assets	16	403	627
Total non-current assets		**112,105**	118,531
Current assets			
Cash and cash equivalents	17	6,837	6,088
Trade and other receivables	18	23,386	20,538
Inventories	20	8,957	4,822
Assets classified as held for sale	19	-	5,142
Total current assets		**39,180**	36,590
Total assets		**151,285**	155,121
LIABILITIES			
Non-current liabilities			
Lease liabilities	13	3,680	3,598
Deferred tax liabilities	16	582	599
Loan and other borrowings	21	5,737	5,819
Bonds	22	18,095	24,484
Contingent consideration	23	9,988	20,711
Other payables	24	5,230	345
Total non-current liabilities		**43,312**	55,556
Current liabilities			
Lease liabilities	13	1,159	1,030
Loan and other borrowings	21	6,866	5,134
Bonds	22	2,285	2,534
Contingent consideration	23	2,449	1,156
Trade and other payables	24	22,660	24,888
Provisions	25	86	95
Current tax liabilities		776	800
Liabilities classified as held for sale	19	-	1,142
Total current liabilities		**36,281**	36,779
Total liabilities		**79,593**	92,335
Net assets		**71,692**	62,786
EQUITY			
Share capital and share premium	26	80,280	73,933
Other reserves	27	(16,225)	(16,829)
Translation reserve		203	(47)
Retained earnings		7,434	5,729
Total equity		**71,692**	62,786

These financial statements were approved by the Directors and authorised for issue on 28 April 2023, and were signed on their behalf by:

Victoria Sylvester
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 2022

	Share capital and premium	Other reserves	Translation reserves	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2021	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)
	4,295	**(960)**	**-**	**(297)**	**3,038**
Balance at 31 December 2021	**73,933**	**(16,829)**	**(47)**	**5,729**	**62,786**
Profit for the year	-	-	-	2,181	2,181
Other comprehensive income	-	-	250	-	250
Total comprehensive income for the year	-	**-**	**250**	**2,181**	**2,431**
Transactions with owners in their capacity as owners					
Issue of ordinary shares as consideration for a business combination	3,934	604	-	-	4,538
Issue of ordinary shares as consideration for contingent performance	1,786	-	-	-	1,786
Credit to equity for equity-settled share-based payments	155	-	-	-	155
Issue of ordinary shares	52	-	-	-	52
Dividends declared	420	-	-	(476)	(56)
	6,347	**604**	**-**	**(476)**	**6,475**
Balance at 31 December 2022	**80,280**	**(16,225)**	**203**	**7,434**	**71,692**

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 2022

	2022	2021
	£'000	£'000
Operating activities		
Profit for the year	2,181	66
Adjustments for:		
Interest income	(11)	(63)
Interest expense	2,083	1,816
Depreciation of plant and equipment	792	789
Amortisation of intangible assets	773	1,019
Amortisation of right of use asset	990	1,091
Fair value (gain)/loss	(7,240)	(160)
Gain on disposal of a subsidiary	(159)	-
Loss on disposal of plant and equipment	32	97
Loss on disposal of investments	11	-
Impairment of goodwill	-	2,476
Provision for impairment losses	108	1,864
Loss allowance on trade receivables	720	369
Bad debts written-off (non-trade)	5,890	-
Acquisition related costs	8	4
Share-based payments expense	207	215
Tax income/ (expense)	(358)	515
Operating cash flows before movements in working capital	**6,027**	10,098
Decrease/(Increase) in trade and other receivables	(4,164)	(2,593)
Decrease/(Increase) in inventory	(4,136)	(450)
(Decrease)/ Increase in trade and other payables	5,795	(1,713)
Increase in provisions	-	(46)
Cash generated by operations	**3,522**	5,296
Income tax paid	84	(131)
Net cash from operating activities	**3,606**	5,165
Investing activities		
Interest received	11	64
Proceeds from sale of property, plant and equipment	292	118
Purchase of plant and equipment	(729)	(835)
Addition to intangible assets	(49)	(1,030)
Proceeds from sale of investment	147	186
Acquisition related costs paid	(8)	(4)
Acquisition of subsidiaries, net of cash acquired	-	1,744
Net cash (used)/ generated from investing activities	**(336)**	243
Financing activities		
Interest paid	(1,661)	(1,315)
Proceeds from borrowings	3,396	1,465
Repayments of loans and borrowings	(1,708)	(2,124)
Repayment of bonds	(1,321)	(1,485)
Dividends paid	(56)	(3)
Payment of lease liabilities	(1,303)	(1,126)
Net cash used in financing activities	**(2,653)**	(4,588)
Net increase in cash and cash equivalents	**617**	820
Cash and cash equivalents at beginning of year	5,451	5,754
Cash and cash equivalents on discontinued operations, re-classified with assets held for sale **(note 19)**	-	(809)
Effect of foreign exchange rate charges	250	(314)
Cash and cash equivalents at end of year (note 17)	**6,318**	5,451

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 2022

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 28.

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 United Kingdom (UK) 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).

The accounting policies adopted are consistent with those of the previous financial year. There are no changes to the accounting policies as described in the 2021 annual financial statements except for the adoption of new and amended standards as set out below. The Group has not early adopted any other standard or amendments that have been issued but not yet effective.

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.

Interpretations and amendments to published standard effective in 2022

There are no changes to the accounting policies as described in the 2021 annual financial statements and the Group has not early adopted any standard or amendments that have been issued but not yet effective. A number of amendments were effective from 1st January 2022. The more important amendments applicable to the Group is as follows:

Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract (effective from 1st January 2022)
The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The Group applied the amendment from 1st January 2022 and there is no significant impact on the Group's consolidated financial statements.

Standards issued but not effective or applied by the Group

Amendment to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective from 1st January 2023) requires companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The Group is assessing the potential impact on the Group's consolidated financial statements.

2. ACCOUNTING POLICIES (CONTINUED)

c) 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.

d) 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.

2. ACCOUNTING POLICIES (continued)

e) 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.

f) 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.

g) 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.

Construction 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.

2. ACCOUNTING POLICIES (continued)

g) Revenue recognition (Continued)

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.

h) 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.

2. ACCOUNTING POLICIES (continued)

i) 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.

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.

j) 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.

k) 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.

l) 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.

2. ACCOUNTING POLICIES (continued)

m) 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.

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.

