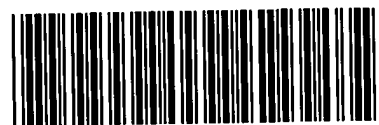


Registration number: 03039768

**Ability Matters Group Limited**  
Annual Report and Financial Statements  
for the year ended 31 October 2021

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## Ability Matters Group Limited

### Contents

Company Information	1
Strategic Report	2
Directors' Report	6
Statement of Directors' Responsibilities	9
Independent Auditor's Report	10
Consolidated Profit and Loss Account	13
Consolidated Statement of Comprehensive Income	14
Consolidated Balance Sheet	15
Consolidated Statement of Changes in Equity	16
Company Balance Sheet	17
Company Statement of Changes in Equity	18
Consolidated Cash Flow Statement	19
Notes to the Financial Statements	20

## **Ability Matters Group Limited**

### **Company Information**

**Directors**  
J O'Byrne  
L M Moore (Appointed 3 October 2022)  
S J Murphy (Appointed 3 October 2022)  
A P M Rudzinski (Appointed 3 October 2022)

**Registered office**  
Ability House  
21 Nuffield Way  
Abingdon  
Oxfordshire  
OX14 1RL

**Auditor**  
RSM UK Audit LLP  
Chartered Accountants  
Portland  
25 High Street  
Crawley  
West Sussex  
RH10 1BG

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## Ability Matters Group Limited

### Strategic Report for the year ended 31 October 2021

The Directors present their strategic report on the Group for the year ended 31 October 2021.

#### Review of the business

The Group and its subsidiary undertakings that are established in the United Kingdom and Europe supply products and services that enhance the lives of those who require devices to improve their mobility, access and independence, and distribute products throughout the world.

#### Principal activity

The principal activity of the Group is the provision of prosthetic, orthotic and posture and mobility products and services to the public and private sectors within the UK and overseas.

#### Results and performance

The Directors are pleased to report that the Group has enjoyed a further year of successful trading despite challenging conditions. Turnover from continuing operations has increased by 8% to £60.4 million (2020: decreased 8.6% to £56.2 million). The increase is due to a return to more normal levels of product and service delivery following the reduction in activity due to COVID-19 restrictions experienced in the previous year.

The operating profit margin (before exceptionals) has increased to 8.8% (2020: 4.4%). The Group continues to tender for additional public sector contracts in the UK and expand its product base domestically and overseas. The Directors expect this activity to lead to growth in the coming year and further improved profitability. Operating profit after exceptionals was £4.7m (2020: £1.9m).

Earnings before Interest, taxes, depreciation and amortisation (before exceptionals) for the year was £6.7m (2020: £3.7m)

Operating cashflow was positive at £4.4 million (2020 - £6.1million).

The value of open referrals remained at £3.9 million over the course of the year. Of these, the component open for greater than 60 days increased from £0.8 million (20% of total) to £0.9 million (23% of total). The value of open referrals includes the expected cost in each case where devices have been prescribed, whether or not the device has yet been purchased. The slower than expected progress to reduce the value and age of open referrals has been mainly due to COVID-19 pandemic. Enhanced referrals management procedures have helped to avoid increases in open referrals, and in part mitigated the ageing.

Trade debtors were reduced from £6.6million to £5.2million over the course of the year. Ageing is measured by days sales outstanding (DSO) which was reduced from 36 to 30. The reduction in DSO indicates enhanced collections performance, due primarily to improved procedures in invoicing on some of the smaller contracts.

Contract performance KPIs are too diverse and numerous to report in aggregate however the Group continued to meet or exceed broadly all the performance criteria applying to NHS contracts.

Net assets of the Group are up 21% on the prior year at £17.2 million (2020: £14.2million). The Group continues to invest in research and development.

#### Promotion of Members' interests

The Directors are 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 Group for the benefit of its members, which includes having regard to other stakeholders.

The Directors consider that, during the year ended 31 October 2021 they have acted individually and collectively in a manner most likely to promote the interests of the Group and its Members and continue to do so subsequently.

Our governance process includes senior management review and consideration of any decision, as regards its long-term consequences, the impact on employees, our relationships with suppliers and our ability to deliver the best possible service to our customers. Members are consulted as appropriate.

## Ability Matters Group Limited

### Strategic Report (continued) for the year ended 31 October 2021

We comment below on how the specific subsections of s.172:

(a) the likely consequences of any decision in the long term	Our planning process includes a long-term forecast which incorporates the impact of any current decision, to ensure positive shareholder benefit as regards both profit and cashflow over the long term, taking due account of any related risk.
(b) the interests of the company's employees	<p>The Board has initiated an Employee Forum which allows employees to escalate their views and concerns to senior management.</p> <p>We offer a support helpline for employees facing challenges either in the workplace or in their personal lives.</p> <p>The Board has instituted a quarterly performance review process with annual objectives in line with the Group's values, to support employees in managing their performance to the mutual best interests of themselves and the Group.</p>
(c) the need to foster the company's business relationships with suppliers, customers and others	<p>The Directors maintain close contact with suppliers to ensure they are aware of developments within the Group and will continue to be able to meet demand.</p> <p>Most of our customers are NHS bodies. We conduct regular contract reviews (monthly or quarterly) to ensure optimal contract performance and that any issues are addressed on a timely basis. Senior management also maintain close ties with central NHS departments to ensure that the Group's strategic direction is aligned to NHS objectives and to anticipate and act on any changes to NHS requirements.</p>
(d) the impact of the company's operations on the community and the environment	<p>The many services we operate have close links to the local community. We foster these links by hosting Service User Groups in our facilities with participation from our staff, and also make our facilities available for local community events.</p> <p>As regards the environment the Board has adopted a number of measures to reduce carbon emissions, regarding use of remote conferencing technology, manufacturing processes, composition of the fleet and fit out of premises. These are set out in more detail in the Carbon and energy section below.</p>
(e) the desirability of the company maintaining a reputation for high standards of business conduct	<p>Our success as a provider of services to vulnerable people on behalf of the NHS is predicated on maintaining the highest possible standards of conduct in service delivery. The Board has established a robust governance process to ensure that these standards are maintained.</p> <p>The Board has also put in place a confidential "whistleblowing" helpline allowing staff to escalate any ethical concerns anonymously.</p>
(f) the need to act fairly as between members of the company.	As a privately owned Group we have a small number of shareholders; in discharging their duties the Directors have regard to deriving long term benefit which accrues equitably to all Members.

#### Business environment

The underlying health of the general public impacts significantly on the demand for prosthetic, orthotic and other assistive technology devices. Pressure from health organisations to reduce costs requires operators to continually make efficiency gains in their operations through investment in new technology and research and development activities.

#### Strategy

The Group will continue to develop its provision of prosthetic and orthotic products and services to the public and private sectors within the UK and overseas. It continues to concentrate on effective partnerships with NHS organisations.

