Strategic Report, Report of the Directors and

Financial Statements

for the Year Ended 31 December 2022

for

Apleona UK Limited

Apleona UK Limited
Contents of the Financial Statements
for the Year Ended 31 December 2022

DIRECTORS:	J O P Thoden Van Velzen D L Hogg R H Fainac F E M Frater
REGISTERED OFFICE:	Fifth Floor City Reach 5 Greenwich View Place London E14 9NN
REGISTERED NUMBER:	4073907 (England and Wales)
AUDITORS:	Mazars LLP 100 Queen Street Glasgow G1 3DN
BANKERS:	Deutsche Bank AG - London Winchester House 1 Great Winchester House London EC2N 2DB

The Directors present their Strategic Report for the year ended 31 December 2022.

REVIEW OF BUSINESS
The income statement of Apleona UK Limited ("the Company") is set out on page 15 and discloses the Company's financial performance for the year. The Company's turnover for the year amounted to £76.1 million (2021: £75.2 million) which resulted in an operating profit of £2.06 million (2021:£1.78 million). After interest, a profit before tax of £1.35 million (2021:£1.15 million) was incurred.

On 4 April 2022, the Company's name was changed to Apleona UK Limited.

PRINCIPAL RISKS AND UNCERTAINTIES
The services provided by the Company present limited operational risks and these are mitigated through a comprehensive risk management process. Most of the Company's activities are delivered through long term contracts which are structured to limit the Company's exposure to commercial risks. The principal uncertainties regarding the Company's ability to achieve consistent profitability are the loss of a major client, failure to secure new contracts and general economic and market conditions. The Company has a diverse client base, and the loss of any particular client would not have a catastrophic impact on the Company's viability.

GOING CONCERN
The Directors of Apleona UK Limited have made an assessment to review the appropriateness of the going concern assumptions in preparing financial statements for the year ended 31 December 2022. The assessment period considered by the Directors is 12 months from the date of signing the accounts and concluded on 27 September 2023.

The Company's principal funding is received from Apleona GmbH using a cash pooling arrangement and loan which supports the company in it's overall net liability position. Apleona GmbH are kept fully appraised on short and long term expected cash requirements for the Apleona UK Limited business. The Directors have received confirmation from Apleona GmbH that this financial support will continue for at least twelve months following the approval of these financial statements ensuring the Company is able to meet financial obligations as they fall due for the period through to 27 September 2024. After considering the ability of Apleona GmbH to provide the financial support through its available free cash and committed undrawn facility, they have concluded to continue to adopt the going concern basis of accounting in preparing the annual financial statements. *See note 1 Accounting Policies for further details regarding this assumption.*

FUTURE OUTLOOK
The Company intends to continue to offer innovative solutions based on the quality of both staff and systems to successfully operate in a competitive market. The Directors expect the activities of the business to be unchanged for the foreseeable future. The Company is now actively monitoring the UK market and seeking to expand our customer base using these innovative solutions and developing these in partnership with existing customers.

KEY PERFORMANCE INDICATORS
The Directors consider the following key performance indicators:

	2022	**2021**
Turnover	£76.1m	£75.2m
Operating profit	£2.1m	£1.8m
Net liabilities	(£4.4m)	(£6.4m)

FINANCIAL INSTRUMENTS
The Company's principal finance instruments comprise bank balances, loans from parent undertakings, finance lease agreements, trade debtors and trade creditors. The main purpose of these instruments is to finance the Company's operations.

Due to the nature of the financial instruments used by the Company there is no exposure to financial (credit) pricing risk. The Company's approach to managing other risks applicable to the financial instruments is shown below.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility using intercompany funding at floating rates of interest.

The Company is a lessee in respect of leased assets and ensures there are sufficient funds to meet payments.

Trade debtors are managed in respect of credit and cash flow risk by application of policies regarding the credit offered to customers, and the regular monitoring of amounts outstanding with reference to time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts falling due at the appropriate time.

SECTION 172(1) STATEMENT
The Directors of the Company acknowledge the importance of forming and retaining constructive relationships with all stakeholder groups. Effective engagement with stakeholders enables the Directors to ensure stakeholder interests are considered when making decisions and is crucial for achieving the long-term success of the Company.

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) and forms the Directors' statement required under Section 414CZA of the Companies Act 2006.

Stakeholders
The Directors consider the group set out in the table below as its key stakeholders, these align with those of the wider Group. Through various methods, including regular engagement with divisional and senior leadership teams and company-wide engagement (direct and indirect) the Directors aim to understand the factors and respective interests of each.

Stakeholder	Engagement activity	Areas of interest identified
Customers	• Management of customer relationships by divisional management • Site visits by Directors	• Customer satisfaction • Governance and transparency • Excellence in service • Social responsibility
Shareholders	• Regular meetings	• Financial performance • People and Organisation • Digitisation and innovation • Governance and Processes
Employees	• Employee engagement survey • Regular communications from Directors	• Reward and recognition • Emotional wellbeing • Learning and development • Diversity and inclusion • Internal communication
Suppliers	• Management of supplier relationships by designated category managers	• Responsible procurement • Prompt payment • Speedy resolution of disputes

Consequences of any decision in the long-term
The Directors are aware that strategic decisions can have long term implications on the Company and its stakeholders, and these decisions are carefully considered.

Example: during 2022, the Company made improvements to its existing health and safety structures and tools to catalogue accident & near-miss reporting incidents. These changes were developed in consultation with existing safety staff across the business in order to improve health and safety outcomes for all staff and are regularly highlighted across employee communications to encourage use of the tools. This activity has been carried on from prior year.

Having regard to the interests of employees
The Company has a number of mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making. Directors engaged with employees during 2022 via an engagement survey. The HR Director UK & Ireland is a key advisor to the Directors on employee issues and action plans for dealing with issues raised in the engagement survey are underway.

Examples: The Company has rolled out a One Apleona programme, which engages all employees in discussions around the key guiding principles Apleona represents, and how these can be further embedded in daily activities.

Fostering business relationships with suppliers and customers
Suppliers
The Directors aim to ensure the Company's suppliers adhere to the Apleona Code of Conduct. The Company operates a vendor on-boarding platform which reduces the risk of engaging with non-compliant suppliers and makes it easier to communicate with and update information from existing suppliers. This system ensures that suppliers operate safely and meet the needs of customers and employees.