2. ACCOUNTING POLICIES (continued)

n) 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)

o) 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)

p) 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.

q) 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)

q) Financial instruments

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)

q) Financial instruments

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)

q) Financial instruments

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.

r) 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.

s) 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.

t) Non-trading items

Non-trading items are separately identified to provide greater understanding of the Group's underlying business performance. Items classified as non-trading items include: fair value gains or losses on contingent consideration which are measured at fair value through profit and loss; gains or losses arising from disposal of subsidiaries; impairment of goodwill; profit and losses from discontinued operations and other credits and charges of a non-recurring nature that require inclusion in order to provide additional insight into the Group's underlying business performance.

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.

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.

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 £96,658,000 (2021: £102,719,000).

The goodwill impairment review was undertaken in December 2022. 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 10 years including an assumed improvement in operating margins, followed by an assumed annual long-term growth rate of 5.0% and 7.0%. 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 2022, the carrying amount of the internally generated software was £418,000 (2021: £469,000). 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.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

d) 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 23 to the financial statements, as at 31 December 2022, the fair value of the contingent consideration of £12,437,000 (2021: £21,867,000) was estimated by calculating the present value of the future expected cash flows. The movement in the fair value of contingent consideration is reflected in the statement of comprehensive income and amount to £7,032,000 (2021: £NIL) for the year.

e) Non-trading items

The Group uses underlying business performance in its internal financial reporting to distinguish between the underlying profits and non-trading items. The identification of non-trading items requires judgement by management, but follows the consistent methodology as set out in the Group's accounting policies.

f) Bad debts written off

During the year, the Group wrote off £5.9m due from a connected party as bad debt. The amounts written off was non- trading in nature as they were were largely made up of considerations arising from acquisition of subsidiaries since year 2019. Management is of the view that there is no reasonable expectation of any recovery from the £5.9m and wrote the entire amount as bad debt.

g) Unwinding of investments

The acquisition agreements in respect of BEP Engineering Services (1997) Ltd (BEP) and Vista Care Solutions Limited (Vista Care) were completed on 24 February 2022 and 17 May 2022 respectively. Since that date, it become apparent that neither BEP or Vista Care were firstly complying with the terms of the acquisition agreements in respect of the completion obligations, or secondly actively participating in joining the Group and following expected procedures or participating in management meetings and strategies. Whilst time was given to BEP and Vista Care to meet their completion obligations and to start participating with the Group it became apparent to the directors that the acquisitions should be formally unwound and this was ratified on 10 March 2023 (BEP) and 27 March 2023 (Vista Care). As the completion obligations were not met the consideration for the acquisitions were never paid by the Group in the form of shares or bonds in the Group.

Given the above the Group has had to consider whether the definition of control under IFRS 10 has been satisfied at any point from the date of the acquisition agreements to 31 December 2022. On the basis that the Group did not get exposure, or rights, to variable returns from BEP and Vista Care and did not have the ability to use its power over BEP and Vista Care to affect the amount of investor returns, the Group has considered that control of BEP or Vista Care was never passed to the Group at any point during the year.

As such, both BEP and Vista Care have been excluded from consolidation in the Group financial statements for the year ended 31 December 2022, and have also been excluded from Investments in Subsidiaries in the Company financial statements.

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 2022 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 2022.

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 2022	**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)*	14,443	83,577	24,886	122,906	19,938	**142,844**
Adjusted EBIT	1,476	772	873	3,121	1,209	**4,330**
Segment Assets	28,002	21,052	9,482	58,536	13,185	**71,721**
Segment Liabilities	(4,449)	(15,993)	(7,704)	(28,146)	(7,948)	**(36,094)**

4. OPERATING SEGMENTS (continued)

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)**

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 (2021: 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:

	2022	**2021**
	£'000	**£'000**
Total segment Adjusted EBIT	**4,330**	**5,574**
Other income	6	72
Central administration costs and directors' salaries	(292)	(278)
Professional and Marketing Fees	(865)	(632)
Group eliminations	7	268
Finance costs, net	(2,072)	(1,790)
Fair value gain	206	160
Profit before income tax	**1,320**	**3,374**
Income tax expense	(358)	(377)
Profit for the year from underlying profit	**962**	**2,997**

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	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Total Segment Assets/(Liabilities)	**71,721**	**69,392**	**(36,094)**	**(28,682)**
Unallocated assets/(liabilities)	6,161	5,240	(10,576)	(34,232)
Goodwill recognised on acquisition (note 14)	96,658	102,719		-
Bonds issued on acquisition (note 22)	-	-	(20,380)	(27,018)
Contingent consideration recognised on acquisition (note 23)	-	-	(12,437)	(1,156)
Discontinued operations	-	6,964	-	(1,142)
Group eliminations	(23,255)	(29,194)	(106)	(105)
Total assets/(liabilities) as per the Balance Sheet	**151,285**	**155,121**	**79,593**	**(92,335)**

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:

	2022	**2021**
	£'000	**£'000**
Primary geographical location		
United Kingdom	77,579	83,988
Oceania	26,034	26,194
Asia	1,158	1,084
North America	7,334	7,265
	112,105	**118,531**

e) Information about major customers

There is no single customer which contributes 10% or more of the revenue in 2022 and 2021, 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**	
	2022 £'000	**2021 £'000**	**2022 £'000**	**2021 £'000**	**2022 £'000**	**2021 £'000**	**2021 £'000**	**2021 £'000**	**2022 £'000**	**2021 £'000**	**2022 £'000**	**2021 £'000**
Primary geographical location												
United Kingdom	14,059	13,076	51,592	28,131	24,886	23,468	90,537	64,675	12,940	9,980	103,477	74,655
Oceania	-	-	31,985	27,633	-	-	31,985	27,633	-	-	31,985	27,633
Asia	384	486	-	-	-	-	384	486	-	-	384	486
North America	-	-	-	-	-	-	-	-	4,508	3,853	4,508	3,853
Other	-	-	-	-	-	-	-	-	2,490	2,138	2,490	2,138
	14,443	**13,562**	**83,577**	**55,764**	**24,886**	**23,468**	**122,906**	**92,794**	**19,938**	**15,971**	**142,844**	**108,765**
Major products/ services												
Course Training services	14,443	13,562	-	-	-	-	14,443	13,562	-	-	14,443	13,562
Other Education Training services	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Refurbishment services	-	-	83,577	55,764	-	-	83,577	55,764	-	-	83,577	55,764
Sale of goods (caravans)	-	-	-	-	24,886	23,468	24,886	23,468	-	-	24,886	23,468
Transportation services	-	-	-	-	-	-	-	-	7,252	6,560	7,252	6,560
Health and care services	-	-	-	-	-	-	-	-	1,133	1,011	1,133	1,011
Property related services	-	-	-	-	-	-	-	-	857	771	857	771
Food and beverage sector	-	-	-	-	-	-	-	-	7,045	4,547	7,045	4,547
Engineering sector	-	-	-	-	-	-	-	-	3,651	3,082	3,651	3,082
Other services	-	-	-	-	-	-	-	-	-	-	-	-
	14,443	**13,562**	**83,577**	**55,764**	**24,886**	**23,468**	**122,906**	**92,794**	**19,938**	**15,971**	**142,844**	**108,765**
Timing of Revenue Recognition												
At a point in time	384	487	1,264	-	-	23,468	1,648	23,955	12,036	9,643	13,685	33,597
Over time	14,059	13,075	82,313	55,764	24,886	-	121,258	68,839	7,902	6,329	129,159	75,168
	14,443	**13,562**	**83,577**	**55,764**	**24,886**	**23,468**	**122,906**	**92,794**	**19,938**	**15,972**	**142,844**	**108,765**