## Ability Matters Group Limited

### Strategic Report (continued) for the year ended 31 October 2021

#### Key performance indicators

The Directors consider turnover, operating profit margin (before exceptionals), EBITDA (before exceptionals), value and aging of open referrals, aged receivables and performance relative to contractual KPI's to be the key performance indicators used to measure the success of the Group. The Group's performance against these KPI's is reviewed above.

#### Principal risks and uncertainties

The COVID-19 pandemic and associated reduction in activity has had a much lower impact than in the previous financial year. The Directors consider that the main impact of the pandemic was limited to the period from March 2020 to September 2020, and that future disruption will be minimal. The Group was able to mitigate the impact of the pandemic through working closely with out NHS partners and making greater use of remote conferencing technology, both internally and with Service Users. Were future disruption to arise from an increase in infection levels, the Directors consider these measures would be sufficient to mitigate any impact.

The principal continuing risk to the Group is the reliance on UK NHS contracts, which are subject to periodic competitive tendering. In each of the contracts we manage we have in place robust performance management procedures which ensure that performance over the life of the contract meets the Trust's expectations, and that any issues are resolved rapidly. Consequently, our record of contract retention is very strong.

Historically, certain products from outside the European Union were procured centrally in the UK and shipped to the overseas subsidiaries in continental Europe and Ireland. Following the UK's departure from the European Union the Group has implemented appropriate alternative logistics channels to ensure we continue to meet customer demand.

#### Carbon and energy

During the year ended 31 October 2021 in the UK the Group consumed 2,818,392 kWh of gas and electricity (2020: 2,787,841 kWh), equating to 55,143 kWh per million pounds of revenue in the UK (2020: 59,896 kWh), and 4,264 kWh per UK employee (2020: 3,571 kWh). The amount of CO<sub>2</sub> emitted in the UK was as follows:

Tonnes	2021	2020
Gas	190	209
Electricity	416	382
Motor vehicles	223	217
Total	<u>829</u>	<u>808</u>

This equates in aggregate to 16.2 tonnes per million pounds of UK revenue (2020: 17.4 tonnes), and 1.25 tonnes per UK employee (2020: 1.04 tonnes). The increased intensity was due to headcount reduction in FY20 versus FY21.

These amounts have been compiled according to the GHG Reporting Protocol on the basis of information provided by the Group's energy providers and fleet management company. The CO<sub>2</sub> emissions figure comprises emissions from Group vehicles in the UK and the carbon dioxide equivalent (CO<sub>2</sub>e) of UK gas and electricity consumption, converted using the UK government's Conversion factors for Company Reporting.

The Group continues to pursue a number of initiatives to increase further energy efficiency:

- Increased use of remote conferencing technology to minimise travel. This includes remote assessment of low-complexity clinical cases to reduce the need for Service Users to travel.
- More modern, and more energy-efficient, manufacturing technology such as 3D printing.
- Enhanced logistics network reducing the miles travelled by product between the manufacturer and the end user.
- Introduction of electric / hybrid vehicles to the fleet.
- Use of LED lighting in all new premises.

The Directors have elected to voluntarily include in the above group carbon and energy reporting disclosures, those subsidiaries which would not otherwise be required to make the disclosures.

## Ability Matters Group Limited

Strategic Report (continued)  
for the year ended 31 October 2021

### Future developments

The future strategy will be to continue to provide, prosthetic, orthotic and mobility products and services for healthcare markets around the world.

Approved by the Board on 10 February 2023 and signed on its behalf by:



John O'Byrne  
Director

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## Ability Matters Group Limited

### Directors' Report for the year ended 31 October 2021

The Directors present their report and the consolidated financial statements for the year ended 31 October 2021.

#### Directors of the Company

The Directors who held office during the year and up to the date of signing were as follows:

N E James	(resigned 3 October 2022)
J O'Byrne	
D Hannett	(Resigned 24 November 2021)
J L Lyons	(Resigned 24 November 2021)
M A O'Byrne	(Resigned 24 November 2021)
M T O'Byrne	(Resigned 24 November 2021)
G N Heneage	(Appointed 12 March 2021, resigned 27 May 2021).
P D Robinson	(Resigned 30 April 2021)
L M Moore	(Appointed 3 October 2022)
S J Murphy	(Appointed 3 October 2022)
A P M Rudzinski	(Appointed 3 October 2022)

#### Financial risk management

The Group's operations expose it to a variety of financial risks that include the effects of price risk, credit risk, liquidity risk and interest rate risk. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance costs.

#### Price risk

The Group monitors market prices and takes action to adjust prices where there are movements in the pricing of its raw materials prices. The Group is exposed directly to three currencies, the Euro, US Dollar and Swedish Krone. A hedging programme involving forward purchase contracts is available to mitigate this risk, although forward contracts are not necessarily open at each reporting date.

#### Credit risk

The Group's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new customers where appropriate, and by monitoring receipts from existing customers against contractual agreements.

#### Liquidity risk

The Group is potentially exposed to cash flow risk were any of its major customers unable to pay. However, as the substantial majority of revenue is realised with government-backed bodies, principally the NHS, liquidity risk is considered minimal. We refer below to the management of overall cashflow risk.

#### Cashflow risk

The Group monitors cash flow risk as part of its day to day control procedures. The board considers cash flow projections on a monthly basis and ensures that available facilities are available to be drawn upon as necessary. Large capital projects are funded by long term debt. Short term credit facilities are available (but not currently utilised) to offset the risk to cashflow from the various factors referred to above.

#### Interest rate risk

The Group does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied. The Directors will review this policy should circumstances change.



## Ability Matters Group Limited

Directors Report  
for the year ended 31 October 2021 (continued)

### COVID-19

The COVID-19 pandemic has clearly had a significant impact on all aspects of the economy and virtually all businesses. The Group's activities have been impacted by restrictions on the ability of our clinicians to see Service Users face to face, with a corresponding reduction in levels of activity and income. A reduction in activity and consequently income was experienced in the year ended 31 October 2020. While activity has largely recovered to normal levels, there remains a risk of further disruption should infection levels rise again, and restrictions be reimposed. The risk to the business represented by COVID-19 during the height of the disruption was mitigated by the following factors:

- Our income streams are a mix of block and variable contracts which has reduced the effect that the COVID-19 pandemic has had on our business.
- In several cases the NHS agreed temporary 12-month fixed payment arrangements, commencing in April 2020, on contracts where invoicing normally varies according to activity. This measure was aimed at supporting the sustainability of companies such as AIMG who provide essential services to vulnerable people.
- We have developed alternative ways of working such as virtual clinics and telephone assessments to ensure we can continue to provide where appropriate services and equipment without face-to-face assessments.
- We took advantage of the UK Government's Coronavirus Job Retention Scheme in respect of staff whose salaries were not covered by the fixed payment arrangements referred to above.
- We also took advantage of a 6-month capital repayment deferral offered by our bank on four loans owed by two of the companies within the Group.

As at the date of this report the COVID-19 pandemic has not had a material adverse impact on the sustainability of the business. The Directors are confident that the risk represented by further restrictions and any consequent reduction in activity can be mitigated by those of the above measures which continue to be relevant to a point where the Group's operations and net assets are not significantly impacted.

