

Registered number: 02146732

SERVICE EXPRESS EUROPE LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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SERVICE EXPRESS EUROPE LIMITED

COMPANY INFORMATION

Directors	J Ausherman K Randers
Registered number	02146732
Registered office	Franklin Court Priory Business Park Bedford Bedfordshire MK44 3JZ
Independent auditor	MHA Chartered Accountants and Statutory Auditor 2 London Wall Place London EC2Y 5AU

SERVICE EXPRESS EUROPE LIMITED

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SERVICE EXPRESS EUROPE LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

Introduction

The directors present their strategic report of the Company for the year ended 31 December 2022.

Principal activity

Service Express Europe Limited's core deliverable is the provision of critical IT services through its market leading data centres and technical teams.

Business review

Revenues for the year increased 7% to £59.0m, versus £55.1m for the 12 months ended 31 December 2021 (pro-rated & unaudited). Revenues for the 15 months ended 31 December 2021 were £68.9m.

The profit before tax increased 76% to £9.3m, versus £5.3m for the 12 months ended 31 December 2021 (pro-rated & unaudited) as a result of the continued focus on high quality customer service. Profit before tax for the 15 months ended 31 December 2021 was £6.6m.

The directors are satisfied with the 2022 trading results. Management are confident that the Company's continued commitment to providing the highest level of customer service in the industry means it will continue to perform in the following years.

The Company takes a long term view in its engagement with both customers and suppliers and strives to secure longer term relationships with both to maximise outcomes for all stakeholders.

Principal risks and uncertainties

The directors are satisfied that there are no significant risks or uncertainties beyond those of normal market conditions. The Company's customer base is diverse from both a sector and geographical perspective and so it is not anticipated that either Covid 19 or the UK's exit from the European Union will have any significant adverse effects on the Company.

Commentary in respect of liquidity risk, interest rate risk, foreign currency risk and credit risk can be found within the directors report.

Going concern

See note 2.3 for information relating to going concern.

Future developments

The Company is achieving strong growth metrics across all business areas. The Directors recognise that to continue this growth continued investments will be made in the service delivery and IT infrastructure of the business. The business will continue to develop and grow its data centre presence and service offerings and are confident that it has the capacity to do so.

SERVICE EXPRESS EUROPE LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Financial key performance indicators

The Company's financial key performance indicators are revenue, gross profit and profit before tax, as these are key metrics used by the board of directors to measure the group's performance.

	12 months ended 31 December 2022	15 months ended 31 December 2021	Variance	
	£m	£m	£m	%
Revenue	59.0	68.9	(9.9)	(14)%
Gross profit	45.8	51.1	(5.3)	(10)%
Profit before tax	9.3	6.6	2.7	40%

	12 months ended 31 December 2022	12 months ended 31 December 2021 (Prorated & unaudited)	Variance	
	£m	£m	£m	%
Revenue	59.0	55.1	3.9	7%
Gross profit	45.8	40.9	4.9	12%
Profit before tax	9.3	5.3	4.0	76%


Other key performance indicators

The Company's key non-financial performance indicators are customer satisfaction and employee engagement. The Directors are satisfied that all performance measures are being met and will continue to be met.

Director's statement of compliance with duty to promote the success of the Company

The directors have a statutory duty to promote the success of the Company. This is achieved by working with the management team and staff to formulate long term plans and strategic imperatives, which are monitored and updated regularly.

This report was approved by the board on 12 January 2024 and signed on its behalf.

DocuSigned by:

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J Ausherman
 Director

SERVICE EXPRESS EUROPE LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

Results and dividends

The profit for the year, after taxation, amounted to £9,033k (*period ended 31 December 2021 - £4,953k*).

The Directors have not recommended a dividend in either the current year or period.

Directors

The directors who served during the year, and after the year end, were:

J Ausherman (appointed 12 May 2023)
K Randers (appointed 1 February 2023)
P Allen (resigned 30 June 2023)
L Bailey (resigned 1 May 2022)
M Hallam (resigned 1 February 2023)

Energy and Carbon Reporting

The Company's data centres used 10.8 GWh of renewable power in the year (2021:11.1 GWh). The combination of Power Usage Efficiency (PUE) of 1.1 (2021: 1.1) and the use of 100% renewable energy in our datacentres has enabled the company not to generate circa 2.1mn Tonnes in CO2 emissions. The Company did generate 2.5m kgCO2 during the year.