Customers
Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs is at the core of the Company. To support this the Directors will engage with customers on a regular basis and identify areas for future development of the Company's service offering.

Example: For customers and potential customers working with a socially responsible facilities management and workplace provider is becoming increasingly important. Following on from prior year, Apleona has continued to expand its service offering around sustainability. This ranges from large project work & surveys, through to using more sustainable and environmentally cleaning projects across key client sites.

Maintaining a high standard of business conduct
Ethical business practice
The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. The Apleona Group has a well established Code of Ethics and Conduct which applies to all employees in relation to dealings with its people, agents, customers, suppliers, subcontractors, competitors, government officials, the public and its investors.

To support this, there are a wide range of policies and training modules available.

Good governance
The Company operates within a robust governance framework which includes processes and procedures set by the Directors and the Board of the wider Apleona Group. This ensure consistency in decision making which is crucial for achieving long term success and creating sustainable value.

The need to act fairly as between members of the company
The Company is a wholly owned subsidiary within the Apleona Group. The Directors of the Company operate within the governance framework for the Group and hold regular meetings where items such as financial performance and people are discussed.

ON BEHALF OF THE BOARD:

....

JOP Thoden Van Velzen - Director FEM Frater - Director

27 September 2023

The Directors present their report for the year ended 31 December 2022.

DIVIDENDS
During the year dividends of £nil (2021: £nil) were paid.

DIRECTORS
The Directors who have held office during the period from 1 January 2022 to the date of this report (unless otherwise stated) are as follows:

J O P Thoden Van Velzen
D L Hogg
R H Fainac
F E M Frater

GOING CONCERN
The Directors of Apleona UK Limited have made an assessment to review the appropriateness of the going concern assumptions in preparing financial statements for the year ended 31 December 2022. The assessment period considered by the Directors is 12 months from the date of signing the accounts and concluded on 27 September 2023.

When considering going concern the Directors consider the company's business activities, together with the factors likely to affect its future development, performance and position. As noted in this review, the Directors view the future outlook of the company as positive.

In carrying out their duties in respect of going concern, the Directors have carried out a review of the company's financial position and cash flow forecast including stress tests for 12 months from the date of signing the accounts and concluded on 27 September 2023. This has been based on a comprehensive review of revenue, expenditure and cash flows, incorporating specific business risks and the uncertainties brought about by the current economic environment.

The Directors note that at the year end the company had net liabilities of £4.4m (2021: liabilities of £6.4m) and *net current liabilities of £2.0m (2021 – net current liabilities of £2.1m). At the year end the company had a net* cash balance of £0.01m (2021: £0.3m). The Company has a £9.0m long term loan from Apleona GmbH due for repayment on 16 August 2029.

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show the company should be able to operate within the level of its current resources and facilities. The company has taken a number of significant strategic decisions in recent years which have resulted in a short term increase in costs over that period but which are now ensuring the company is in a stronger position to improve future profitability.

The Company has established a regular process of senior executive meetings, liaison with key customers, regular dialogue with shareholders and close monitoring of government advice. The Company continues to take appropriate actions regarding staff and resources as required to minimise the impact on overall profitability. The Company has maintained existing risk management processes as much as possible and no significant changes to internal controls have been required as a result of remote working.

GOING CONCERN - continued
The Company participated in the UK Government's Coronavirus Job Retention Scheme but did not require assistance from any other financial support mechanisms surrounding the COVID-19 pandemic. The total grant received for 2021 was £1.1m and is shown separately as other operating income in the profit and loss. Grant income claimed or to be claimed from the UK Government's Coronavirus Job Retention Scheme is included in other operating income and is aligned with the related payroll costs and the timing of payment of such furlough wages to relevant staff.

The Company's principal funding is received from Apleona GmbH using a cash pooling arrangement and loan which supports the company in it's overall net liability position. Apleona GmbH are kept fully appraised on short and long term expected cash requirements for the Apleona UK Limited business. The Directors have received confirmation from Apleona GmbH that this financial support will continue for twelve months following the approval of these financial statements ensuring the Company is able to meet financial obligations as they fall due for the period through to 27 September 2024. After considering the ability of Apleona GmbH to provide the financial support through its available free cash and committed undrawn facility, they have concluded that it is appropriate to continue the going concern basis of accounting in preparing the annual financial statements.

Having taken all of the above factors into consideration, including considering the ability of Apleona GmbH to provide the financial support through its available free cash and committed undrawn facility, the Directors have reached a conclusion that the company is able to meet its financial obligations for the going concern review period. Accordingly, they have concluded that it is appropriate to continue to adopt the going concern basis in preparing the annual report and financial statements.

ENERGY AND CARBON REPORTING

As a key strategic partner of some of the UK's largest business premises, we recognise our role in reducing our environmental impacts and carbon emissions. We publish our performance in the Sustainability Report and our Carbon Reduction Plan, both available on our website.

The Company manages this impact by having an ISO certified environmental management system alongside embedded processes and procedures that are annually assessed by an external auditor.

Energy performance

	2020	2021	2022
Gas (kwh)	407,814	270,315	298,381
Electricity (kwh)	219,534	178,859	171,003
Transport fuels (litres)	225,031	181,274	178,185
Kilometres travelled (km)	1,747,044	1,412,679	1,811,762

ENERGY AND CARBON REPORTING – CONTINUED

Carbon performance

t/CO2e	2020	2021	2022
Scope 1	679	541	539
Scopc 2	51	38	33
Scope 3	270	192	297
Location-based total	**1000**	**771**	**869**

The location-based result is used as a proxy for the market-based method, as we are clarifying the market based data from our electricity suppliers.

Intensity Ratio

	2020	2021	2022
Emissions (t/CO2e) per turnover	12.16	9.12	10.8

We have made minor adjustments to our energy and carbon data reported for 2020 and 2021, following a review and including all material data sources.

Environmental indicators

Apleona operates an environmental management system compliant to ISO 14001 standards for all divisions that operate as part of the Group. The Group's management system ensures that it meets environmental standards and legislative requirements across all the SECR key environmental impacts.

Energy and carbon strategy

The Group takes its role as a responsible business seriously and we consistently explore ways to reduce our environmental impacts through the reduction of energy and carbon.
90% of our carbon emissions arise from business travel in company and non-company vehicles, therefore the focus to decarbonise is through our fleet. We are committed to developing our route to zero carbon by 2045 as a Group, which will involve electrifying our fleet and procuring energy from renewable sources.