### Post balance sheet events

On 24 November 2021 a controlling interest in the share capital of the Company was sold to G Square Capital.

### Research and development

The Group continues its research and development activities in new products and a new clinical software system to facilitate and enhance the provision of prosthetic and orthotic services. £229,000 (2020: £234,000) of research and development expenditure on improvements to the software system has been capitalised as an intangible asset.

### Employees

During the period the Group gave full and fair consideration to applications for employment from disabled persons having regard to their particular aptitudes when related to any suitable opportunities available. Group policy provides that existing employees who become disabled shall continue employment with the Group if at all possible, subject to any appropriate training.

The Group is an equal opportunity employer and makes every effort to ensure that disabled people are not discriminated against on the grounds of their disability. In the event of staff becoming disabled, every effort would be made to ensure that their employment continues and that suitable training is arranged.

Training, career development and promotion apply equally to all employees, taking into consideration their aptitudes and abilities.

The Group recognises that it has a responsibility to take a robust approach to anti-slavery and human trafficking. It is committed to the highest ethical standards. A statement on Modern Slavery can be found on the Ability Matters website.

We engage actively with employees through an Employee Forum which allows them to escalate their views and concerns to senior management. Matters of interest and concern are regularly circulated to employees in a regular newsletter. Meetings are held at various staff levels on a regular basis to discuss matters of mutual interest, including financial and economic factors which affect the performance of the Group, and the views of employees are taken into account when making decisions which are likely to affect their interests.

Employees are kept informed regarding the Group's affairs and the financial and economic factors that affect the Group's performance and are consulted on a regular basis wherever feasible and appropriate.

Employees are encouraged to participate and contribute to the Group's performance through remuneration rewards and incentives.

### Qualifying third party indemnity provisions

The Group has arranged qualifying third party indemnity for all of its Directors.

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## Ability Matters Group Limited

### Directors Report for the year ended 31 October 2021 (continued)

#### Disclosure of information to the auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information of the group's auditor is unaware. Additionally, each Director has taken all the necessary steps that they ought to have taken as a Director in order to make themselves aware of all the relevant audit information and to establish that the group's auditor is aware of that information.

#### Stakeholders

The Directors continue to have regard to fostering relationships with business partners including suppliers, customers and others. We continue to meet regularly with key suppliers to ensure that they are aware of our needs and that supply chains are able to adapt to the evolving demands of the business. Senior management maintain close links with our principal customer, the NHS. Specifically, during the year the Directors took the decision not to furlough staff allocated directly to NHS contracts, who in many cases were seconded to support broader NHS initiatives in response to the COVID-19 pandemic.

#### Strategic Report

The Group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' report. It has done so in respect of future developments and carbon reporting requirements.

#### Dividends

The company declared no dividends (2020: £530,000).

Approved by the Board on 10 February 2023 and signed on its behalf by:



John O'Byrne  
Director

## Ability Matters Group Limited

### Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare Group and Company financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable laws and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland". 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 Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

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

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

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## Ability Matters Group Limited

### Independent Auditor's Report to the Members of Ability Matters Group Limited

#### Opinion

We have audited the financial statements of Ability Matters Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 October 2021 which comprise the consolidated profit and loss account, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, company balance sheet, company statement of changes in equity, consolidated cash flow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 October 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

#### 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.

#### 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 their 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

## Ability Matters Group Limited

### Independent Auditor's Report to the Members of Ability Matters Group Limited

- 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 9, 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and tax provisions and computations.

The group audit engagement team identified the risk of management override of controls and revenue existence, valuation and cut off as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business, and reviewing service contracts in place to ensure that the revenue existed and had been valued correctly in the year-end financial statements. We also tested a sample of revenue transactions either side of the year end to ensure that revenue had been recorded in the correct accounting period.

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## **Ability Matters Group Limited**

### **Independent Auditor's Report to the Members of Ability Matters Group Limited**

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

#### **Use of our report**

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

*William Farren*

William Farren FCA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Portland  
25 High Street  
Crawley  
West Sussex  
RH10 1BG

Date: 13 February 2023

# Ability Matters Group Limited

## Consolidated Profit and Loss Account for the year ended 31 October 2021

	Note	2021 £ 000			2020 £ 000		
		Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
Turnover	3	60,486	151	60,637	56,154	1	56,155
Cost of sales		(29,813)	(132)	(29,945)	(30,454)	(45)	(30,499)
Gross profit		30,673	19	30,692	25,700	(44)	25,656
Administrative expenses – other		(25,241)	(95)	(25,336)	(25,227)	(7)	(25,234)
Grant Income	3	-	-	-	2,044	-	2,044
Operating profit before exceptional items	4	5,432	(76)	5,356	2,517	(51)	2,466
Administrative expenses - exceptional	5	(671)	-	(671)	(602)	-	(602)
Operating profit		4,761	(76)	4,685	1,915	(51)	1,864
Interest payable and similar charges	10	(128)	-	(128)	(186)	-	(186)
Profit on ordinary activities before taxation		4,633	(76)	4,557	1,729	(51)	1,678
Tax on profit on ordinary activities	11	(1,171)	14	(1,157)	(504)	10	(494)
Profit for the financial year		3,462	(62)	3,400	1,225	(41)	1,184

The notes on pages 20 to 42 form an integral part of these financial statements.

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## Ability Matters Group Limited

### Consolidated Statement of Comprehensive Income for the year ended 31 October 2021

	2021 £ 000	2020 £ 000
Profit for the financial year	3,400	1,184
Foreign currency translation differences	(393)	259
Total comprehensive income for the year	<u>3,007</u>	<u>1,443</u>

The notes on pages 20 to 42 form an integral part of these financial statements.



# Ability Matters Group Limited

## Consolidated Balance Sheet at 31 October 2021

Company number: 03039768

	Note	£ 000	2021 £ 000	2020 £ 000
<b>Fixed assets</b>				
Goodwill	13		716	811
Intangible fixed assets	13		1,171	1,160
Tangible fixed assets	14		12,417	12,643
			<u>14,304</u>	<u>14,614</u>
<b>Current assets</b>				
Stocks	16	5,794		6,680
Debtors due within one year	17	8,456		7,873
Cash at bank and in hand	18	4,476		4,228
		<u>18,726</u>		<u>18,781</u>
Creditors: Amounts falling due within one year	19	(9,404)		(15,223)
Net current assets			<u>9,322</u>	<u>3,558</u>
Total assets less current liabilities			<u>23,626</u>	<u>18,172</u>
Creditors: Amounts falling due after more than one year	20		(5,348)	(2,980)
Provisions for liabilities	21		(1,063)	(984)
Net assets			<u><u>17,215</u></u>	<u><u>14,208</u></u>
<b>Capital and reserves</b>				
Share capital	23		-	-
Share premium	26		700	700
Profit and loss account	26		16,515	13,508
Shareholders' funds			<u><u>17,215</u></u>	<u><u>14,208</u></u>

Approved by the Board and authorised for issue on 10 February 2023 and signed on its behalf by:

  
John O'Byrne  
Director

The notes on pages 20 to 42 form an integral part of these financial statements.