6. FINANCE COSTS, NET

	2022	2021
	£'000	£'000
Financial income		
Interest income	(11)	(4)
Financial expense		
Interest expenses on bonds	1,020	1,228
Interest expense on bank overdraft	17	14
Interest expense on borrowings	421	215
Interest expense on lease liabilities	290	309
Interest expense on other	335	28
Total Financial expense	**2,083**	**1,794**
Finance costs, net	**2,072**	**1,790**

7. TAX (BENEFIT)/EXPENSES

Income tax recognised in profit or loss:

	2022	2021
	£'000	£'000
Current tax		
In respect of the current year	499	412
In respect of the previous year	77	(62)
Deferred tax		
In respect of the current year	(218)	27
Total	**358**	377

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% (2021: 19%). The differences are reconciled below:

	2022	2021
	£'000	£'000
Accounting profit before taxation	**1,320**	3,374
Accounting profit multiplied by the UK standard rate of corporation tax of 19%	251	641
Effect of different tax rates of subsidiaries operating in other jurisdictions	(28)	(36)
Effect of income that is exempt from taxation	-	(50)
Effect of expenses that are not deductible in determining tax	21	83
Effect of timing differences	163	41
Research and development tax relief / credits	(126)	(240)
Adjustment in respect of previous years	77	(62)
Total tax charge	**358**	377

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:

	2022	2021
United Kingdom (Note from 1 April 2023 increases to 25%)	19%	19%
New Zealand	28%	28%
Singapore	17%	17%
United States of America	21%	21%
Australia	30%	25%

8. PROFIT FOR THE YEAR

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

	Note	**2022 £'000**	2021 £'000
Depreciation and amortisation expenses			
Depreciation of plant and equipment	11	792	789
Amortisation of intangible assets	12	773	1,019
Amortisation of right-of-use assets	13	990	1,091
Total		**2,555**	2,899
Loss allowance on trade receivables		720	369
Bad debts written-off (non-trade) [2]		5,890	-
Net foreign exchange (gains)/losses		90	(71)
Loss on sale/disposal of fixed assets		32	97
Fair value gain on bond redemption		(206)	(160)
Fair value changes of contingent consideration		(7,032)	-
Gain on disposal of a subsidiary		(159)	-
Other income			
Other income		(357)	(200)
Government grant income		(87)	(885)
Total		**(444)**	(1,085)
Salaries and wages			
Salaries and wages		10,020	8,845
Directors' remuneration – Directors of the Company [1]		873	948
Directors' fees – Directors of the Company		3	33
Total salaries and wages		**10,896**	9,826
Audit fees:			
- To auditors of the Company		200	178
- To other auditors		110	171
		310	349
Non-audit fees:			
- To auditors of the Company		28	15
- To other auditors		123	143
		151	158
Total		**461**	507

1. The highest paid director received remuneration of £81,000 (2021: £81,000). 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. Share based payments amounted to £212,910 (2021: £214,443).

2. This relates to a partial write-off for a total non-trade receivables of £8m due from a connected party which were largely made up of considerations arising from acquisition of subsidiaries since year 2019. Management is of the view that there is no reasonable expectation of any recovery from the £5.9m while the remaining £2.1m would be recovered through offsetting the proceeds payable for acquiring certain entities within the next 12 months.

8. PROFIT FOR THE YEAR (continued)

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

	2022	2021
	No.	No.
Key management personnel	**27**	45
Operational and administrative staff	**449**	597
Total	**476**	642

9. EARNINGS PER SHARE

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

	2022	2021
	£'000	£'000
Basic earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share:		
From underlying profit	**962**	2,997
From non-underlying profit	**1,219**	(2,931)
	2,181	66
Diluted earnings per share		
Profit attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share:		
From underlying profit	**962**	2,997
From non-underlying profit	**1,219**	(2,931)
	2,181	66

	2022	2021
	Number ('000)	Number ('000)
Weighted average number of ordinary shares for the purposes of basic earnings per share	107,484	75,527
Effect of dilutive potential ordinary shares from share options and convertible bonds	1,081	18,116
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**108,565**	93,643

A reconciliation of the profit attributable to ordinary equity holders and underlying profit attributable to ordinary equity holders is as follows:

	2022	2021
	£'000	£'000
Profit attributable to ordinary equity holders of the company	**2,181**	66
Less:		
Non-trading items (attributable to ordinary equity holders)		
Loss/ (profit) from discontinued operations (Note 30)	**82**	(1,367)
Impairment of goodwill on discontinued operations (Note 19)	**-**	2,476
Provision for impairment losses on discontinued operations (Note 19)	**-**	1,822
Gain on disposal of a subsidiary (Note 30)	**(159)**	-
Bad debts written off (non-trade) (Note 8)	**5,890**	-
Fair value changes of contingent consideration (Note 23)	**(7,032)**	-
	(1,219)	2,931
Profit after tax from continuing operations attributable to ordinary equity holders of the company	**962**	2,997

10. DIVIDENDS

	2022 £'000	2021 £'000
Proposed final dividend for the year ended 31 December 2022 of EUR 0.001 (2021: EUR 0.005) per share	**103**	421

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 2021						
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	-	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	-	(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**
Movements year ended 31 December 2022						
Acquired on acquisition of subsidiaries	-	-	27	2	(3)	26
Reclassification	-	1	2	33	27	63
Additions	-	28	74	225	402	729
Disposals	-	(2)	(2)	(144)	(115)	(263)
Disposal of a subsidiary (note 30)	-	-	-	(67)	(83)	(150)
Charge for the year	-	(29)	(226)	(316)	(221)	(792)
Exchange differences	-	51	37	12	28	128
Closing net book amount	**4,954**	**543**	**1,139**	**1,153**	**884**	**8,673**
At 31 December 2022						
Cost	4,954	820	3,914	3,679	1,871	15,238
Accumulated depreciation	-	(277)	(2,775)	(2,526)	(987)	(6,565)
Net book amount	**4,954**	**543**	**1,139**	**1,153**	**884**	**8,673**