The company has continued with its policy to a fully electric company car fleet and in the current financial year also installed solar panels at our head office which continues to support the company's commitment to renewal and sustainable energy.

Charitable and political donations

Charitable and political donations of £nil (2021: £nil) were made during the year.

SERVICE EXPRESS EUROPE LIMITED

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

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

SERVICE EXPRESS EUROPE LIMITED

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

Financial instruments

Treasury operations

The Company operates a centralised treasury function which is responsible for managing the liquidity, interest and credit risks associated with the Company's activities.

Liquidity risk

The Company manages its cash and borrowing requirements centrally to maximise interest income and minimise interest expense, whilst ensuring that the Company has sufficient resources to meet the operating needs of its businesses.

Interest rate risk

The Company is not significantly exposed to interest rate risk as it arranges borrowings on fixed rate terms as appropriate. The Company has no external borrowings.

Foreign currency risk

The Company makes some sales and purchases in foreign currencies. The level of spend is not enough to expose the Company to significant foreign currency risk and natural hedging reduces the risk level further.

Credit risk

The Company operates a highly effective credit policy which minimises its credit risk. Levels of credit are monitored regularly to ensure that the exposure is low.

Section 172 Statement

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision making. The Directors continue to have regard to the interests of the Company's employees and other stakeholders, the impact of its activities on the community and the environment, to act fairly between members, and the Company's reputation for good business conduct, when making decisions.

In this context, acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Company for its members in the long term. We explain here how the Board engages with Stakeholders. The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006.

To ensure the Company was operating in line with good corporate practice, all Directors reflect on how the Company engages with its stakeholders and opportunities for enhancement. As required, the Company Secretary will provide support to the Board to help ensure that sufficient consideration is given to issues relating to the matters set out in s172(1)(a)-(f). The Board regularly reviews the Company's principal stakeholders and how it engages with them.

The Company's key strategic focus during the year has been organic growth, through the Company's strategy to build additional value by seeking long-term partnerships with both its customers and suppliers.

SERVICE EXPRESS EUROPE LIMITED

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

Engagement with suppliers, customers and others

Employee involvement

Employee involvement is one of the Company's main non-financial KPIs. Monthly meetings are held between senior management and employee representatives to discuss matters of concern. Employees are kept well-informed about the progress and position of the Company by means of regular updates, meetings, newsletters and journals.

Disabled employees

The Company's policy is to give full and fair consideration to application for employment made by disabled persons, having regard to their particular aptitudes and abilities.

Disabled employees receive appropriate support and training to promote their career development within the Company.

Employees who become disabled are retained in their existing posts where possible or retrained for suitable alternative posts.

Qualifying third party indemnity provisions

There were no qualifying third-party indemnity provisions in force during the period for the benefit of any directors of the Company.

Disclosure of information to auditor

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

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

Post balance sheet events

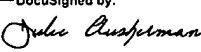
There have been no significant events affecting the Company since the year end.

Auditor

The auditor, MHA, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Following a rebranding exercise on 15 May 2023, the trading name of the Company's independent auditor changed from MHA MacIntyre Hudson to MHA.

This report was approved by the board on 12 January 2024 and signed on its behalf.

DocuSigned by:

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J Ausherman
Director

SERVICE EXPRESS EUROPE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SERVICE EXPRESS EUROPE LIMITED

Opinion

We have audited the financial statements of Service Express Europe Limited (the 'Company') for the year ended 31 December 2022, which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation 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 Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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.

SERVICE EXPRESS EUROPE LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SERVICE EXPRESS EUROPE LIMITED
(CONTINUED)**

Other information

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

We have nothing to report in this regard.

Opinion 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 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 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 Company or to cease operations, or have no realistic alternative but to do so.