## Ability Matters Group Limited

### Consolidated Statement of Changes in Equity for the Period from 1 November 2019 to 31 October 2021

		Share capital £'000	Share premium Account £ 000	Profit and loss account £ 000	Total £ 000
At 1 November 2020		-	700	13,508	14,208
Dividends paid	12	-	-	-	-
Profit for the financial year		-	-	3,400	3,400
Foreign currency translation differences		-	-	(393)	(393)
Total comprehensive income for the year		-	-	3,007	3,007
At 31 October 2021		-	700	16,515	17,215

		Share capital £'000	Share premium Account £ 000	Profit and loss account £ 000	Total £ 000
At 1 November 2019		-	700	12,595	13,295
Dividends paid	12	-	-	(530)	(530)
Profit for the financial year		-	-	1,184	1,184
Foreign currency translation differences		-	-	259	259
Total comprehensive income for the year		-	-	1,443	1,495
At 31 October 2020		-	700	13,508	14,208

The notes on pages 20 to 42 form an integral part of these financial statements.

# Ability Matters Group Limited

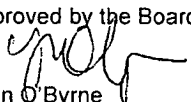
## Company Balance Sheet at 31 October 2021

Company number: 03039768

	Note	£ 000	2021 £ 000	£ 000	2020 £ 000
<b>Fixed assets</b>					
Tangible fixed assets	14		3,200		3,139
Investments	15		2,748		2,854
			<u>5,948</u>		<u>5,993</u>
<b>Current assets</b>					
Stocks	16	176		637	
Debtors	17	10,380		12,957	
Cash at bank and in hand	18	1,760		1,471	
		<u>12,316</u>		<u>15,065</u>	
Creditors: Amounts falling due within one year	19	(13,300)		(18,365)	
Net current liabilities			<u>(984)</u>		<u>(3,300)</u>
Total assets less current liabilities			<u>4,964</u>		<u>2,693</u>
Creditors: Amounts falling due after more than one year	20		(4,036)		(1,507)
Provisions for liabilities	21		(91)		(43)
			<u>837</u>		<u>1,143</u>
Net assets			<u>837</u>		<u>1,143</u>
<b>Capital and reserves</b>					
Share Capital	23		-		-
Share premium account	26		700		700
Profit and loss account	26		137		443
			<u>837</u>		<u>1,143</u>
Shareholders' funds			<u>837</u>		<u>1,143</u>

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account or statement of comprehensive income in these financial statements. The (loss)/profit after tax for the parent company for the year was (£306,000) (2020: £700,000).

Approved by the Board and authorised for issue on 10 February 2023 and signed on its behalf by:

  
John O'Byrne  
Director

The notes on pages 20 to 42 form an integral part of these financial statements.

## Ability Matters Group Limited

### Company Statement of Changes in Equity for the Period from 1 November 2019 to 31 October 2021

		Share capital £'000	Share premium account £ 000	Profit and loss account £ 000	Total £ 000
At 1 November 2020		-	700	443	1,143
Dividends paid	12	-	-	-	-
Loss for the year		-	-	(306)	(306)
At 31 October 2021		-	700	137	837

		Share capital £'000	Share premium account £ 000	Profit and loss account £ 000	Total £ 000
At 1 November 2019		-	700	273	973
Dividends paid	12	-	-	(530)	(530)
Profit for the year		-	-	700	700
At 31 October 2020		-	700	443	1,143

The notes on pages 20 to 42 form an integral part of these financial statements.

# Ability Matters Group Limited

## Consolidated Cash Flow Statement for the year 31 October 2021

	2021 £'000	2020 £'000
Cash flows from operating activities		
Profit for the financial year	3,400	1,184
Adjustments for:		
Amortisation of intangible assets	314	293
Depreciation of tangible assets	1,039	952
Interest payable	128	186
Taxation	1,157	495
Decrease in trade and other debtors	879	2,718
Decrease in stocks	886	31
(Decrease)/ Increase in trade and other creditors	(3,385)	233
Cash from operations	4,418	6,092
Income taxes paid	(670)	(336)
Net cash generated from operating activities	3,748	5,756
Cash flows from investing activities		
Purchases of tangible assets	(825)	(2,658)
Purchases of intangible assets	(228)	(288)
Loan to shareholder	(1,500)	-
Net cash from investing activities	(2,553)	(2,946)
Cash flows from financing activities		
Bank loans advanced in year	3,200	2,920
Repayment of bank loans	(3,639)	(3,630)
Interest paid	(128)	(186)
Dividends paid	-	(530)
Net cash used in financing activities	(567)	(1,426)
Net increase in cash and cash equivalents	628	1,384
Foreign exchange translation adjustment	(380)	242
Cash and cash equivalents at the beginning of year	4,228	2,602
Cash and cash equivalents at end of year	4,476	4,228

The notes on pages 20 to 42 form an integral part of these financial statements.

## Ability Matters Group Limited

### Notes to the Financial Statements for the year ended 31 October 2021

#### 1 General information

The Company is a private company limited by share capital incorporated in the England. Its registered office is:

Ability House  
21 Nuffield Way  
Abingdon  
Oxfordshire  
OX14 1RL

#### 2 Accounting policies

##### Principal activities

The Company's and the Group's principal activities and nature of its operations are disclosed in the strategic report on page 2.

##### Basis of preparation

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 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006 Including the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The functional currency of the Company and the presentational currency of the financial statements are both Sterling (£). All amounts are rounded to the nearest £1,000 except where otherwise indicated.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies.

##### Summary of disclosure exemptions

The Company has taken advantage of section 408 of the Companies Act 2006 and has not presented its own profit and loss account or statement of comprehensive income.

The Company has also taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Reduced Disclosures Framework:

- the requirements of Section 7 Statement of Cash Flows – Presentation of a statement of cash flow and related notes and disclosures.
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) – Basic financial instruments.
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A – Other financial instrument issues – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument.
- the requirements of Section 33 Related Party Disclosures paragraph 33.7 – Compensation for key management personnel.

This information is included in the consolidated Group figures and disclosures.

The following principal accounting policies have been applied:

##### Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 October 2021. Subsidiary undertakings are included using the acquisitions method of accounting. Under this method the Group profit and loss account and statement of cashflows include the results and cashflows of subsidiaries from the date of acquisition and to the date of sale outside the Group in the case of disposals of subsidiaries, and adjusted for any intragroup transactions. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

**Ability Matters Group Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 October 2021 (continued)**

**2 Accounting policies (continued)**

**Going concern**

At the time of approving these financial statements, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Directors consequently continue to adopt the going concern basis of accounting in preparing these financial statements.

The Directors comment in the Directors' Report on measures taken during the year to counter the impact of COVID-19 on the operations of the Group and any resultant impact on its financial position. The Directors do not expect that the degree of disruption experienced during the year ended 31 October 2021 will recur, however some level of future uncertainty remains. The Directors consider that the measures implemented successfully in the year ended 31 October 2021 are sufficient to mitigate the impact of any future disruption arising from the re-imposition of restrictions.