12. INTANGIBLE ASSETS

	Internally generated software development costs	Trademark and licenses	Intangible Assets	Total
	£'000	£'000	£'000	£'000
At 1 January 2021				
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	11	-	-	11
Additions	869	161	-	1,030
Charge for the year	(758)	(261)	-	(1,019)
Disposals	-	(53)	-	(53)
Reclassification	(64)	-	-	(64)
Reclassified to assets held for sale	(2,337)	-	-	(2,337)
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**
Movements year ended 31 December 2022				
Additions	550	749	49	1,348
Disposals	(100)	(117)	-	(217)
Reclassification	66	(14)	-	52
Charge for the year	(346)	(424)	(3)	(773)
Exchange differences	-	7	-	7
Closing net book amount	**639**	**1,466**	**46**	**2,151**
At 31 December 2022				
Cost	1,212	2,337	49	3,598
Accumulated amortisation	(573)	(871)	(3)	(1,447)
Net book amount	**639**	**1,466**	**46**	**2,151**

Intangible assets represent the Group's capitalised installation costs, consultation and professional fees incurred for a cloud-based software developed by an external development team.

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 £639,000 (2021: £469,000) 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 (2021: £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 2021					
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	671	43	-	16	730
Additions	2,426	-	57	298	2,781
Disposals	53	-	-	(10)	43
Reclassification	(52)	-	8	7	(37)
Charge for the year	(813)	(16)	(43)	(219)	(1,091)
Reclassified to assets held for sale	(62)	-	(28)	-	(90)
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**
Movements year ended 31 December 2022					
Acquired on acquisition of subsidiaries	82	-	-	-	82
Additions	824	330	82	392	1,628
Disposals	(153)	-	1	(105)	(763)
Disposal of a subsidiary (note 30)	(472)	-	-	(34)	(506)
Reclassification	(74)	-	(19)	(22)	(115)
Charge for the year	(713)	(31)	(54)	(192)	(990)
Exchange differences	104	11		(1)	114
Closing net book amount	**3,395**	**336**	**101**	**388**	**4,220**
At 31 December 2022					
Cost	5,300	429	213	728	6,670
Accumulated amortisation	(1,905)	(93)	(112)	(340)	(2,450)
Net book amount	**3,395**	**336**	**101**	**388**	**4,220**

The average lease term is 3 - 10 years (2021: 3 - 10 years). Set out below are the carrying amounts of lease liabilities and the movement during the period:

	2022	2021
	£'000	£'000
At 1 January	4,628	1,927
Acquired on acquisition of subsidiaries	28	812
Additions	1,552	2,781
Disposals	(36)	-
Disposal of a subsidiary (note 30)	(522)	-
Payments	(1,303)	(1,126)
Accretion of interest	319	309
Reclassified to liabilities held for sale	-	(98)
Exchange differences	173	23
At 31 December	**4,839**	**4,628**
Classified as		
Current	1,159	1,030
Non-current	3,680	3,598
	4,839	**4,628**

13. RIGHT-OF-USE ASSETS (continued)

The following are the amounts recognised in profit or loss:

	2022	2021
	£'000	£'000
Amortisation of right-of-use assets (note 8)	990	1,091
Interest expense on lease liabilities (note 6)	290	309
Expenses relating to short-term lease (included in other expense)	7	216
Total	**1,287**	1,616

During the year, the Group had total cash outflows for leases of £1,303,000 (2021: £1,126,000). The Group also had non-cash additions to right-of-use assets of £1,628,000 (2021: £3,511,000) and lease liabilities of £1,580,000 (2021: £3,593,000).

14. GOODWILL

	Group
	£'000
Cost	
At 1 January 2021	90,605
Adjustment to previous business combinations (note 28)	2,182
Arising on acquisition of subsidiaries	12,408
At 31 December 2021	**105,195**
Adjustment to previous business combinations (note 28)	(4,461)
Disposal of subsidiaries (note 19, 29)	(4,076)
At 31 December 2022	**96,658**
Accumulated impairment	
At 1 January 2022	**2,476**
Disposal of a subsidiary (note 19)	(2,476)
At 31 December 2021	**-**
Net book value at 31 December 2022	**96,658**
Net book value at 31 December 2021	102,719

The impairment losses recognised in the prior period were in relation to the divestment of Parenta Group (comprising Amplify Investments Ltd and its wholly-owned subsidiaries). The sale was completed on 31 January 2022 for a consideration of £4,000,000 and since the actual impairment losses incurred remained the same as the provision made as at 31 December 2021, comprising a provision for impairment losses of £1,822,000 and an impairment of goodwill of £2,476,000, no further adjustment on the impairment losses was required as at 31 December 2022.

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:

	2022	2021
	£'000	£'000
Education sector	29,139	31,398
Construction service sector	37,323	37,323
Leisure sector	10,500	10,500
Health sector	1,030	1,030
Transportation services sector	9,308	10,810
Property service sector	3,850	3,850
Engineering service sector	3,508	5,808
Food and beverage sector	2,000	2,000
	96,658	102,719

14. GOODWILL (continued)

	Growth rates		**Pre-tax discount rates**	
	2022	2021	**2022**	2021
	%	%	**%**	%
Education sector	5-20	4-11	9.04-9.40	9.04-9.40
Construction service sector	5-18	13-18	8.67-8.87	8.67-8.87
Leisure sector	5-10	10	9.08	9.08
Health services sector	5-10	10	8.26	8.26
Transportation services sector	5-10	14-20	9.08	9.08
Property service sector	5-10	25	6.25	6.25
Engineering service sector	5-10	7-8	8.26-8.87	8.26-8.87
Food and beverage sector	5-10	5-30	7.59	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. The terminal growth rate utilised for terminal value calculation is 3.28%, based on CPI for the relevant country plus 1%.
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 CGUs, the Group has carried out detailed sensitivity analysis based on reasonable possible changes to the following key assumptions, the growth rate from 2025 to 2027, the terminal growth rate utilised and the Pre-tax discount rates (WACC). The findings from this sensitivity analysis can be summarised as follows:

Key Assumption	**Reasonable possible change**	**Impact**
Growth rates 2025 to 2027	Reduced from 10% to 5%	No impairment of goodwill
Terminal growth rate	Reduced from 3.28% to 2%	No impairment of goodwill
Pre-tax discounts rates (WACC)	Increase existing rates by 1%	No impairment of goodwill

The Group has also considered the position if all of the above key assumptions were to change at the same time, so a reduction in growth rates from 10 to 5%, a reduction in terminal growth rate from 3.28% to 2% and an increase in Pre-tax discount rates (WACC) by 1%, and the impact of this would be an impairment of goodwill within the Construction sector (segment) of £2.5m, and no impact on the other sectors (segments).