Operational trends

In 2022, we have seen a small reduction in Scope 1 and 2 emissions but an increase in Scope 3 emissions due to 8% increase in staff numbers in 2022 and more employees choosing company allowance over a company car.

- Absolute CO2e emissions have reduced by 13% from the baseline year of 2020, from 1,000 t/CO2e to 869 t/ CO2e
- We have seen 55% increase in travel in non-company cars, rail and air last year compared to 2021, due to increased staff numbers and greater connectivity with Apleona Group

Energy efficiency and carbon reduction achievements

- By working closely with our fleet providers we have increased the range of hybrid vehicles available to our staff. 25% of our company fleet are electrified vehicles, either fully electric or electric hybrid and this will continue to increase over time. We have increased the number of fully electric vehicles to 7 and the number of hybrid vehicles to 21.
- Our commercial vehicle fleet is fitted with Euro VI engines
- Gas and electricity use in our properties is measured via our energy management platform Enerlutec, which captures half-hourly data as well as usage from invoices. As a result, measurement of energy use is more accurate and transparent

EMPLOYEE INVOLVEMENT
The Company's policy is to consult and discuss with employees, through unions, staff councils, and at meetings, matters likely to affect employees' interests.

Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

DISABLED EMPLOYEES
The Company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

POST BALANCE SHEET EVENTS
Important events since the Balance Sheet date are disclosed in note 23 to the financial statements.

DISCLOSURE IN THE STRATEGIC REPORT
In accordance with s414(C) (11) of the Companies Act, included in the Strategic report is information relating to the future development of the business which would otherwise be required by Schedule 7 of the 'large and medium sized companies and groups (accounts and reports) regulations 2008' to be contained in a Directors Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The Directors are responsible for preparing the Strategic Report, the Report of the Directors 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards including FRS 101, have been followed, subject to any 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITOR
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006), being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS
Pursuant to Section 487 of the Companies Act 2006, Mazars were re-appointed as auditor.

ON BEHALF OF THE BOARD:

....
JOP Thoden Van Velzen- Director

....
FEM Frater - Director

27 September 2023

Independent Auditor's Report to the Members of
Apleona UK Limited

Opinion

We have audited the financial statements of Apleona UK Limited (formerly Apleona HSG Limited) (the 'company') for the year ended 31 December 2022 which comprise the Income Statement, the Statement of Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 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 Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our audit procedures to evaluate the Directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

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.

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 report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the report of the directors 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 report of the directors.

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 10, 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.

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 our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instance of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlines above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment law, health and safety regulation, non-compliance with implementation of government support schemes relating to COVID-19 and GDPR.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to, revenue recognition (which we pinpointed to the cut-off assertion), the valuation of goodwill, the valuation of the defined benefit pension scheme and significant one-off or unusual transactions.

Auditor's responsibilities for the audit of the financial statements (continued)

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit 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 matter 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.

Craig Maxwell

Craig Maxwell (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
100 Queen Street
Glasgow
G1 3DN
Date: Sep 29, 2023

Apleona UK Limited
Income Statement
for the Year Ended 31 December 2022

	Notes	Dec-22 £	Dec-22 £	Dec-21 £	Dec-21 £
REVENUE FROM CONTRACTS WITH CUSTOMERS	2		**76,142,842**		**75,243,013**
Cost of providing services			(68,082,122)		(68,187,252)
GROSS PROFIT			8,060,720		7,055,761
Distribution costs		(417,513)		(423,868)	
Administrative expenses		(5,586,823)		(5,960,975)	
Other operating income	3	-		1,107,548	
			(6,004,336)		(5,277,295)
OPERATING PROFIT			2,056,384		1,778,466
Interest payable and similar charges	5	(693,465)		(583,239)	
Other finance costs	19	(11,000)		(50,000)	
			(704,465)		(633,239)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6		**1,351,919**		**1,145,227**
Tax charge on profit on ordinary activities	7		(235,438)		(262,155)
PROFIT FOR THE FINANCIAL YEAR			**1,116,481**		**883,072**

The Income Statement has been prepared on the basis that all operations are continuing operations.

The notes on pages 19 – 44 form part of these financial statements.

Apleona UK Limited
Statement of Other Comprehensive Income
for the Year Ended 31 December 2022

	Notes	Dec-22 £	Dec-21 £
TOTAL COMPREHENSIVE INCOME		**1,116,481**	**883,072**
OTHER COMPREHENSIVE GAINS/(LOSSES)			
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on pension scheme	19	970,000	1,703,000
UK deferred tax (charge)/credit on actuarial gain/(loss)	7b	(82,663)	(100,383)
OTHER COMPREHENSIVE GAINS/(LOSSES) FOR THE YEAR, NET OF INCOME TAX		**887,337**	**1,602,617**
TOTAL COMPREHENSIVE GAIN/(LOSS) FOR THE YEAR		**2,003,818**	**2,485,689**

The notes on pages 19 – 44 form part of these financial statements.

Apleona UK Limited
Registered Number: 4073907
Balance Sheet
31 December 2022

	Notes	Dec-22 £	Dec-22 £	Dec-21 £	Dec-21 £
FIXED ASSETS					
Intangible assets	8		3,960,524		3,977,888
Tangible fixed assets	9		1,227,616		1,229,458
Right-of-use assets	10		1,650,069		2,286,680
Contract Fulfilment Assets	11		606,917		320,796
			7,445,125		7,814,822
CURRENT ASSETS					
Stock	12	257,332		292,585	
Debtors	13	21,555,203		19,864,883	
Cash at bank		97,061		302,777	
		21,909,596		20,460,245	
CREDITORS					
Amounts falling due within one year	14	(23,897,632)		(22,562,031)	
NET CURRENT LIABILITIES			(1,988,036)		(2,101,786)
TOTAL ASSETS LESS CURRENT LIABILITIES			5,457,089		5,713,036
CREDITORS					
Amounts falling due after one year	15		(10,323,437)		(10,794,217)
PROVISIONS FOR LIABILITIES	16		-		(5,985)
PENSION ASSET/(LIABILITY)	19		436,000		(1,347,000)
NET LIABILITIES			**(4,430,348)**		**(6,434,166)**
CAPITAL AND RESERVES					
Called up share capital	17		121,825		121,825
Share premium	18		1,556,677		1,556,677
Accumulated losses	18		(6,108,850)		(8,112,668)
SHAREHOLDERS' DEFICIT			**(4,430,348)**		**(6,434,166)**

The notes on pages 19 – 44 form part of these financial statements.