The Directors have reviewed detailed forecasts and consider that the Group is able to continue to meet its liabilities as they fall due in the foreseeable future, considered to be a period of 12 months from the approval of the financial statements. In particular, the Directors have reviewed the level of cash forecast to be held by the Group and consider it to be sufficient to meet its liabilities, even in the most adverse of the various scenarios considered regarding future revenue and cash collections.

During the year the Group took advantage of a six-month repayment deferral offered by the Groups bank in respect of four loans owed by two Group companies.

On this basis the Directors consider it appropriate to prepare these financial statements on a going concern basis.

**Turnover**

Turnover represents amounts chargeable in respect of the sale of goods and services to customers, excluding value added tax.

Turnover is recognised when goods are dispatched. Services are provided under long term contractual arrangements. Turnover from the provision of these services is recognised monthly for a fixed proportion of the annual contract value.

**Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met, and the grants will be received.

**Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group and Company's share of identifiable net assets acquired. Goodwill on the acquisition of subsidiaries and businesses is included in intangible assets. Goodwill is amortised through the profit and loss account over the Directors' estimate of its useful economic life, up to a maximum of 10 years. Impairment tests on the carrying value are undertaken at the end of the first full year following acquisition carried out and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

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**Ability Matters Group Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 October 2021 (continued)**

**2 Accounting policies (continued)**

**Depreciation**

All tangible fixed assets are shown at cost less accumulated depreciation and any impairment. Cost includes expenditure that is directly related to the acquisition of assets. Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Asset class	Depreciation method and rate
Land	not depreciated
Buildings	2% straight line over 50 years
Short leasehold improvements	over the period of the lease
Plant and machinery	20% - 33% straight line
Motor vehicles	33% straight line

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each balance sheet date. An asset's carrying value is written down immediately to its recoverable amount if the carrying value is greater than its estimated recoverable amount.

**Research and development**

Development costs are charged to the profit and loss account in the year of expenditure, unless individual projects satisfy all of the following criteria:

- The project is technically feasible, and it will be available for use;
- The Group intends to complete the asset and use it;
- The Group is able to use the asset;
- The asset will generate future economic benefits;
- Adequate technical, financial and other resources are available to complete the asset;
- The expenditure attributable to the intangible asset during its development can be reliably measured.

In such circumstances the costs are capitalised as intangible and amortised over a useful economic life of 10 years commencing in the year the Group starts to benefit from the expenditure. The useful economic life is based on the period over which the asset will provide economic benefit to the Group without having to be replaced.

**Fixed asset investments**

Investments are included at cost less provision for any impairment in value.

**Stock and work in progress**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete, slow moving and defective items where appropriate. Cost includes all direct expenditure and is calculated on a "first in first out" basis. Provisions are made for any foreseeable losses where appropriate.

**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.

**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.



**Ability Matters Group Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 October 2021 (continued)**

**2 Accounting policies (continued)**

**Financial instruments**

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

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**Ability Matters Group Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 October 2021 (continued)**

**2 Accounting policies (continued)**

**Current and deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Profit and loss account, 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 Group 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 other than goodwill 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.

**Foreign currency**

Transactions in foreign currencies are recorded using the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in the profit and loss account. The assets and liabilities of overseas subsidiary undertakings are translated at the closing rate. The profit and loss account of these subsidiary undertakings are translated at the average rate for the year. Gains and losses arising on these translations are taken net of exchange differences on related foreign currency borrowings and are recognised in other comprehensive income.

**Leasing**

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term.

**Provisions**

Provisions are recognised when the Group has a legal or constructive present obligation 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 end date, taking into account the risks and uncertainties surrounding the obligation.

**Ability Matters Group Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 October 2021 (continued)**

**2 Accounting policies (continued)**

**Borrowing costs**

All borrowing costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred.

**Finance costs**

Finance costs are charged to the Statement of Comprehensive Income 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.

**Pensions**

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

**Parental Guarantee**

For the year ended 31 October 2021 Ability Matters Group has provided a guarantee under section 479C of the Companies Act 2006 in respect of SIT UK Ltd (incorporated in the United Kingdom, Reg. No. 00610491), Milton Keynes Mobility Ltd (incorporated in the United Kingdom, Reg. No. 04809881), Flat Free Tyres Ltd (incorporated in the United Kingdom, Reg. No. 05692726) and T&S Orthotics (incorporated in the United Kingdom, Reg. No. 06509053). Consequently, these subsidiaries are exempt from the requirement relating to the audit of accounts under Section 479A of the Companies Act 2006.

**Judgements and estimates**

In the process of applying its accounting policies, the Group is required to make certain estimates, judgements and assumptions that it believes are reasonable based on the information available. These judgements, estimates and assumptions affect the amounts of assets and liabilities at the date of the financial statements and the amounts of revenues and expenses recognised during the reporting periods presented.

On an ongoing basis, the Group evaluates its estimates using historical experience, consultation with experts and other methods considered reasonable in the particular circumstances. Actual results may differ significantly from the estimates, the effect of which is recognised in the year in which the facts that give rise to the revision become known.

The directors consider that no significant judgements or estimates have been made in applying the Group's accounting policies.

**3 Turnover**

Turnover represents sales of assistive technology products and services. All sales are stated net of applicable VAT and relate to continuing activities.

An analysis of turnover by class of business is given below:

	2021	2020
	£ 000	£ 000
Sales - Services	19,221	17,615
Sales - Products	41,416	38,540
	<u>60,637</u>	<u>56,155</u>

**Ability Matters Group Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 October 2021 (continued)**

**3 Turnover (continued)**

An analysis of turnover by geographical location is given below:

	Continuing Operations £ 000	Discontinued Operations £ 000	2021 Total £ 000	2020 £ 000
Sales - UK	48,852	151	49,003	46,543
Sales – Rest of Europe	11,150	-	11,150	9,127
Sales – Rest of World	484	-	484	484
	<u>60,486</u>	<u>151</u>	<u>60,637</u>	<u>56,154</u>

**4 Operating profit**

Operating profit is stated after charging:

	Continuing Operations £ 000	Discontinued Operations £ 000	2021 Total £ 000	2020 £ 000
Stock recognised as an expense in the period	23,509	133	23,642	21,832
Depreciation of owned tangible fixed assets	1,039	-	1,039	952
Operating lease costs				
- Plant and machinery	262	-	262	320
- Other	797	43	840	881
Foreign currency (losses) / gains	(161)	-	(161)	31
Research and development costs	12	-	12	-
Amortisation of intangible fixed assets	<u>314</u>	<u>-</u>	<u>314</u>	<u>293</u>

As disclosed in note 13, during the year £229,000 of development costs were capitalised (2020 - £234,000). £11,983 research and development expense was incurred in the year.