15. INVESTMENT

	Note	**2022** £'000	2021 £'000
Financial assets designated at FVTOCI			
- Quoted equity investment	(a)	**-**	147
- Unquoted equity investment	(b)	**108**	108
		108	255
Accumulated impairment			
At 1 January 2022		**-**	-
Impairment		**108**	-
At 31 December 2022	(b)	**108**	-
Net book value		**-**	255

(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. The investment was disposed in the current year.

(b) The Group held a seed investment (minority holding) in Riide Ltd, a private company limited by shares (registered in the United Kingdom). The investment was fully impaired as at 31 December 2022 as the management foresee that the investment is irrecoverable.

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 2021	(317)	148	412	560
Acquisition of subsidiaries	(187)	2	11	13
Charged/ (credited) to profit or loss	(95)	(43)	111	68
Exchange difference	-	(14)	-	(14)
At 31 December 2021	**(599)**	**93**	**534**	**627**
Acquisition of subsidiaries	-	-	-	-
Charged/ (credited) to profit or loss	17	(31)	(204)	(235)
Exchange difference	-	11	-	11
At 31 December 2022	**(582)**	**73**	**330**	**403**

Unrealised tax losses
At the end of the reporting period, the Group has tax losses of approximately £1,672,350 (2021: £2,810,000) 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

	2022	2021
	£'000	£'000
Cash in hand	3	8
Cash at bank	6,834	6,080
Short-term deposits	-	-
	6,837	6,088
Bank overdraft (note 21)	(519)	(637)
Cash and cash equivalent as per statement of consolidated cash flow	**6,318**	**5,451**

18. TRADE AND OTHER RECEIVABLES

	2022	2021
	£'000	£'000
Trade receivables	13,653	10,530
Contract assets	4,341	4,912
Loss allowance	(1,549)	(416)
	16,445	15,026
Other debtors	5,014	3,756
Prepayments	1,682	1,756
Tax recoverable	245	-
	23,386	**20,538**

Non-trade amounts 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

	2022	2021
	£'000	£'000
Construction services contracts	1,989	2,820
Course training	2,352	2,092
Total contract assets	**4,341**	**4,912**

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 2022, the carrying amount of retention monies held by customers for contract work amounted to £1,592,000 (2021: £777,000).

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.

		Trade receivables – days past due				
	Not past due	**<30**	**31-60**	**61 - 90**	**More than 90 days**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
31 December 2022						
Expected credit loss rate (%)	0	0 - 5	5 - 15	15 - 25	25 - 60	
Estimated total gross carrying amount at default	11,099	2,578	1,203	1,788	1,326	17,994
Lifetime ECL	-	(129)	(180)	(444)	(796)	(1,549)
						16,445
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

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

Description

As disclosed in the 31 December 2021 annual report and accounts, the Group announced its intention to divest the Parenta Group (comprising Amplify Investments Ltd and its wholly-owned subsidiaries). The assets and liabilities of the Parenta Group were consequently presented as held for sale as at 31 December 2021.

The sale was completed on 31 January 2022 for a consideration of £4,000,000 and since the actual impairment losses incurred remained the same as the provision made as at 31 December 2021, comprising a provision for impairment losses of £1,822,000 and an impairment of goodwill of £2,476,000, no further adjustment on the impairment losses was required for as at 31 December 2022.

20. INVENTORIES

	2022	2021
	£'000	£'000
Raw materials	292	216
Work-in-progress	2,388	366
Finished goods	6,277	4,240
Total	**8,957**	**4,822**

The cost of inventories recognised as an expense during the year in respect of continuing operations was £35,601,000 (2021: £27,560,000).

21. LOAN AND OTHER BORROWINGS

		2022	2021
		£'000	£'000
Current			
Bank overdraft	(a)	519	637
Bank loans	(b)	835	1,009
Stock financing	(c)	5,249	3,488
Other non-bank Loans	(e)	263	-
		6,866	**5,134**
Non-current			
Bank loans	(b)	4,845	4,819
Loan note	(d)	800	1,000
Other non-bank Loans	(e)	92	-
		5,737	**5,819**
Total		**12,603**	**10,953**

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	2022 Carrying amount £'000	2021 Carrying amount £'000
Secured bank loan	GBP	4.5% + Base rate	2033	-	267
Secured bank loan	NZD	0.00%	2023	-	31
Secured bank loan	SGD	6.25%	2022	12	46
Secured bank loan	GBP	3.50%	2035	1,299	1,375
Secured bank loan	SGD	2.08%	2049	227	206
Secured bank loan	SGD	2.08%	2048	164	149
Secured bank loan	GBP	3.99% + Base rate	2024	118	201
Secured bank loan	GBP	3.00% + Base rate	2026	165	214
Secured bank loan	GBP	3.10%	2026	155	225
Secured bank loan	GBP	5.70%	2023	11	-
Secured bank loan	GBP	3.63% + Base rate	2026	168	209
Secured bank loan	GBP	3.63%	2027	93	100
Secured bank loan	GBP	3.19% + Base rate	2026	179	230
Secured bank loan	GBP	2.69%	2026	241	419
Secured bank loan	GBP	3.05% + Base rate	2026	251	321
Secured bank loan	GBP	2.91%	2036	569	620
Secured bank loan	GBP	2.91%	2036	389	-
Secured bank loan	GBP	4.01%	2026	116	147
Secured bank loan	USD	3.75%	2050	248	222
Secured bank loan	USD	12.99%	2025	12	14
Secured bank loan	GBP	5.00%	2026	181	343
Unsecured bank loan	GBP	0.00%	2022	-	82
Unsecured bank loan	GBP	10.75%	2023	771	-
Unsecured bank loan	GBP	5.00%	2026	160	220
Unsecured bank loan	GBP	2.50%	2026	151	187
Total loans				**5,680**	**5,828**

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 2022 of 10.56% (2021: 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 by year 2024. The loan is secured by a charge on certain Group assets. The loan note balance as at 31 December 2022 was £800,000 (2021: £1,000,000).

e) Other non-bank loans

Other non-bank loans comprised loans from directors within the Group. Interest rates were based on the current overdraft rate in New Zealand and at a fixed rate of 6.5% per annum. The loans are repayable from year 2023 to year 2025.