The financial statements were approved by the Board of Directors on 27 September 2023 and were signed on its behalf by:

JOP Thoden Van Velzen - Director

FEM Frater - Director

Apleona UK Limited
Statement of Changes in Equity
for the Year Ended 31 December 2022

	Called up share capital £	Accumulated losses £	Share premium £	Total equity £
Balance at 1 January 2021	121,825	(10,598,357)	1,556,677	(8,919,855)
Changes in equity				
Total comprehensive income	-	2,485,689	-	2,485,689
Balance at 31 December 2021	121,825	(8,112,668)	1,556,677	(6,434,166)
Changes in equity				
Total comprehensive income	-	2,003,818	-	2,003,818
Balance at 31 December 2022	**121,825**	**(6,108,850)**	**1,556,677**	**(4,430,348)**

The notes on pages 19 – 44 form part of these financial statements.

1. ACCOUNTING POLICIES

Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Apleona UK Limited for the year ended 31 December 2022 were authorised for issue by the board of Directors on 27 September 2023 and the balance sheet was signed on the board's behalf by JOP Thoden Van Velzen and F E M Frater.

Apleona UK Limited is a private company limited by shares and is incorporated and domiciled in England and Wales.

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest pound (£0) except where otherwise indicated.

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2022 that have had a material impact on the company's financial statements.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Apleona Topco GmbH.

Apleona Topco GmbH, a company registered in Germany, is the parent company whose consolidated financial statements at 31 December 2022 include the results of the company and where the above information is included on a consolidated basis.

These financial statements are separate financial statements.

Basis of preparation

In preparing the financial statements under FRS 101 "Reduced Disclosure Framework" the Company has taken advantage of the following disclosure exemptions:

- 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; and
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10)(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 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 in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- 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 paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

1. **ACCOUNTING POLICIES - continued**

Going concern
The Directors of Apleona UK Limited have made an assessment to review the appropriateness of the going concern assumptions in preparing financial statements for the year ended 31 December 2022. The assessment period considered by the Directors is 12 months from the date of signing the accounts and concluded on 27 September 2023.

When considering going concern the Directors consider the company's business activities, together with the factors likely to affect its future development, performance and position. As noted in this review, the Directors view the future outlook of the company as positive.

In carrying out their duties in respect of going concern, the Directors have carried out a review of the company's financial position and cash flow forecast including stress tests for 12 months from the date of signing the accounts and concluded on 27 September 2023. This has been based on a comprehensive review of revenue, expenditure and cash flows, incorporating specific business risks and the uncertainties brought about by the current economic environment.

The Directors note that at the year end the company had net liabilities of £4.4m (2021: liabilities of £6.4m) and net current liabilities of £1.9m (2021 – net current liabilities of £2.1m). At the year end the company had a net cash balance of £0.01m (2021: £0.3m). The Company has a £9.0m long term loan from Apleona GmbH due for repayment on 16 August 2029.

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show the company should be able to operate within the level of its current resources and facilities. The company has taken a number of significant strategic decisions in recent years which have resulted in a short term increase in costs over that period but which are now ensuring the company is in a stronger position to improve future profitability.

The Company participated in the UK Government's Coronavirus Job Retention Scheme but did not require assistance from any other financial support mechanisms surrounding the COVID-19 pandemic. The total grant received for 2021 was £1.1m and is shown separately as other operating income in the profit and loss. Grant income claimed or to be claimed from the UK Government's Coronavirus Job Retention Scheme is included in other operating income and is aligned with the related payroll costs and the timing of payment of such furlough wages to relevant staff.

1. ACCOUNTING POLICIES - continued

Going concern - continued

The Company's principal funding is received from Apleona GmbH using a cash pooling arrangement and loan which supports the company in it's overall net liability position. Apleona GmbH are kept fully appraised on short and long term expected cash requirements for the Apleona UK Limited business. The Directors have received confirmation from Apleona GmbH that this financial support will continue for twelve months following the approval of these financial statements ensuring the Company is able to meet financial obligations as they fall due for the period through to 27 September 2024. After considering the ability of Apleona GmbH to provide the financial support through its available free cash and committed undrawn facility, they have concluded that it is appropriate to continue the going concern basis of accounting in preparing the annual financial statements.

Having taken all of the above factors into consideration, including considering the ability of Apleona GmbH to provide the financial support through its available free cash and committed undrawn facility, the Directors have reached a conclusion that the company is able to meet its financial obligations for the going concern review period. Accordingly, they have concluded that it is appropriate to continue to adopt the going concern basis in preparing the annual report and financial statements.

Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The choice of measurement of non-controlling interest, either at fair value or at the proportionate share of the acquiree's identifiable net assets, is determined on a transaction by transaction basis. Acquisition costs incurred are expensed and included in administrative expenses.

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognised for the non-controlling interest (and where the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree) over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units (or groups of cash generating units) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which goodwill is allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and not be larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained. When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

1. **ACCOUNTING POLICIES - continued**

Other intangible assets
Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Government Grants
Government grants are recognised at fair value when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received.

Grant income claimed or to be claimed from the UK Government's Coronavirus Job Retention Scheme is included in other operating income and is aligned with the related payroll costs and the timing of payment of such furlough wages to relevant staff.

Amortisation
Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful economic lives if intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Computer Software	3 - 5 years
Branding	3 years

Tangible fixed assets
Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value over its estimated useful life or, if held under finance lease, over the lease term whichever is shorter.

Leasehold property	Lease term
Plant and machinery	20% - 33% straight-line basis
Fixtures and fittings	20% - 50% straight-line basis

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

1. **ACCOUNTING POLICIES - continued**

Contract Fulfilment Assets
Contract fulfilment costs are divided in to costs that give rise to an asset and costs that are expensed as incurred.

Costs will be capitalised where these directly relate to a contract and generate or enhance resources which will be used in satisfying performance obligations in the future and where the costs are expected to be recovered.