**5 Exceptional items**

During the year the Group restructured its manufacturing capacity and some central functions, resulting in a number of staff being made redundant. The cost of these redundancies and other related costs was £670,665 and has been treated as exceptional.

**6 Discontinued operations**

Towards the end of the previous year the Group closed a number of its retail outlets. Certain costs in respect of these units continued to be incurred in the current financial year and are disclosed as discontinued.

**Ability Matters Group Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 October 2021 (continued)**

**7 Auditor's Remuneration**

	2021 £ 000	2020 £ 000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements.	55	45
Fees payable to the Group's auditor and its associates in respect of:		
The auditing of the accounts of the subsidiaries of the Group	75	60
Taxation compliance services	26	17
Other taxation advisory services not included above		-
	<u>156</u>	<u>122</u>

**8 Particulars of employees**

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	2021 No.	2020 No.
Management and administration	254	288
Prosthetists, orthotists and production	463	535
	<u>717</u>	<u>823</u>

	Continuing Operations £ 000	Discontinued Operations £ 000	2021 Total £ 000	2020 £ 000
Wages and salaries	21,672	48	21,720	21,828
Social security costs	2,230	7	2,237	2,294
Staff pensions	704	1	705	737
	<u>24,606</u>	<u>56</u>	<u>24,662</u>	<u>24,859</u>

**Ability Matters Group Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 October 2021 (continued)**

**9 Directors' remuneration**

	2021 £ 000	2020 £ 000
<b>Key Management</b>		
Remuneration	1,451	1,313
Contributions to money purchase pension schemes	39	35
	<u>1,490</u>	<u>1,348</u>
 <b>Directors</b>	 2021 £ 000	 2020 £ 000
Remuneration	693	742
Contributions to money purchase pension schemes	25	25
	<u>718</u>	<u>767</u>
 <b>Highest Paid Director</b>	 2021 £ 000	 2020 £ 000
Remuneration	168	166
Contributions to money purchase pension schemes	7	6
	<u>175</u>	<u>172</u>

Key management are considered to be those individuals, including Directors, who are responsible for setting the strategy of the Group and ensuring operational delivery.

The Company has taken advantage of the exemption allowed by FRS 102 and has not separately disclosed the remuneration of its own key management personnel.

The number of directors accruing benefits under money purchase pension schemes was 7 (2020: 7).

**10 Interest payable and similar charges**

	2021 £ 000	2020 £ 000
Interest on bank borrowings	128	186
	<u>128</u>	<u>186</u>

**Ability Matters Group Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 October 2021 (continued)**

**11 Taxation**

	2021 £ 000	2020 £ 000
<b>Current tax</b>		
Corporation tax charge	1,182	360
Adjustments in respect of previous years	(9)	(1)
	<hr/> 1,173	<hr/> 359
<b>Deferred tax</b>		
Origination and reversal of timing differences	(152)	95
Adjustments in respect of previous years	4	4
Changes in future tax rate	132	36
	<hr/> (16)	<hr/> 135
<b>Total tax on profit on ordinary activities</b>	<hr/> <b>1,157</b>	<hr/> <b>494</b>

**Ability Matters Group Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 October 2021 (continued)**

**11 Taxation (continued)**

**Factors affecting the current tax charge for the year**

Tax on profit on ordinary activities for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020:19%).

The differences are reconciled below:

	2021 £ 000	2020 £ 000
Profit on ordinary activities before taxation	4,555	1,678
Corporation tax at standard rate	865	326
Timing differences on fixed assets	31	63
Deferred tax not previously recognised	-	4
Differences in local taxation rates	(35)	18
Other differences	101	(1)
Expenses not deductible for tax purposes	79	53
Income not subject to tax	(4)	(4)
Changes in rates on deferred tax balances	125	36
Adjustment for prior period	(5)	(1)
	1,157	494

The Finance Act 2021 announced an increase in the rate of corporation tax from 19% to 25% from 1 April 2023 for companies with taxable profits over £250,000. This increased rate was substantively enacted on 10 June 2021 when the Finance Act 2021 received royal assent. Accordingly, deferred tax calculations and related disclosures in these financial statements are based on 25%.

**12 Dividends paid**

During the year no dividends were paid to the shareholders (2020: £530,000).



**Ability Matters Group Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 October 2021 (continued)**

**13 Intangible fixed assets**

Group	Goodwill	Development costs	Trademarks	Total
	£ 000	£ 000	£ 000	£ 000
<b>Cost or valuation</b>				
At 1 November 2020	2,102	2,100	12	4,214
Additions	-	229	-	229
Disposals	(104)	-	-	(104)
At 31 October 2021	1,998	2,329	12	4,339
<b>Amortisation</b>				
At 1 November 2020	1,291	940	12	2,243
Charge for the year	95	218	-	313
Disposals	(104)	-	-	(104)
At 31 October 2021	1,282	1,158	12	2,452
<b>Net book value</b>				
At 31 October 2021	716	1,171	-	1,887
At 31 October 2020	811	1,160	-	1,971

The company had no intangible fixed assets as at 31 October 2020 or 31 October 2021

Goodwill relates to the acquisition of subsidiaries and other businesses and comprises the difference between the price paid and the fair value of the assets acquired.

The amortisation charge is included within administrative expenses in the profit and loss account.

## Ability Matters Group Limited

### Notes to the Financial Statements for the year ended 31 October 2021 (continued)

#### 14 Tangible fixed assets

Group	Land and buildings £ 000	Short leasehold land and buildings £ 000	Plant and machinery £ 000	Motor Vehicles £ 000	Total £ 000
<b>Cost or valuation</b>					
At 1 November 2020	9,738	1,011	9,808	90	20,647
Additions	161	35	624	5	825
Disposals	-	-	-	(29)	(29)
Exchange adjustments	(11)	(15)	(54)	(3)	(83)
At 31 October 2021	9,888	1,031	10,378	63	21,360
<b>Depreciation</b>					
At 1 November 2020	986	955	5,976	87	8,004
Charge for the year	254	14	766	5	1,039
Disposals	-	-	-	(29)	(29)
Exchange adjustments	(2)	(15)	(51)	(3)	(71)
At 31 October 2021	1,238	954	6,691	60	8,943
<b>Net book value</b>					
At 31 October 2021	8,650	77	3,687	3	12,417
At 31 October 2020	8,752	56	3,832	3	12,643

The net book value of land and buildings is comprised entirely of long leasehold and freehold properties. At 31 October 2021, the directors do not consider the open market value of the property to be materially different to the historical cost net book value.

The depreciation charge is included within administrative expenses in the profit and loss account.