SERVICE EXPRESS EUROPE LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SERVICE EXPRESS EUROPE LIMITED
(CONTINUED)**

Auditor's responsibilities for the audit of the financial statements

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

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:

- Testing the financial statement disclosures to supporting documentation, performing substantive testing on account balances which were considered to be of greater susceptibility to fraud;
- Performing targeted journal entry testing based on identified characteristics that the audit team considered to be indicative of fraud, for example credit entries to revenue without a corresponding entry to receivables, accrued income or deferred income;
- Critically assessing areas of the financial statements which include judgement and estimates, as set out in Note 3 of the financial statements;
- We obtained an understanding of the legal and regulatory frameworks applicable to the group and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework, the Companies Act 2006 and relevant tax compliance regulations; and
- We understood how the group is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and other corroborating evidence.

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting

SERVICE EXPRESS EUROPE LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SERVICE EXPRESS EUROPE LIMITED
(CONTINUED)**

- estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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

Andrew Gandell

Andrew Gandell, FCA (Senior Statutory Auditor)
for and on behalf of MHA, Statutory Auditor
London, United Kingdom
Date: 12 January 2024

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales(registered number OC312313).

SERVICE EXPRESS EUROPE LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	12 months ended 31 December 2022 £000	15 months ended 31 December 2021 £000
Turnover	4	58,985	68,913
Cost of sales		(13,220)	(17,814)
Gross profit		45,765	51,099
Administrative expenses		(36,290)	(44,337)
Operating profit	5	9,475	6,762
Interest payable and similar expenses	9	(151)	(188)
Profit before tax		9,324	6,574
Taxation	10	(291)	(1,621)
Profit for the financial year		9,033	4,953

The notes on pages 16 to 40 form part of these financial statements.

SERVICE EXPRESS EUROPE LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022	2021
	£000	£000
Profit for the financial year	9,033	4,953
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Revaluation of freehold property	-	(17,601)
Net tax impact in relation to revaluation of freehold property	-	3,070
	-	(14,531)
Total comprehensive income for the year/period	9,033	(9,578)

The notes on pages 16 to 40 form part of these financial statements.

SERVICE EXPRESS EUROPE LIMITED
REGISTERED NUMBER: 02146732


BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Fixed assets			
Right of use assets	11	1,384	986
Tangible assets	12	29,470	23,307
Investments	13	12,629	12,460
		<u>43,483</u>	<u>36,753</u>
Current assets			
Stocks	14	2,194	2,563
Debtors: amounts falling due within one year	15	59,280	46,410
Cash at bank and in hand		2,803	1,730
		<u>64,277</u>	<u>50,703</u>
Creditors: amounts falling due within one year	16	(41,295)	(34,423)
Net current assets		<u>22,982</u>	<u>16,280</u>
Total assets less current liabilities		<u>66,465</u>	<u>53,033</u>
Creditors: amounts falling due after more than one year	17	(4,573)	(810)
		<u>61,892</u>	<u>52,223</u>
Provisions for liabilities			
Deferred taxation	20	(1,775)	(1,139)
		<u>(1,775)</u>	<u>(1,139)</u>
Net assets		<u>60,117</u>	<u>51,084</u>
Capital and reserves			
Called up share capital	21	5	5
Share premium account	22	94	94
Revaluation reserve	22	4,101	4,101
Capital redemption reserve	22	5	5
Capital contribution	22	7,035	7,035
Retained earnings	22	48,877	39,844
		<u>60,117</u>	<u>51,084</u>

SERVICE EXPRESS EUROPE LIMITED
REGISTERED NUMBER: 02146732

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2022

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
12 January 2024

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J Ausherman
Director

The notes on pages 16 to 40 form part of these financial statements.

SERVICE EXPRESS EUROPE LIMITED

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

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Revaluation reserve £000	Capital contribution reserve £000	Retained earnings £000	Total equity £000
At 1 October 2020	5	94	5	18,632	-	34,891	53,627
Comprehensive income for the period							
Profit for the period	-	-	-	-	-	4,953	4,953
Impairment adjustment - freehold property	-	-	-	(17,601)	-	-	(17,601)
Deferred tax movement on revaluation	-	-	-	3,070	-	-	3,070
Other comprehensive income for the period	-	-	-	(14,531)	-	-	(14,531)
Total comprehensive income for the period	-	-	-	(14,531)	-	4,953	(9,578)
Capital contribution	-	-	-	-	7,035	-	7,035
At 1 January 2022	5	94	5	4,101	7,035	39,844	51,084
Comprehensive income for the year							
Profit for the year	-	-	-	-	-	9,033	9,033
Total comprehensive income for the year	-	-	-	-	-	9,033	9,033
At 31 December 2022	5	94	5	4,101	7,035	48,877	60,117

The notes on pages 16 to 40 form part of these financial statements.