21. LOAN AND OTHER BORROWINGS (continued)

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

		Liabilities				
		Borrowings				
	Bank overdrafts	Bank loans	Loan notes	Stock financing	Other non-bank loans	Total
	£'000	£'000	£'000	£'000		£'000
At 1 January 2022	**637**	**5,828**	**1,000**	**3,488**	**-**	**10,953**
Net cash provided by financing activities						
Repayment of borrowings	-	(1,508)	(200)	-	-	(1,708)
Proceeds from borrowings	-	1,280	-	1,761	355	3,396
Interest paid	(17)	(362)	-	(59)	-	(438)
Net cash inflow from financing cash flows	**(17)**	**(590)**	**(200)**	**1,702**	**355**	**1,250**
Movement in loans and other borrowings						
Acquisition of subsidiaries, net	-	-	-	-	-	-
Decrease in overdraft position	(118)	-	-	-	-	(118)
Reclassified to liabilities held for sale	-	-	-	-	-	-
Effect of change from foreign exchange rates	-	80	-	-	-	80
Other movement in loans and other borrowings	**(118)**	**80**	**-**	**-**	**-**	**(38)**
Statement of Comprehensive Income						
Interest expense	17	362	-	59	-	438
Total amounts recognised in the Statement of Comprehensive Income	**17**	**362**	**-**	**59**	**-**	**438**
At 31 December 2022	**519**	**5,680**	**800**	**5,249**	**355**	**12,603**

21. LOAN AND OTHER BORROWINGS (continued)

		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
Reclassified to liabilities held for sale	-	(400)	-	-	(400)
Increase in overdraft position	174	-	-	-	174
Effect of change from foreign exchange rates	-	(13)	-	-	(13)
Other movement in loans and other borrowings	**174**	**86**	**-**	**-**	**86**
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**

22. BONDS

	2022 £'000	2022 £'000
<u>Current</u>		
Bonds	**2,285**	**2,534**
<u>Non-current</u>		
Bonds	**18,095**	**24,484**

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	2022 Carrying amount £'000	2021 Carrying amount £'000
Unsecured bonds	EUR	2.00%	2023	2,285	2,860
Unsecured bonds	GBP	5.00%	2025	9,182	9,182
Unsecured bonds	GBP	5.00%	2025	2,858	2,858
Unsecured bonds	USD	5.00%	2025	186	2,220
Unsecured bonds	GBP	5.00%	2025	188	5,259
Unsecured bonds	GBP	5.00%	2026	1,479	1,479
Unsecured bonds	GBP	5.00%	2026	2,070	2,976
Unsecured bonds	EUR	5.00%	2026	2,132	184
				20,380	**27,018**

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

	Bonds £'000	Bond interest £'000	Total £'000
At 1 January 2022	**27,018**	**190**	**27,208**
<u>Net cash from financing activities</u>			
Bond redemption	(1,321)	-	(1,321)
Interest paid	-	(1,161)	(1,161)
Total cash outflow from financing activities	**(1,321)**	**(1,161)**	**(2,482)**
<u>Movement in Bonds liability</u>			
Reclassification	1,840	-	1,840
Cancellation (Note 24)	(7,196)	-	(7,196)
Effect of change from foreign exchange rates	245	55	300
Other movement in bonds liability	**(5,111)**	**55**	**(5,056)**
<u>Statement of Comprehensive Income</u>			
Fair value gain on bond redemption	(206)	-	(206)
Interest expense	-	1,020	1,020
Total amounts recognised in the Statement of Comprehensive Income	**(206)**	**1,020**	**814**
At 31 December 2022	**20,380**	**104**	**20,484**

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 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**

23. CONTINGENT CONSIDERATION

	2022	2021
	£'000	£'000
At 1 January	21,867	21,098
Adjustment from prior years acquisitions	(208)	(349)
Arising from acquisition of subsidiaries	-	1,979
Issuance of shares	(1,786)	(861)
Disposal of a subsidiary (note 30)	(404)	-
Charge to profit or loss	(7,032)	-
At 31 December	**12,437**	**21,867**
Amount due for settlement within 12 months (shown under current liabilities)	2,449	1,156
Amount due for settlement after 12 months (shown under non-current liabilities)	9,988	20,711
	12,437	**21,867**

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

	2022	2021
	£'000	£'000
Current		
Trade payables	10,217	7,555
Other taxation and social security	3,171	1,726
Other payables	3,343	2,935
Accruals	1,186	1,273
Advances received	8	-
Deferred consideration	3,305	10,302
Contract liabilities	1,326	907
Bonds interest payable	104	190
	22,660	**24,888**
Non-current		
Other payables	5,230	345
Total	**27,890**	**25,233**

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. The increase in other payables (non-current) is largely due to the conversion of listed bonds to unlisted loan notes held by the sellers of the companies acquired by the Company. The terms of the unlisted loan notes are similar to the listed bonds.

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.

	2022	2021
	£'000	£'000
Construction services contracts	**1,326**	907

25. PROVISIONS

	2022	2021
	£'000	£'000
Provision for long service leave	**86**	95

26. ISSUED CAPITAL AND SHARE PREMIUM

	Allotted and issued – Number of shares	Class	Nominal Value Euro	2022	2021
				£'000	£'000
Share capital	72,577,164	Deferred	0.99	63,909	63,909
Share capital	82,079,491	Ordinary	0.01	1,034	727
				64,943	64,636
Share premium				15,337	9,297
				80,280	73,933

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 2021	**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**
Issue of ordinary shares as consideration for a business combination	31,994	**-**	**273**	**-**	**273**	**5,447**	**5,720**
Credit to equity for equity-settled share-based payments	1,207	**-**	**10**	**-**	**10**	**145**	**155**
Issuance of ordinary shares	490	**-**	**4**	**-**	**4**	**48**	**52**
Dividends declared	2,458	**-**	**20**	**-**	**20**	**400**	**420**
At 31 December 2022	**118,229**	**-**	**1,034**	**63,909**	**64,943**	**15,337**	**80,280**

For the financial year ended 31 December 2022, the Company issued equity-settled share-based payments amounting to £155,000 (2021: £388,000) 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 £16.2m (2021: £16.8m) 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 £16.2m (2021: £16.8m)) 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 £1.80m (2021: £1.02m). 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 share capital issued has been reflected within the Other Reserve.

28. SUBSIDIARIES

The Company holds a majority of the voting rights in 36 subsidiaries (2021: 44). The company has 23 subsidiaries that are significant and material to the Group in 2022 (2021: 27).