**Ability Matters Group Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 October 2021 (continued)**

**14 Tangible fixed assets (continued)**

**Company**

	Land and buildings £ 000	Short leasehold land and buildings £ 000	Plant and machinery £ 000	Total £ 000
<b>Cost or valuation</b>				
At 1 November 2020	3,316	279	576	4,171
Additions	3	-	181	188
At 31 October 2021	3,319	279	757	4,355
<b>Depreciation</b>				
At 1 November 2020	356	279	397	1,032
Charge for the year	69	-	54	123
At 31 October 2021	425	279	451	1,155
<b>Net book value</b>				
At 31 October 2021	2,894	-	306	3,200
At 31 October 2020	2,960	-	179	3,139

**15 Investments held as fixed assets**

**Company**

	2021 £ 000	2020 £ 000
<b>Cost</b>	2,854	2,854
<b>Impairment</b>	(106)	-
	2,748	2,854

**Ability Matters Group Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 October 2021 (continued)**

**15 Investments held as fixed assets (continued)**

**Details of undertakings**

Details of the investments in which the Group held during the year 20% or more of the nominal value of any class of share capital are as follows:

<b>Subsidiary Undertakings Registered Office Direct Ownership</b>	<b>Country of incorporation or registration</b>	<b>Proportion of voting rights and ordinary shares held</b>	<b>Principal Activity</b>
Opcare Limited Ability House, Nuffield Way Abingdon OX14 1RL, UK	England	100%	Trading
Ortho Europe Limited Ability House, Nuffield Way Abingdon OX14 1RL, UK	England	100%	Trading
SIT UK Limited Ability House, Nuffield Way Abingdon OX14 1RL, UK	England	100%	Trading
Ability Lifting Solutions Limited (dissolved 10 May 2018) Ability House, Nuffield Way Abingdon OX14 1RL, UK	England	100%	Dormant
Ability Matters Limited Ability House, Nuffield Way Abingdon OX14 1RL, UK	England	100%	Dormant
Quantum Prosthetics and Orthotics Limited (restored 8 February 2018) Ability House, Nuffield Way Abingdon OX14 1RL, UK	England	100%	Dormant
Assistive Technology Group Limited Unit 12 Deansgrange Business Park, Kill Lane, Blackrock, Co. Dublin, Republic of Ireland	Republic of Ireland	100%	Trading
Ability Matters (NI) Limited 2a Apollo Rd, Belfast BT12 6HP, UK	Northern Ireland	100%	Dormant
Nordic Ortopedica AB Hyvelgatan 37, lokal 1 74171 Knivsta, Sweden	Sweden	100%	Trading
Milton Keynes Mobility Ltd Ability House, Nuffield Way Abingdon OX14 1RL, UK	England	100%	Trading
Flat Free Tyres Ltd Ability House, Nuffield Way Abingdon OX14 1RL, UK	England	100%	Trading

**Ability Matters Group Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 October 2021 (continued)**

**15 Investments held as fixed assets (continued)**

T&S Orthotics Ltd Ability House, Nuffield Way Abingdon OX14 1RL, UK	England	100%	Trading
<i>Indirect ownership</i>			
SARL Ortho Europe Limited 1025 rue Henri Becquerel, Parc Club du Millénaire n° 29, 34000 Montpellier, France.	France	100%	Trading
Ortho Europe BV Hoofdveste 30 3992 DG Houten, Netherlands	Netherlands	100%	Trading
Van Luyn en Van Der Meer Orthopedie BV Sonny Rollinsstraat 149 3543 GR Utrecht, Netherlands	Netherlands	100%	Trading

For the year ended 31 October 2021 Ability Matters Group has given a guarantee under section 479C of the Companies Act 2006 in respect of SIT UK Ltd (incorporated in the United Kingdom, Reg. No. 00610491), T&S Orthotics Ltd (incorporated in the United Kingdom, Reg. No. 06509053), Flat Free Tyres Ltd (incorporated in the United Kingdom, Reg. No. 05692726) and Milton Keynes Mobility Ltd (incorporated in the United Kingdom, Reg. No. 04809881). Consequently, these subsidiaries are exempt from the requirement relating to the audit of accounts under Section 479A of the Companies Act 2006.

**16 Stocks**

	Group		Company	
	2021	2020	2021	2020
	£ 000	£ 000	£ 000	£ 000
Raw materials	1,171	1,220	-	-
Work in progress	703	3,202	-	-
Finished goods	3,920	2,258	176	637
	<u>5,794</u>	<u>6,680</u>	<u>176</u>	<u>637</u>

During the year, an impairment loss on raw materials and finished goods was recognised in the profit and loss account, within cost of sales.

	Group		Company	
	2021	2020	2021	2020
	£ 000	£ 000	£ 000	£ 000
Stock Impairment loss	1,384	234	28	-

## Ability Matters Group Limited

### Notes to the Financial Statements for the year ended 31 October 2021 (continued)

#### 17 Debtors

	Group		Company	
	2021	2020	2021	2020
	£ 000	£ 000	£ 000	£ 000
Trade debtors	5,174	6,557	210	37
Amounts owed by Group undertakings	-	-	8,011	12,639
Other debtors	1,860	50	95	-
Prepayments and accrued income	1,397	1,202	1,521	281
Corporation tax	25	64	-	-
Other taxes and social security	-	-	543	-
	<u>8,456</u>	<u>7,873</u>	<u>10,380</u>	<u>12,957</u>

#### 18 Cash and cash equivalents

	Group		Company	
	2021	2020	2021	2020
	£ 000	£ 000	£ 000	£ 000
Cash and cash equivalents	<u>4,476</u>	<u>4,228</u>	<u>1,760</u>	<u>1,471</u>

#### 19 Creditors: Amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£ 000	£ 000	£ 000	£ 000
Bank loans and overdrafts	694	3,501	435	3,263
Trade creditors	5,036	4,368	194	236
Amounts owed to Group undertakings	-	-	12,258	14,797
Corporation tax	464	-	-	-
Other taxes and social security	803	2,017	-	(73)
Other creditors	306	275	22	21
Accruals and deferred income	2,101	5,062	391	121
	<u>9,404</u>	<u>15,223</u>	<u>13,300</u>	<u>18,365</u>

**Ability Matters Group Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 October 2021 (continued)**

**20 Creditors: Amounts falling after more than one year**

	Group		Company	
	2021 £ 000	2020 £ 000	2021 £ 000	2020 £ 000
Bank loans	<u>5,348</u>	<u>2,980</u>	<u>4,036</u>	<u>1,507</u>
<b>Maturity of debt:</b>				
<b>Group</b>			<b>Bank loans and overdrafts 2021 £ 000</b>	<b>Bank loans and overdrafts 2020 £ 000</b>
In one year or less, or on demand			<u>694</u>	<u>3,501</u>
In more than one year, but not more than two years			590	300
In more than two years, but not more than five years			1,770	898
In more than five years			<u>2,988</u>	<u>1,782</u>
			<u>5,348</u>	<u>2,980</u>

**Ability Matters Group Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 October 2021 (continued)**

**20 Creditors: Amounts falling after more than one year (continued)**

**Maturity of debt (continued):**

Company	Bank loans and overdrafts 2021 £ 000	Bank loans and overdrafts 2020 £ 000
In one year or less, or on demand	435	3,263
In more than one year, but not more than two years	435	143
In more than two years, but not more than five years	1,305	430
In more than five years	2,296	934
	<u>4,036</u>	<u>1,507</u>

The bank loans and overdrafts are secured by a fixed and floating charge over the assets of the Group. The bank loan with an element repayable after more than 5 years, is repayable by fixed monthly instalments, incurring interest at a rate of 2% and 2.15% above the Bank of England base rate.