SERVICE EXPRESS EUROPE LIMITED

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

1. General information

Service Express Europe Limited is a private limited company incorporated in England and Wales. The address of the registered office is given in the company's information page of these financial statements.

The name of the Company was changed from Blue Chip Engineering Limited to Service Express Europe Limited following the acquisition of the group by Service Express Inc during the prior period.

In the previous period, the company changed its accounting period from 30 September to 31 December. Thus, the comparative financial information is for a 15-month period, versus a 12-month period in the current year.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

SERVICE EXPRESS EUROPE LIMITED

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

2. Accounting policies (continued)

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

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 payment
- 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 paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirement of paragraph 24(b) of IFRS 6 Exploration for and Evaluation of Mineral Resources to disclose the operating and investing cash flows arising from the exploration for and evaluation of mineral resources
- 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 paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
 - paragraph 50 of IAS 41 Agriculture
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A 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
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

This information is included in the consolidated financial statements of Service Express EMEA Limited as at 31 December 2022 and these financial statements may be obtained from Franklin Court, Priory Business Park, Bedford, Bedfordshire, England, MK44 3JZ.

SERVICE EXPRESS EUROPE LIMITED

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

2. Accounting policies (continued)

2.3 Going concern

The financial statements have been prepared using the going concern basis of accounting. The directors continually monitor the ability of the Company to continue to operate as a going concern.

As at 31 December 2022, the Company had cash resources of £2.8m (2021: £1.7m), net current assets of £23.0m (2021: £16.3m). The Company has no external loans or borrowings. In the period to 31 December 2022, the Company made a profit before tax of £9.3m (2021: £6.6m).

The Company's forecasts and projections, taking in to account the reasonable possibility of changes in trading performance, show that the Company is able to operate within the level of its current resources, which is supported by trading in the period since the year-end when measured against both the prior period and associated budgets which have been set.

After making enquiries of the shareholders, the directors consider it is appropriate to prepare the financial statements on a going concern basis.

2.4 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of any part of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP. The figures in these financial statements are rounded to the nearest thousand.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'administrative expenses'.

SERVICE EXPRESS EUROPE LIMITED

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

2. Accounting policies (continued)**2.6 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised on the satisfaction of performance obligations, such as the transfer of a promised good, identified in the contract between the Company and 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.

Rendering of 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.

SERVICE EXPRESS EUROPE LIMITED

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

2. Accounting policies (continued)

2.7 Operating leases: the Company as lessee

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

Company as lessee

Right of use assets:

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Motor vehicles - 3 to 5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in creditors.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of motor vehicles (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition

SERVICE EXPRESS EUROPE LIMITED

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

2. Accounting policies (continued)**2.7 Operating leases: the Company as lessee (continued)**

exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.8 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.9 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Pensions**Defined contribution pension plan**

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

SERVICE EXPRESS EUROPE LIMITED

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

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

SERVICE EXPRESS EUROPE LIMITED

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

2. Accounting policies (continued)**2.12 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 50 years
Long-term leasehold property	- 50 years
Motor vehicles	- 4 years
Fixtures and fittings	- 5 years
Computer equipment	- 3-5 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Impairment of tangible and intangible assets

At each reporting date, the Company 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 Company 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 Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An intangible asset with an indefinite useful life is 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.

SERVICE EXPRESS EUROPE LIMITED

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

2. Accounting policies (continued)

2.12 Tangible fixed assets (continued)

2.13 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Profit and Loss Account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.15 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.16 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.17 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

SERVICE EXPRESS EUROPE LIMITED

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

2. Accounting policies (continued)**2.18 Creditors**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

2.20 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

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

The company has no financial assets that are subsequently measured at fair value through profit and loss.