The Company expenses contract fulfilment assets (capitalised costs to obtain a contract) to cost of sales over the expected contract period in line with criteria used for recognition of revenue for the contract. A contract fulfilment asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

Income taxes
Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

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

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

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

Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

1. **ACCOUNTING POLICIES - continued**

Leasing
The company leases various offices, warehouses, equipment and vehicles. Rental contracts are typically made for fixed periods of 6 months to 20 years but may have extension options.

Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the company is a lessee and for which it has major leases, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the company under residual value guarantees;
- The exercise price of a purchase option if the company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

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

1. **ACCOUNTING POLICIES - continued**

Leasing - continued

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

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

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

Pensions

The company operates both defined benefit and defined contribution schemes for the benefit of its employees. Contributions payable to the defined contribution scheme are charged to the profit and loss account in the year they are payable.

For defined benefit schemes, the pension costs are assessed using the projected unit credit method, the cost of providing pensions (including related administration fees) are charged to the profit and loss account so as to spread the regular costs over the service lives of employees. The pension obligation is measured at the present value of the estimated future cash flows using interest rates on government securities that have terms to maturity approximating the terms of the related liability. The amounts charged to operating profit are the current service costs, administration fees and gains and losses on settlements and curtailments. These are included as part of staff costs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

When the benefits of a scheme are improved, past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately, following the introduction of, or changes to, a defined benefit plan, the past service cost is recognised immediately as an expense.

Revenue recognition

The accounting policies for the Company's revenue from contracts with customers are explained in note 2.

1. ACCOUNTING POLICIES - continued

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

Non-recurring items

The Company presents as non-recurring items those items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition using purchase cost on a first in first our basis.

1. ACCOUNTING POLICIES – continued

Key judgements and estimations
Key judgements and estimations 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 assumptions and estimates primarily relate to the following matters:

- Provisions for doubtful debts and carrying value of amounts to be billed for work performed: such amounts are based to a large extent on estimates and individual judgement of individual receivables. Such decisions take account of the creditworthiness of the respective customer, the current economic situation and the status of any ongoing legal process or negotiations. The carrying value of such receivables as at 31 December 2022 was £19,192,497 (2021: £17,174,771), while the bad debt allowance for trade receivables was £128,103 (2021: £164,271). The large number of counterparties and influencing factors means it is not reasonably possible to perform a sensitivity analysis of the potential effects if the estimates are adjusted.

- Provisions for pensions and similar obligations: Provisions for pensions and similar obligations were calculated considering future developments on the basis of actuarial principles. These measurements are primarily based on assumptions about the discounting factors, anticipated salary trends, pension trends and life expectancies. Explanations on the assumptions concerned and potential risks can be found in note 19. The Company has continued to make additional deficit repair contributions to the scheme in 2022. This action, combined with improved investment performance and an increase in the discount factors in the current reporting year, which are used for discounting the present value of benefits leads to an reduction in the net pension obligation for the company. These factors drive a change in actuarial assumptions which leads to a non-cash increase in other comprehensive income reported.

- Other provisions: Provisions for Liabilities are largely calculated on the basis of estimates made by the company. These estimates may change as the result of new information, for example the finalisation of ongoing negotiations. As at 31 December 2022, the carrying amount of such provisions was £nil (2021: £5,985).

- Income taxes: Deferred tax assets are recognised if sufficient taxable profit will be available in the future. This estimation takes account of the budgeted result from operating activities and the impact on earnings from the reversal of taxable temporary differences. Management assesses the recoverability of the deferred tax assets based on the budgeted taxable income in the future as of each reporting date. Because future business developments are uncertain, assumptions are needed to estimate future taxable income as well as the date of realisation of deferred tax assets. Estimates are posted in the period when there is sufficient evidence for this to be necessary. As of 31 December 2022, the carrying value of deferred tax assets was £621,887 (2021: £939,987).

2. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company derives revenue from the transfer of goods and services over time in relation to the provision of facilities and workspace management services. The Company recognises revenue at the point of delivery for goods and over time for services where the customer simultaneously receives and consumes the benefit. Goods are predominantly delivered as part of service, design or management contracts and are therefore included and scheduled over time to fulfil overall performance contractual obligations. Any separate goods only contracts, refunds and rebates are determined by the Company to be immaterial and not relevant for separate disclosure.

In determining the amount of revenue and profits to record, and related balance sheet items (such as contract fulfilment assets, trade debtors, amounts to be billed for work performed and deferred income) to recognise in the period, management is required to form a number of key judgements and assumptions. This includes an assessment of the costs the Company incurs to deliver its contractual commitments and whether such costs should be capitalised or expensed as incurred. These judgements are inherently subjective and may cover future events such as performance KPIs and planned cost savings.

The Company enters into contracts which contain extension periods, where either the customer or both parties can choose to extend the contract, and/or termination clauses that could impact the actual duration of the contract. Judgement is applied to assess the impact that these clauses have when determining the appropriate contract term. The term of the contract impacts on the period over which revenue from performance obligations may be recognised and over which contract fulfilment assets are amortised.

The Company disaggregates revenue from customers by service line which reflects how information is regularly reviewed by senior management.

Facilities Management contracts provide long term outsourced service arrangements within the public and private sectors. These contracts will provide a series of distinct goods and services which are substantially the same and have the same pattern of transfer and are therefore treated as one performance obligation. For the majority of contracts with customers in this category the Company recognises revenue using the output method as it best reflects the value provided to the customer under performance of the contract.

Workspace Management contracts provide design, construction, office structure and furniture delivery to public and private sectors under shorter term contracts. These contracts will provide a series of associated goods and services, potential contract milestones and performance under the contract will be assessed in relation to the value provided to the customer to date.

Some Workspace management contracts will be amended for changes in contract specifications and requirements. The facts and circumstances of any contract modification are considered individually as the types of modifications will vary and may result in different accounting outcomes. It may result in adjustments to revenue as an additional separate contract, as creation of a new contract, as cumulative catch up on any existing contract or a combination of each. Performance is assessed in relation to the value provided to the customer to date.

2. REVENUE FROM CONTRACTS WITH CUSTOMERS - continued

Some Workspace Management contracts will contain an enforceable right to payment for performance completed to date. In such a case, the Company will use the input method based on costs incurred to measure its progress towards complete satisfaction of the performance obligation. The amount of such costs is reviewed by operational management as part of this process to ensure the costs reflect an accurate measure of the extent of the Company's performance under the contract.