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	
			2022	**2021**
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%
Parenta Training Ltd #	Vocational training to early years sector	United Kingdom	-	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				
Take Me (Group) Ltd	Taxi services	United Kingdom	100%	100%
Take Me Driver Partners 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%	100%
Property				
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%	100%
Approved Air Limited	Validation and verification testing of medical facilities	United Kingdom	100%	100%
Food and Beverages				
GBS Partners, Inc	Food manufacturing company	USA	100%	100%

Reclassed to assets held for sale in 2021 and disposed in 2022
* Divested in November 2022

(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

2022 Acquisitions

There were no new acquisitions in year 2022.

2021 Acquisitions

As disclosed in the 31 December 2021 annual report and accounts the Group acquired 100% of the issued share capital and voting rights of:
- 3 K'S Engineering Company Limited ("3K's")
- GBS Partners Inc ("GBS")
- 4X Limited ("4X")
- Intercity Private Hire Limited ("Intercity")
- Approved Air Limited ("Approved Air")

29. BUSINESS COMBINATIONS (continued)

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.

	A1 Group	**3Ks**	**GBS**	**Intercity**	**Approved Air**	**Total**
Fair value of assets acquired	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Property, plant and equipment	52	1,075	265	60	139	1,591
Intangibles	-	-	-	11	-	11
Right-of-use assets	-	18	656	-	-	674
Investments	-	-	382	-	-	382
Trade and other receivables	439	963	374	904	219	2,899
Inventory	-	204	98	1	-	303
Cash and cash equivalents	74	697	221	2,452	411	3,855
Trade and other payables	(390)	(808)	(90)	(67)	(134)	(1,489)
Lease liabilities	(54)	(18)	(684)	-	(28)	(784)
Loans and borrowings	(349)	(499)	-	-	-	(848)
Income tax payable	(156)	25	(7)	(100)	(173)	(411)
Deferred tax liability	-	(174)	-	(13)	-	(187)
Net identifiable (liabilities)/ assets acquired	**(384)**	**1,483**	**1,215**	**3,248**	**434**	**5,996**
Add: goodwill (note 9)	4,000	2,408	2,000	3,098	1,100	8,606
Total consideration	**3,616**	**3,891**	**3,215**	**6,346**	**1,534**	**13,452**
Breakdown						
Consideration – Cash	-	-	-	2,287	-	2,287
Consideration – MBH shares	928	426	-	879	237	2,470
Bonds	-	2,964	2,069	2,054	672	7,759
Other non-monetary asset	1,650	424	954	612	-	3,640
Contingent consideration	1,038	85	192	514	625	2,454
Total consideration	**3,616**	**3,899**	**3,215**	**6,346**	**1,534**	**19,349**
Effects on cash flows of the Group						
Cash paid	-	-	-	(2,287)	-	(2,287)
Add: net of cash and cash equivalents and bank overdraft in businesses acquired	74	697	221	2,452	411	3,855
Cash inflow on acquisition	**74**	**697**	**221**	**165**	**411**	**1,568**

30. DIVESTMENT OF SUBSIDIARIES

a) Divestment of dormant special purpose entities
The Group disposed of a number of wholly owned dormant special purpose entities during the year ended 31 December 2022. 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 2022 on the Statement of Financial Position, financial performance or cash flows of the Group for the year ended 31 December 2022. There was no gain/(loss) recognised on disposal in the Statement of Other Comprehensive Income.

b) Divestment of 4X Limited
On 25 November 2022, the Group also divested 4X Limited, a taxi service provider which was acquired in March 2021 as the sellers of the company failed to satisfy Clause 4.5 in the Agglomeration Agreement where the EBIT for the year ended 31 July 2022 was required to be at least twenty percent (20%) higher than the audited EBIT for the year ended 31 July 2020. There was no cash involvement and the financial impact arising from this transaction is immaterial to the Group.

The financial performance and cash flow information presented reflects the operations for the 10 months ended 31 October 2022:

	2022 £'000
Revenue	1,774
Cost of sales	(731)
Gross profit	**1,043**
Other income	8
Administrative expenses	(1,085)
Finance costs, net	(55)
Operating profit before income tax	**(89)**
Income tax benefit	7
Profit from continuing operations	**82**

The effects of the disposal on the cash flows of the Group were:

	2022 £'000
Carrying amounts of assets and liabilities disposed of:	
Trade and other receivables	240
Inventories	12
Property, plant and equipment	150
Rights-of-use assets	506
Deferred tax assets	47
Total assets	955
Trade and other payables	333
Lease liabilities	522
Current tax liabilities	(13)
Total liabilities	842
Net assets disposed of	113

	2022 £'000
Net assets disposed of (as above)	113
Goodwill arising from the acquisition	(1,600)
Cancellation of bond	906
Contingent consideration	404
Other non-monetary assets	18
Gain on disposal of a subsidiary	159
Sales consideration and net cashflows from disposal	-

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:

	2022	2021
	£'000	£'000
Financial assets:		
Trade and other receivables	21,459	18,782
Cash and cash equivalents	6,837	6,088
Equity instruments designated as at FVTOCI	-	255
	28,296	**25,125**
Financial liabilities at amortised cost:		
Trade and other payables	27,114	24,730
Lease liabilities	4,839	4,627
Loans and borrowings	12,603	10,953
Bonds	20,380	27,018
Contingent consideration	12,437	21,867
	77,373	**89,195**

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	
	2022 £'000	**2021 £'000**	**2022 £'000**	**2021 £'000**
Bonds	186	2,220	4,417	3,045
Total	**186**	**2,220**	**4,417**	**3,045**

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 £442,000 (2021: £305,000) and £19,000 (2021: £222,000) 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.

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 2022, 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 2022							
Trade receivables and contract assets	18	n.a.	a)	Lifetime ECL (simplified approach)	17,994	(1,549)	16,445
Other receivables	18	n.a.	b)	12-month ECL	5,014	-	5,014
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

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 10.5% (2021: 9.7%) 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 4.3% (2021: 3.1%) 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 2022, 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 2022						
Non-interest bearing	-	22,085	113	-	-	22,198
Variable interest rate	3.3	284	662	-	(65)	881
Fixed interest rate	8.1	5,601	1,747	4,150	224	11,722
Lease liabilities	8.0	1,252	5,407	-	(1,820)	4,839
Bonds	5.0	2,134	23,417	-	(5,171)	20,380
Other payables	5.0	-	6,274	-	(1,358)	4,916
Contingent consideration	-	2,449	9,988	-	-	12,437
Total		**33,804**	**47,609**	**4,150**	**(8,190)**	**77,373**
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**

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 2022 Assets/ (Liabilities)	31 December 2021 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	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	(12,437)	(21,867)	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