Financial assets are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment of financial assets

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL

SERVICE EXPRESS EUROPE LIMITED

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

2. Accounting policies (continued)**2.20 Financial instruments (continued)**

represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities**At amortised cost**

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

SERVICE EXPRESS EUROPE LIMITED

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

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The critical accounting estimates or judgements relevant to the financial statements are embedded within the relevant notes to the financial statements:

Valuation of investments (note 13)

Management determine whether an impairment provision is required against the investment in subsidiaries. Management's assessment is based on the financial position and performance of the entities, including the ability of the subsidiaries to generate profits. The directors are satisfied that there is no impairment required in relation to investment in the subsidiaries.

Valuation of amounts owed by group undertakings (note 15)

Management determine whether impairment provision is required against amounts due from group companies based on the ability of the group companies to generate profits and cash. The directors are satisfied that there is no impairment required in relation to amounts due from group companies.

Useful economic lives of tangible fixed assets (note 12)

The useful economic lives used by the Company in respect of tangible fixed assets are set out in the accounting policies. These estimates are the best estimate based on past experience and expected performance and are regularly reviewed to ensure they remain appropriate.

Carrying value of stock (note 14)

The useful economic life used by the Company in respect of stock is assessed by management and the carrying value reduced accordingly. These estimates are the best estimate based on past experience and expected performance and are regularly reviewed to ensure they remain appropriate.

SERVICE EXPRESS EUROPE LIMITED

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

4. Turnover

An analysis of turnover by class of business is as follows:

	2022 £000	2021 £000
Managed services	36,006	39,432
Maintenance services	16,472	21,539
Hardware sales	4,706	5,682
Disaster recovery services	1,801	2,260
	58,985	68,913

Analysis of turnover by country of destination:

	2022 £000	2021 £000
United Kingdom	51,206	66,010
Europe	2,313	669
Rest of the world	5,466	2,234
	58,985	68,913

5. Operating profit

The operating profit is stated after charging/(crediting):

	2022 £000	2021 £000
Depreciation of tangible fixed assets	5,570	6,594
Amortisation of right of use assets	669	733
Exchange differences	(249)	14
	5,990	7,341

6. Auditor's remuneration

	2022 £000	2021 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	60	51

SERVICE EXPRESS EUROPE LIMITED

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

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2022 £000	2021 £000
Wages and salaries	19,511	20,589
Social security costs	2,222	2,804
Cost of defined contribution scheme	804	768
	22,537	24,161

The average monthly number of employees, including the directors, during the year was as follows:

	2022 No.	2021 No.
Employees	290	229

8. Directors' remuneration

	2022 £000	2021 £000
Directors' emoluments	727	1,715
Company contributions to defined contribution pension schemes	21	49
	748	1,764

During the year, retirement benefits were accruing to 3 directors (2021 - 6) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £483,800 (2021 - £295,381).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £10,771 (2021 - £9,384).

SERVICE EXPRESS EUROPE LIMITED

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

9. Interest payable and similar expenses

	2022	2021
	£000	£000
Bank interest payable	151	149
Other interest payable	-	39
	151	188

10. Taxation

	2022	2021
	£000	£000
Corporation tax		
Current tax on profits for the year	-	665
Adjustments in respect of previous periods	(345)	-
	(345)	665
Total current tax	(345)	665
Deferred tax		
Current year	99	956
Adjustment in respect of previous periods	506	-
Effect of changes in tax rates	31	-
Total deferred tax	636	956
Taxation	291	1,621

SERVICE EXPRESS EUROPE LIMITED

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

10. Taxation (continued)**Factors affecting tax charge for the year/period**

The tax assessed for the year/period is lower than (2021 - *lower than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £000	2021 £000
Profit on ordinary activities before tax	9,324	6,574
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	1,772	1,249
Effects of:		
Expenses not deductible for tax purposes	295	118
Adjustments to tax charge in respect of prior periods	161	1,422
Group relief	(1,967)	(1,137)
Tax effect due to change in rates	30	(31)
Total tax charge for the year/period	291	1,621

See note 20 for information on deferred taxation. Deferred tax balances are calculated based on the rate they are expected to be realised. The company has no unrecognised deferred tax assets.

Factors that may affect future tax charges

From 1 April 2023 the main rate of corporation tax will increase from 19% to 25%.