The Company's turnover, profit before taxation and net liabilities arise wholly within the United Kingdom.

	31 Dec 2022 £	31 Dec 2021 £
Facilities Management	59,021,221	58,412,726
Workspace Management	17,121,621	16,830,287
Revenue from contracts with customers	76,142,842	75,243,013

Assets and liabilities related to contracts with customers
The Company has recognised the following assets and liabilities related to contracts with customers:

	31 Dec 2022 £	31 Dec 2021 £
Contract Fulfilment Assets	606,917	320,796
Trade debtors	13,501,479	13,108,720
Amounts to be billed for work performed	5,562,915	3,901,781
Total current contract assets	19,064,394	17,010,501
Contract liabilities – deferred income	(700,545)	(730,985)

Revenue recognised in the current reporting period relating to carried-forward contract liabilities:

	31 Dec 2022 £	31 Dec 2021 £
Revenue recognised in the current reporting period relating to carried-forward contract liabilities	67,723	160,981

No revenue has been recognised from performance obligations satisfied in previous periods in either 2021 or 2022.

3. OTHER OPERATING INCOME

	Dec-22	Dec-21
	£	£
Coronavirus Job Retention Scheme Assistance	-	1,107,548

The Company participated in the UK Government's Coronavirus Job Retention Scheme but did not require assistance from any other financial support mechanisms surrounding the COVID-19 pandemic. Several of the Company's customers, particularly those in retail and corporate environments, required the Company to curtail services because of site closures and restrictions arising from the various lockdowns leading to a marked reduction in revenues in 2020. Operational staff associated with such customer contracts and an aligned level of support staff were placed on furlough due to this restriction of services.

4. EMPLOYEES AND DIRECTORS

	Dec-22	Dec-21
	£	£
Wages and salaries	27,958,912	29,163,236
Coronavirus Job Retention Scheme Assistance	-	(1,107,548)
Social security costs	2,999,019	2,850,880
Other pension costs	1,069,807	1,057,588
	32,027,738	31,964,156

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

	Dec-22	Dec-21
Monthly average	1,032	1,142

	Dec-22	Dec-21
	£	£
Directors' remuneration	1,277,594	1,258,891
Directors' pension contributions to money purchase schemes	34,048	34,501

The number of Directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	3	2

Information regarding the highest paid Director is as follows:

	Dec-22	Dec-21
	£	£
Emoluments	521,187	521,760
Pension	-	-

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Dec-22 £	Dec-21 £
Bank interest	119,375	65,804
Interest payable to group undertakings	474,227	392,132
Interest expense on lease liabilities	99,863	125,303
	693,465	583,239

6. OPERATING PROFIT

The profit before taxation is stated after charging:

	Dec-22 £	Dec-21 £
Depreciation - owned assets	355,426	374,664
Amortisation of intangible assets	17,364	58,856
Auditors' remuneration	72,600	66,000
Items related to leases:		
Depreciation - right-of-use assets (see note 10)	721,059	642,516
Expense related to short term leases	245,469	284,017
Expense related to leases of low value assets	156,301	115,693

7. TAXATION

a) Tax charged in the income statement

	Dec-22	Dec-21
	£	£
Current income tax:		
Amounts underprovided in previous years:		
UK corporation tax	-	-
Total current income tax	-	-
Deferred tax:		
Origination and reversal of temporary differences	214,493	258,964
Amounts overprovided in previous years	-	5,601
Changes in tax rates	20,945	(2,410)
Total deferred tax	235,438	262,155
Total tax charge in income statement	235,438	262,155

The tax charge in the income statement relates to wholly continuing activities.

b) Tax relating to items charged or credited to other comprehensive income

	Dec-22	Dec-21
	£	£
Deferred tax:		
Actuarial gains on defined benefit pension plan	184,300	323,570
Changes in tax rates	(101,667)	(223,187)
Total deferred tax	82,633	100,383
Total tax charge in the statement of other comprehensive income	82,663	100,383

The tax credit in the income statement relates to wholly continuing activities.

7. **TAXATION - continued**

c) Reconciliation of the total tax charge

The tax expense in the income statement for the year is lower (2021 - higher) than the standard rate of corporation tax in the UK of 19% (2021: 19%). The difference is reconciled below:

	Dec-22	Dec-21
	£	£
Profit on ordinary activities before income tax	1,351,919	1,145,227
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2021 – 19%)	256,865	217,593
Effects of:		
Expenses not deductible for tax purposes	15,710	41,371
Tax over provided in previous years	(58,082)	5,601
Change in tax laws and rate	20,945	(2,410)
Total tax charge reported in the income statement	235,438	262,155

d) Change in Corporation Tax Rate

The UK corporation tax rate will remain at 19% until the start of tax year beginning 1st April 2023, when it is set to rise to 25%. Deferred tax has been re-measured using the rates substantively enacted at 31 December 2022.

7. **TAXATION - continued**

e) Deferred tax

The deferred tax included in the balance sheet is as follows:

	Dec-22 £	Dec-21 £
Deferred tax asset		
Accelerated capital allowances	411,504	294,647
Accruals	81,887	80,431
Pensions and post-employment medical benefits	50,838	336,750
Tax losses carried forward	77,658	228,159
	621,887	939,987

	Dec-22 £	Dec-21 £
Deferred tax in the income statement		
Accelerated capital allowances	(88,812)	9,426
Accruals	(1,106)	802
Pension plans and other post-employment medical benefits	154,470	120,080
Tax losses carried forward	114,380	135,257
Change in tax rates	56,506	(2,410)
Deferred tax charge	235,438	262,155

	Dec-22 £	Dec-21 £
Deferred tax in the statement of other comprehensive income		
Pension plans and other post-employment medical benefits	184,300	323,570
Change in tax rates	(101,667)	(223,187)
Deferred tax charge/(credit)	82,663	100,383