The Group purchased a further long leasehold property in September 2019 for £1.7 million, on which it subsequently incurred £1.5 million refurbishment costs. This expenditure was funded initially by short term bank loans of £3.2million, which were converted during the year to a commercial mortgage repayable over 10 years incurring an interest rate of 2.05% above Bank of England base rate.

Ability Matters Group purchased long leasehold premises in January 2016 at a cost of £2.95 million. The purchase was in part funded by a fixed term bank loan of £2.2 million which is repayable by monthly instalments over 16 years, incurring interest at 2.15% above Bank of England base rate.

**21 Provisions**

**Group**

	Deferred taxation £ 000	Dilapidations £ 000	Total £ 000
At 1 November 2020	668	316	984
(Credited)/Charged to the profit and loss account	(16)	95	79
At 31 October 2021	<u>652</u>	<u>411</u>	<u>1,063</u>

The dilapidations provision represents the amount expected to be incurred in reinstating leasehold premises to their original condition at the end of the respective leases, accrued over the term of each lease.



**Ability Matters Group Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 October 2021 (continued)**

**21 Provisions (continued)**

**Provision for Deferred Tax**

	2021 £ 000	Group 2020 £ 000	Company 2021 £ 000	2020 £ 000
At the beginning of the year	668	533	43	16
(Credited)/ charged to the profit and loss account	(16)	135	48	27
At the end of the year	<u>652</u>	<u>668</u>	<u>91</u>	<u>43</u>

The deferred tax liability is made up as follows:

	Group 2021 £ 000	2020 £ 000	Company 2021 £ 000	2020 £ 000
Capital allowances in excess of depreciation	561	430	95	43
Other timing differences	91	238	(4)	-
	<u>652</u>	<u>668</u>	<u>91</u>	<u>43</u>

**22 Analysis of changes in net debt**

	2020 £ 000	Cash flow £ 000	Other changes £ 000	2021 £ 000
Cash at bank and in hand	4,228	248	-	4,476
Overdrafts due within one year	(93)	(17)	-	(111)
Bank loans due within one year	(3,408)	804	2,018	(585)
Debt due after more than one year	(2,980)	-	(2,369)	(5,349)
Total	<u>(2,253)</u>	<u>1,035</u>	<u>(351)</u>	<u>(1,569)</u>

## Ability Matters Group Limited

### Notes to the Financial Statements for the year ended 31 October 2021 (continued)

#### 23 Share capital

		2021		2020
Allotted, called up and fully shares	No	£	No	£
A Ordinary shares of £0.01 each	6,639	66	6,639	66
B Ordinary shares of £0.01 each	10,200	102	10,200	102
C Ordinary shares of £0.01 each	3,321	33	3,321	33
D Ordinary shares of £0.01 each	3,561	36	3,561	36
	<u>23,721</u>	<u>237</u>	<u>23,721</u>	<u>237</u>

The rights and restrictions attaching to each class are set out below:

	Dividends	Votes
'A' Shares	Entitled	1 per share
'B' Shares	Entitled	Non – voting
'C' Shares	Entitled	Non – voting
'D' Shares	Entitled	1 per share

#### 24 Pension schemes

The Group operates defined contribution scheme on behalf of the employees. The main scheme is a defined contribution pension scheme whose assets are held separately from those of the Group in an independently administered fund. Contributions are charged to the profit and loss account as incurred and totalled £705,000 for the year (2020: £705,000). The amount of unpaid contributions at the year end and included within creditors due in less than one year is £145,000 (2020: £133,000).

#### 25 Contingent liabilities

In conjunction with the other members of the Ability Matters Group Limited group of companies, the Company has given a composite guarantee to the Company's bankers. The bank liability covered by this guarantee as at 31 October 2021 is £6,042,000 (2020: £6,431,000). There is a right of set off incorporated in the composite guarantee and a mortgage debenture.

#### 26 Reserves

##### Profit and Loss Account

The profit and loss account includes all current and prior periods retained profits and losses.

##### Share Premium Account

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

## Ability Matters Group Limited

### Notes to the Financial Statements for the year ended 31 October 2021 (continued)

#### 27 Commitments under operating leases

As at 31 October 2021 the Group had commitments under non-cancellable operating leases which fall due as follows:

	Group		Company	
	2021	2020	2021	2020
	£ 000	£ 000	£ 000	£ 000
Land and buildings				
Within one year	551	855	-	81
Within two to five years	1,167	2,082	-	322
More than five years	632	872	-	61
	<u>2,350</u>	<u>3,809</u>	<u>-</u>	<u>464</u>
Other				
Within one year	210	226	28	31
Within two to five years	206	251	30	24
	<u>416</u>	<u>477</u>	<u>58</u>	<u>55</u>

Land and buildings leases relate to properties leased by the Group in the UK in Middlesbrough, Leicester, Norton Canes, Bradford, Oxford, Birmingham and Sheffield, in Dublin, Ireland, Houten in the Netherlands and Montpelier in France.

Other leases relate primarily to motor vehicles.

#### 28 Related party transactions

The Group has taken advantage of the exemption allowed by Financial Reporting Standard 102, Section 33, not to disclose any transactions with members of the group headed by Ability Matters Group Limited on the grounds that 100% of the voting rights in the Company are controlled within the Group and each company is included in the consolidated financial statements.

The Group pays rent in respect of properties owned by a pension fund of which the O'Byrne family are beneficiaries. Rental of £108,000 was charged to the Group for these properties during the year (2020: £146,000). No amounts were outstanding at the year end (2020: £nil).

During the year no dividends were paid to the Director Michael O'Byrne (2020: £500,000).

During the year the company loaned Michael O'Byrne £1,500,000 in 3 tranches of £500,000 on 21 December 2020, 1 February 2021 and 18 May 2021. The interest rate applicable was 2.25% in the period to 5 April 2021 and 2% thereafter. As at the year end there was accrued interest of £21,062. Subsequent to the year end these amounts were settled.

#### 29 Control

As at 31st October 2021 the ultimate controlling party was M A O'Byrne by virtue of his shareholding. On 24 November 2021, G Square Capital (Gp) Iii Llp became the ultimate controlling party following their acquisition of the majority of the share capital of the Group.

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**Ability Matters Group Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 October 2021 (continued)**

**30 Post balance sheet events**

On 24 November 2021, G Square Capital (Gp) Lii Llp became the ultimate controlling party following its acquisition of the majority of the share capital of Ability Matters Group Limited. The immediate holding company is Astra Bidco Limited.

On 29 April 2022 Ability Matters Group Ltd acquired 100% of Proactive Prosthetics Limited For a total consideration of £4.95m

On 5 May 2022, Ability Matters Group Ltd acquired 100% of Thaxter Holdings Limited and its 100% owned subsidiary Crispin Orthotics Ltd for a cash consideration of £5.36m