SERVICE EXPRESS EUROPE LIMITED

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

11. Right of use assets

	Right of use assets £000
Cost	
At 1 January 2022	2,512
Additions	1,036
Disposals	(85)
Prior year remeasurement	(1)
At 31 December 2022	<u>3,462</u>
Amortisation	
At 1 January 2022	1,526
Charge for the year on owned assets	669
On disposals	(85)
Prior year remeasurement	(32)
At 31 December 2022	<u>2,078</u>
Net book value	
At 31 December 2022	<u>1,384</u>
At 31 December 2021	<u>986</u>

SERVICE EXPRESS EUROPE LIMITED

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

12. Tangible fixed assets

	Freehold property £000	Long-term leasehold property £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost or valuation						
At 1 January 2022	7,266	3,506	300	1,248	46,745	59,065
Additions	-	8	78	418	11,228	11,732
Disposals	-	-	(44)	-	-	(44)
At 31 December 2022	7,266	3,514	334	1,666	57,973	70,753
Depreciation						
At 1 January 2022	-	855	299	922	33,681	35,757
Charge for the year on owned assets	-	80	6	155	5,329	5,570
Disposals	-	-	(44)	-	-	(44)
At 31 December 2022	-	935	261	1,077	39,010	41,283
Net book value						
At 31 December 2022	7,266	2,579	73	589	18,963	29,470
At 31 December 2021	7,266	2,650	1	326	13,064	23,307

SERVICE EXPRESS EUROPE LIMITED

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

12. Tangible fixed assets (continued)

The directors have not recorded depreciation on freehold property on the basis it is immaterial.

The Company's freehold land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation any subsequent accumulated impairment losses. The fair value measurements of the Company's freehold land and buildings as at 31 December 2022 are, in the opinion of the directors, in line with the valuation work performed by Porto Leone Consulting LLC, independent valuers not related to the Company on 31 January 2022. Based on this revaluation, the directors have recognised an impairment of £nil (2021: £17,601k).

Porto Leone Consulting LLC are independent valuers and they have appropriate qualifications. The valuation conforms to International Valuation Standards and was based on the recent market transactions on arm's length terms for similar properties.

The fair value of the freehold land was determined based on the market value, which is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

If the Freehold land and property had not been included at valuation, they would have been included under the historical cost convention as follows:

	31 December 2022	31 December 2021
Cost	8,123	8,123
Depreciation	(1,661)	(1,562)
	<u>6,462</u>	<u>6,561</u>

13. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2022	12,460
Additions	169
At 31 December 2022	<u>12,629</u>

SERVICE EXPRESS EUROPE LIMITED

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

13. Fixed asset investments (continued)**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Itheon Limited	Franklin Court, Priory Business Park, Bedford, MK44 3JZ	Ordinary	100%
ICC Managed Services Limited	2 Sandbeck Lane, Wetherby, West Yorkshire, England, LS22 7TW	Ordinary	100%
ICC Northern UK Limited	Connection House, Sandbeck Lane, Wetherby, West Yorkshire, LS22 7TW	Ordinary	100%
Fairleigh Software Services (PVT) Limited	No. 108, Nawala Road, Nugegoda,	Ordinary	100%
Blue Chip Parts Limited	10250, Sri Lanka Franklin Court, Priory Business Park, Bedford, MK44 3JZ	Ordinary	100%
Blue Chip Limited	Franklin Court, Priory Business Park, Bedford, MK44 3JZ	Ordinary	100%
Service Express IT Services Limited	First Floor, Penrose 2, Penrose Dock, Cork, T23 YY09, Ireland	Ordinary	100%

The directors have performed an impairment assessment in relation to the investments in subsidiary undertakings and are satisfied that no provision for impairment is required.

The additions of £169k relate to an adjustment to the investment in the ICC entities, which were acquired in the prior year. The directors are satisfied that this adjustment is not material to the financial statements.

Icon IPX Limited was dissolved on 8 March 2022.

SERVICE EXPRESS EUROPE LIMITED

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

14. Stocks

	2022	2021
	£000	£000
Finished goods and goods for resale	2,194	2,563
	<u>2,194</u>	<u>2,563</u>

Stocks are held net of an obsolescence provision of £8,717k (2021: £9,646k)

15. Debtors

	2022	2021
	£000	£000
Trade debtors	12,696	12,175
Amounts owed by group undertakings	38,141	28,959
Other debtors	831	767
Prepayments and accrued income	7,612	4,509
	<u>59,280</u>	<u>46,410</u>

Amounts are invoiced in accordance with individual contract terms. Amounts receivable from trade customers are non-interest bearing and are generally on 30 - 60 day terms.