8. INTANGIBLE ASSETS

	Goodwill £	Computer software £	Branding £	Totals £
COST				
At 1 January 2022	5,234,691	1,282,523	88,186	6,605,400
Additions	-	-	-	-
At 31 December 2022	5,234,691	1,282,523	88,186	6,605,400
AMORTISATION				
At 1 January 2022	1,276,252	1,263,074	88,186	2,627,512
Amortisation for year	-	17,364	-	17,364
At 31 December 2022	1,276,252	1,280,438	88,186	2,644,876
NET BOOK VALUE				
At 31 December 2022	**3,958,439**	**2,085**	**-**	**3,960,524**
At 31 December 2021	3,958,439	19,449	-	3,977,888

9. TANGIBLE FIXED ASSETS

	Leasehold property £	Plant and machinery £	Fixtures and fittings £	Assets under construction £	Totals £
COST					
At 1 January 2022	20,637	985,600	6,123,918	55,878	7,186,033
Additions	-	-	-	353,583	353,583
Reclassifications	-	-	219,824	(219,824)	-
At 31 December 2022	20,637	985,600	6,343,742	189,637	7,539,616
DEPRECIATION					
At 1 January 2022	20,637	949,143	4,986,795	-	5,956,575
Charge for year	-	21,805	333,621	-	355,426
At 31 December 2022	20,637	970,948	5,320,416	-	6,312,001
NET BOOK VALUE					
At 31 December 2022	**-**	**14,652**	**1,023,326**	**189,637**	**1,227,615**
At 31 December 2021	-	36,457	1,137,123	55,878	1,229,458

10. RIGHT-OF-USE ASSETS

The Company has lease contracts for various offices, warehouses, vehicles and equipment used in the operations. The amounts recognised within right-of-use assets in relation to such leases are as follows:

	Right of Use: Vehicles £	Right of Use: Other £	Totals £
COST			
At 1 January 2022	775,971	3,502,290	4,278,261
Additions	39,964	45,084	85,048
Disposals	-	(2,430)	(2,430)
At 31 December 2022	815,935	3,544,944	4,360,879
DEPRECIATION			
At 1 January 2022	471,411	1,520,768	1,992,181
Charge for year	171,402	549,657	721,059
On disposal	-	(2,430)	(2,430)
At 31 December 2022	642,813	2,067,995	2,710,810
NET BOOK VALUE			
At 31 December 2022	**173,121**	**1,476,948**	**1,650,069**
At 31 December 2021	304,560	1,981,522	2,286,680

11. CONTRACT FULFILMENT ASSETS

At 1 January 2021	157,848
Additions	343,127
Amortisation	(180,179)
At 31 December 2021	320,796
Additions	353,433
Amortisation	(67,312)
At 31 December 2022	**606,917**

12. STOCKS

	Dec-22	**Dec-21**
	£	**£**
Goods for resale	257,332	292,585

13. DEBTORS

	Dec-22	**Dec-21**
	£	**£**
Trade debtors	13,501,479	13,108,720
Amounts to be billed for work performed	5,562,915	3,901,781
Amounts owed by group undertakings	600,232	159,750
Other debtors	50,173	46,734
Prepayments and accrued income	1,218,517	1,707,911
Amounts falling due within one year	20,933,316	18,924,896
Deferred tax asset	621,887	939,987
Amounts falling due after one year	621,887	939,987
Debtors	21,555,203	19,864,883

Trade debtors are stated after provision for impairment of £128,103 (2021: £164,271).

Amounts owed by group undertakings includes receivables of £600,232 (2021: £159,750) which are unsecured and receivable on demand.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Dec-22 £	Dec-21 £
Trade creditors	4,367,048	3,266,440
Contract liabilities – deferred income	700,545	730,985
Lease liabilities	441,146	598,072
Amounts owed to group undertakings	4,793,416	5,461,317
Social security and other taxes	3,085,118	3,494,137
Other creditors	249,981	262,638
Accruals and deferred income	10,260,378	8,748,442
	23,897,632	22,562,031

Amounts owed to group undertakings includes payables of £4,793,416 (2021: £5,461,317) which are unsecured and payable on demand.

Amounts owed to group undertakings includes an amount of £2,407,637 (2021: £3,288,992) in respect of a revolving shareholder loan provided in order to allow the Company to meet it's day-to-day and project related financial obligations. The loan is available until further notice and bears interest at 1-month Euribor plus 1%.

15. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	Dec-22 £	Dec-21 £
Amounts owed to group undertakings	9,000,000	9,000,000
Lease liabilities	1,323,437	1,794,217
	10,323,437	10,794,217

Amounts owed to group undertakings includes an amount of £9,000,000 (2021: £9,000,000) in respect of a long term shareholder loan. The loan was advanced on 16 August 2019 by converting part of the existing short term revolving shareholder loan. The loan bears interest at 3-month Euribor plus 3.75% and is repayable in full on 16 August 2029.

Maturity of lease liabilities	Dec-22 £	Dec-21 £
Amounts due within one year	441,146	598,072
Amounts due after than one year and not later than five years	1,323,437	1,794,217
Amounts due later than five years	-	-
	1,764,583	2,392,289

16. PROVISIONS FOR LIABILITIES AND CHARGES

	Closure of Mobile Engineering Services £	Totals £
At 1 January 2022	5,985	5,985
Utilisation	(5,985)	(5,985)
At 31 December 2022	-	-

The Residual Closure of Mobile Engineering Services provision includes the estimated final impact of termination costs of vehicles, contracts and other irrecoverable costs which will not be finally established until after negotiation and have been spread over two to three years. Reimbursements of the provision have been recognised throughout the year following final agreements.

17. *CALLED UP SHARE CAPITAL*

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	Dec-22 £	Dec-21 £
1,109,890	Ordinary shares	0.10	110,989	110,989
108,364	B Ordinary shares	0.10	10,836	10,836
			121,825	121,825

All shares carry equal voting rights and dividend rights.

18. RESERVES

	Accumulated losses £	Share premium £	Totals £
At 31 December 2021	(8,112,668)	1,556,677	(6,555,991)
Profit for the year	1,116,481	-	1,116,481
Other comprehensive income	887,337	-	887,337
At 31 December 2022	(6,108,850)	1,556,677	(4,552,173)

19. EMPLOYEE BENEFIT OBLIGATIONS

The company operates a defined benefit scheme in the UK. This is a separate trustee-administered fund holding the pension scheme assets to meet long term pension liabilities. The trustees must agree a funding plan with the company such that any funding shortfall is expected to be met by additional contributions and investment outperformance. A triennial scheme funding valuation was carried out at 31 December 2020 to assess the shortfall. Triennial valuations are carried out with the scheme's obligations measured using prudent assumptions (relative to those used to measure accounting liabilities).