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 2022

Parent Company Statement of Financial Position
As at 31 December 2022

	Note	2022 £'000	2021 £'000
ASSETS			
Non-current assets			
Intangible assets	**D**	268	222
Investment in subsidiaries	**E**	116,751	130,586
Deferred tax assets	**F**	288	179
Total non-current assets		**117,308**	**130,987**
Current assets			
Cash and cash equivalents		46	125
Trade and other receivables	**G**	12,816	13,074
Total current assets		**12,862**	**13,199**
Total assets		**130,170**	**144,186**
LIABILITIES			
Non-current liabilities			
Contingent consideration	**H**	9,988	20,711
Bonds	**I**	18,095	27,018
Loan and other borrowings		800	1,000
Other payables	**K**	4,916	-
Total non-current liabilities		**33,799**	**48,729**
Current liabilities			
Contingent and deferred consideration	**H**	2,449	1,156
Bonds	**I**	2,285	-
Trade and other payables	**J**	12,118	20,881
Total current liabilities		**16,852**	**22,037**
Total liabilities		**50,651**	**70,766**
Net assets		**79,519**	**73,420**
EQUITY			
Share capital and share premium	**L**	80,280	73,933
Retained earnings		(761)	(513)
Total equity		**79,519**	**73,420**

These financial statements were approved by the Directors and authorised for issue on 28 April 2023, and were signed on their behalf by:

Victoria Sylvester
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.

Parent Company Statement of Changes in Equity
For the year ended 31 December 2022

	Share capital	Share premium	Other reserves	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2021	**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**
Profit for the year, representing total comprehensive income for the year	-	-	-	228	228
Transactions with owners in their capacity as owners					
Issue of ordinary shares as consideration for a business combination	190	3,751	-	-	3,941
Issue of ordinary shares as consideration for contingent performance	82	1,696	-	-	1,778
Credit to equity for equity-settled share-based payments	10	145	-	-	155
Issue of ordinary shares	4	48	-	-	52
Dividends declared	20	400	-	(476)	(56)
	307	**6,040**	**-**	**(476)**	**5,870**
Balance at 31 December 2022	**64,943**	**15,337**	**-**	**(761)**	**79,519**

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 24 to 74.

The accounting policies which follow set out those policies which apply in preparing the parent company financial statements for the year ended 31 December 2022. 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 2022, 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. During the year, the parent company provide an impairment loss amounting to £7,060,000 (2021: £Nil) for the investment in subsidiaries (Note E), bringing the net carrying value of the investments to £116,751,000 (2021: £130,586,000). For details of the consideration of the goodwill impairment see note 3 (b) in the consolidated financial statements.

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 23 to the financial statements, as at 31 December 2022, the fair value of the contingent consideration of £12,437,000 (2021: £21,867,000) was estimated by calculating the present value of the future expected cash flows. The movement in the fair value of contingent consideration is reflected in the statement of comprehensive income and amount to £7,032,000 (2021: £NIL) for the year.

Bad debts written off

During the year, the parent company wrote off £5.9m due from a connected party as bad debt. The amounts written off was non- trading in nature as they were largely made up of considerations arising from acquisition of subsidiaries since year 2019. Management is of the view that there is no reasonable expectation of any recovery from the £5.9m and wrote the entire amount as bad debt.

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 profit after tax was £228,000 (2021: loss after tax of £552,000).

The total Directors' emoluments paid through the parent company was £208,000 (2021: £275,000). There were no employees (2021: nil) other than the Directors.

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

D. INTANGIBLE ASSETS

	Intangible assets	Trademark and licenses	Total
	£'000	£'000	£'000
At 1 January 2021			
Cost	-	222	222
Accumulated amortisation	-	-	-
Closing net book amount	**-**	**222**	**222**
At 31 December 2021			
Movements year ended 31 December 2022			
Additions	49	-	49
Charge for the year	(3)	-	(3)
Closing net book amount	**46**	**222**	**268**
At 31 December 2022			
Cost	49	222	271
Accumulated amortisation	(3)	-	(3)
Net book amount	**46**	**222**	**268**

The trademark used for the know-how operations of the Company's business activities amounting to £222,000 (2021: £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.

Intangible assets represent the Company's capitalised installation costs, consultation and professional fees incurred for a cloud-based software developed by an external development team. It is amortised over a period of 36 months.

E. INVESTMENT IN SUBSIDIARIES

	2022	2021
	£'000	£'000
Cost and carrying amount		
At 1 January 2021	**130,586**	108,184
Additions	**-**	22,402
Disposal	**(1,872)**	-
Adjustment for previous acquisitions	**(4,903)**	-
	123,811	130,586
Accumulated impairment		
At 1 January 2022	**-**	-
Impairment	**(7,060)**	-
At 31 December 2022	**(7,060)**	-
Net book value	**116,751**	130,586

All of the subsidiary undertakings are included within note 28 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 2021	91
Charged to profit or loss	88
At 31 December 2021	**179**
Charged to profit or loss	308
Group tax relief transferred to subsidiaries	(199)
At 31 December 2022	**288**

Unrealised tax losses

At the end of the reporting period, the Company has tax losses of approximately £1,518,000 (2021: £941,000) 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

	2022 £'000	2021 £'000
Other receivables due from related companies	10,401	9,711
Other receivables	2,142	2,987
Prepayments	273	376
Total	**12,816**	**13,074**

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.

During the year, the Company wrote off an other receivable due from a connected party of £5.9m as bad debt. The amounts written off was non- trading in nature as they were largely made up of considerations arising from acquisition of subsidiaries since year 2019. Management is of the view that there is no reasonable expectation of any recovery from the £5.9m and wrote the entire amount off as bad debt.

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. TRADE PAYABLES AND OTHER PAYABLES

	2022 £'000	2021 £'000
Trade payables	230	27
Other payables	190	61
Other payables due to related companies	7,257	8,360
Provision and accruals	166	116
Consideration payable	94	1,885
Deferred consideration	3,305	10,217
Bonds interest payable	104	190
Loan	771	-
Other taxation and social security	1	25
Total	**12,118**	**20,881**

Payables due to related companies are non-interest bearing and are repayable on demand.

K. OTHER PAYABLES (NON-CURRENT)

The non-current other payables were made up of unlisted loan notes held by the sellers of the companies acquired by the Company which were converted from listed bonds. The terms of the unlisted loan notes are similar to the listed bonds.

L. ISSUED CAPITAL AND SHARE PREMIUM

Disclosures in respect of share capital and share premium of the Company are provided in note 26 to the consolidated financial statements.

M. POST BALANCE SHEET EVENTS

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

N. RELATED PARTY TRANSACTIONS

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