Trade debtors are stated net of an expected credit loss provision of £39,271 (2021: £nil).

Amounts owed by group undertakings are unsecured and due on demand.

SERVICE EXPRESS EUROPE LIMITED

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

16. Creditors: Amounts falling due within one year

	2022 £000	2021 £000
Trade creditors	3,837	2,751
Amounts owed to group undertakings	4,478	3,041
Corporation tax	330	675
Other taxation and social security	1,756	2,298
Lease liabilities	4,068	1,538
Other creditors	205	1,036
Accruals and deferred income	26,621	23,084
	41,295	34,423

Amounts owed to group undertakings are unsecured and due on demand.

Secured creditors

Liabilities under leases and hire purchase agreements are secured upon the assets concerned.

The incremental borrowing rate on leases and hire purchase agreements ranges between 3% to 6% and the frequency of payments is monthly.

17. Creditors: Amounts falling due after more than one year

	2022 £000	2021 £000
Lease liabilities	4,573	756
Other creditors	-	54
	4,573	810

18. Leases**Company as a lessee**

Lease commitments are set out in note 24.

All lease obligations are denominated in sterling.

The fair value of the Company's lease obligations is approximately equal to their carrying amount.

The Company's obligations under lease obligations are secured by the lessors' rights over the leased assets.

The lease commitments are in relation to right of use assets.

SERVICE EXPRESS EUROPE LIMITED

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

19. Financial instruments

	2022	2021
	£000	£000
Financial assets		
Amortised cost	<u>54,472</u>	<u>43,955</u>
Financial liabilities		
Amortised cost	<u>(10,074)</u>	<u>8,889</u>

Financial assets measured at amortised cost comprise of cash and cash equivalents, trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise of trade creditors, amounts owed to group undertakings, other creditors and accruals.

20. Deferred taxation

	2022
	£000
At beginning of year	(1,139)
Charged to profit or loss	(636)
Charged to other comprehensive income	-
At end of year	<u>(1,775)</u>

SERVICE EXPRESS EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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20. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2022 £000	2021 £000
Accelerated capital allowances	(503)	102
Short term timing differences	-	31
Capital gains tax	(1,272)	(1,272)
	(1,775)	(1,139)

21. Share capital

	2022 £000	2021 £000
Allotted, called up and fully paid		
509,639 (2021 - 509,639) Ordinary shares of £0.01 each	5	5

Ordinary shares carry voting and dividend rights.

22. Reserves**Share premium account**

Share premium includes premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Revaluation reserve

Revaluation reserve is used to record increase in the fair value of land and buildings and decreases to the extent that such decrease relates to an impairment on the same asset.

Capital redemption reserve

Capital redemption reserve records the nominal value of shares repurchased by the Company.

Capital contribution reserve

The capital contribution reserve contains an amount of £7,035k received from New Blue Chip Limited as a capital contribution.

Retained earnings

Retained earnings represent the accumulated earnings of the business net of distributions to owners and any other distributions made.

SERVICE EXPRESS EUROPE LIMITED

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23. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £803,599 (2021: £768,589). Contributions totalling £151,669 (2021: £118,575) were payable to the fund at the balance sheet date.

24. Lease commitments

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable leases for each of the following periods:

	2022 £000	2021 £000
Not later than 1 year	2,751	1,617
Later than 1 year and not later than 5 years	4,573	757
	7,324	2,374

25. Post balance sheet events

There were no events after the balance sheet date requiring disclosure in the financial statements.

26. Controlling party

The immediate parent undertaking is New Blue Chip Limited which is a wholly owned subsidiary of Service Express EMEA Limited. Service Express EMEA Limited prepares the consolidated financial statements which are available to the public from: Service Express EMEA Limited, Franklin Court, Priory Business Park, Bedford, MK44 3JZ. The parent company of Service Express EMEA Limited is Service Express LLC and the ultimate parent company is Red Dawn Investment Holdings, LP.

There is no single ultimate controlling party.