The company currently pays contributions at the rates set out in the Schedule of Contributions prepared following the triennial scheme funding valuation. Under this Schedule of Contributions, the company's contributions are £800,000 per annum (2021: £800,000 per annum) in respect of the funding shortfall plus 49.5% (2021: 49.5%) of pensionable salaries to cover new benefit accrual, administration expenses and PPF levies. In addition, for each financial year the Company will pay a profit share contribution equal to the higher of £150,000 and 20% of any profit after tax for the prior financial year.

The level of benefits provided depends on members' length of service and their salary in the years leading up to retirement. The pensions in payment increase in line with inflation or by fixed amounts. The Scheme is still accruing benefits but is closed to new entrants.

The impact of Guaranteed Minimum Pension equalisation is immaterial for the scheme.

The trustees are also responsible for investing the scheme assets, administration of benefits and exercising discretionary powers.

19. EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in the balance sheet are as follows:

	Dec-22	Dec-21
	£	£
Present value of funded obligations	(8,473,000)	(14,454,000)
Fair value of scheme assets	8,909,000	13,107,000
Deficit	436,000	(1,347,000)

Sensitivity analysis of the defined benefit obligation is as follows:

	Percentage change in defined benefit obligation	
	Dec-22	Dec-21
Discount rate +0.5%	(9.5%)	(9.0%)
Discount rate -0.5%	10.5%	10.5%
Pension increases +0.5%	7.5%	7.5%
Pension increases -0.5%	(7.0%)	(7.0%)
Salary increases +0.5%	0.5%	0.5%
Salary increases -0.5%	(0.5%)	(0.5%)

Changes in the present value of the defined benefit obligation are as follows:

	Dec-22	Dec-21
	£	£
Opening defined benefit obligation	14,454,000	15,119,000
Service cost	44,000	39,000
Interest cost	255,000	224,000
Employee contributions	3,000	6,000
Actuarial gains	(5,857,000)	(534,000)
Benefits paid	(426,000)	(400,000)
	8,473,000	14,454,000

19. EMPLOYEE BENEFIT OBLIGATIONS - continued

Changes in the fair value of scheme assets are as follows:

	Dec-22	Dec-21
	£	£
Opening fair value of scheme assets	13,107,000	11,437,000
Interest income	244,000	174,000
Employer contributions	974,000	847,000
Employee contributions	3,000	6,000
Actuarial (losses)/gains	(4,777,000)	1,164,000
Benefits paid	(426,000)	(400,000)
Administration expenses	(216,000)	(121,000)
	8,909,000	13,107,000

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	Dec-22	Dec-21
	£	£
Current service cost	44,000	39,000
Administration expenses	*157,000*	*121,000*
Net interest from net defined benefit asset/liability	11,000	50,000
	212,000	210,000

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	Dec-22	Dec-21
	£	£
Expected return less actual return on scheme assets	(4,439,000)	1,164,000
Actuarial gains /(losses) on defined benefit obligations due to:		
• experience	(97,000)	1,686,000
• changes in assumptions	5,506,000	(1,147,000)
	970,000	1,703,000

19. **EMPLOYEE BENEFIT OBLIGATIONS - continued**

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	Dec-22	**Dec-21**
Bonds and gilts	0.0%	0.0%
Equities	5.4%	5.4%
Absolute Return (Multi-asset)	47.1%	47.1%
Liability Aware Fund Absolute Return*	46.9%	46.9%
Cash	0.7%	0.7%
	100.0%	100.0%

*This fund provides both hedging and growth portfolios.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	Dec-22	**Dec-21**
Discount rate for scheme liabilities	4.6%	1.6%
Future salary increases	3.3%	3.4%
Rate of increase of pensions in payment capped at 5%	3.2%	3.3%
Revaluation rate of pensions in deferment linked to inflation	3.3%	3.4%
Assumed life expectancies on retirement at age 65:		
- Retiring today – males	21.8	22.0
- Retiring today – females	24.2	24.4
- Retiring in 20 years – males	22.8	23.7
- Retiring in 20 years – females	25.3	26.2

The company employs a building block approach in determining the long-term rate of return on pension plan assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principals. The overall expected rate of return on scheme assets is a weighted average of the individual expected rates of return on each asset class.

The underlying mortality assumption for pensions in payment are based upon the standard tables known as SNA03 CMI 2012 with 50% medium and 50% long cohort future improvement factors subject to a minimum underpin improvement in mortality rates at every age of 1.5% pa. The final liability values have been reduced by 6.5%. There are separate tables for men and women. Before retirement no mortality has been assumed.

The total contributions to the defined benefit scheme in 2023 are expected to be £888,000 (2022: £845,000).

The total contributions to defined contribution schemes in 2022 were £919,000 (2021: £897,000).

20. **CONTINGENT LIABILITIES**

The company has no material contingent liabilities as at 31 December 2022 or 31 December 2021.

21. RELATED PARTY TRANSACTIONS

Transactions with group companies have not been disclosed as the company has taken advantage of the exemption in FRS 101 from the requirement to disclose transactions with other wholly owned group companies.

22. ULTIMATE CONTROLLING PARTY

The immediate parent company at 31 December 2022 was Apleona UK PPP Limited, registered in England and Wales.

The ultimate parent undertaking is Apleona Co-Invest SCSp (Luxembourg), a Luxembourg special limited partnership registered in Luxembourg.

The smallest group in which this company is consolidated is that of Apleona Group GmbH. The largest group in which this company is consolidated is that of Apleona Topco GmbH. Apleona Topco GmbH prepares group financial statements and copies can be obtained from An der Gehespitz, 50, 63263, Neu-Isenburg.

PAI Partners S.à.r.l, a société à responsabilité limiteé registered in Luxembourg is the alternative investment fund manager of Apleona Co-Invest SCSp. No private individual owns directly or indirectly 20% or more of the funds nor therefore of Apleona Co-Invest SCSp. No private individual exercises control over the funds nor therefore over Apleona Co-Invest SCSp by any other means.

23. POST BALANCE SHEET EVENTS

The Company performed a review of events subsequent to the balance sheet date through the date the financial statements were issued and determined that there were no such events requiring recognition or disclosure in the financial statements.