Sentinel Performance Solutions Group Limited

Annual Report and Financial Statements

9 Month Period Ended

31 December 2021

Company Number 07442113

Sentinel Performance Solutions Group Limited

Report and financial statements
for the 9 month period ended 31 December 2021

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Directors

D J Barrett
A R Monincx
M Van de Veen
R N W Van den Belt
S Mackenzie

Registered office

7650 Daresbury Park, Daresbury, Warrington, WA4 4BS

Company number

07442113

Auditors

BDO LLP, 3 Hardman Street, Manchester, M3 3AT

Group strategic report
for the 9 month period ended 31 December 2021

The directors present their Strategic Report and the Financial Statements for the Group for the 9 month period ended 31 December 2021. The comparative results are for the year ended 31 March 2021.

Business review

Sentinel is one of the leading suppliers of water treatment products for residential and commercial central heating and hot water systems in Europe and wider global markets.

Sentinel's innovative, technically advanced and branded product portfolio includes chemical formulations, physical devices and testing equipment that clean and prevent corrosion in heating systems and prevent scale in heating and water systems. Plumbing and heating engineers use Sentinel's products to keep systems clean and efficient, ensure compliance with OEM boilers, air source heat pumps and other heating devices - warranties and national regulatory requirements, and prolong the lives of heating systems.

The Sentinel brand is widely recognised across Europe and beyond, and is associated with superior quality, reliability, energy efficiency and product support. Sentinel's environmentally friendly, biodegradable chemical formulations and related products are specified by OEM boiler manufacturers and sold through leading merchants and distributors.

The principal activity of the Company is to act as a holding company.

The Group's key measurements of operational effectiveness are adjusted EBITDA from continuing operations* and cash generated from operating activities as a percentage of adjusted EBITDA from continuing operations*.

Adjusted EBITDA from continuing operations for the period was £4.5m (31 March 2021: £5.4m). The lower level of adjusted EBITDA from continuing operations is a result of the shorter period. When adjusted for the shorter period adjusted EBITDA from continuing operations shows an increase of 11%. The outlook for 2022 is for a continued strong performance despite the supply disruption in the boiler manufacturing segment due to component shortages. The Board expects the business to deliver improved results next period through sales growth particularly in international markets, and through a continued focus on costs.

Cash generated from operating activities during the period was £3.0m (31 March 2021: £3.5m). Cash generated was in excess of financing requirements and the Group paid down £14.9m of bank loans (31 March 2021: £1.6m) during the period and had a cash balance of £7.7m at the period-end (31 March 2021: £5.2m).

On 15 April 2021 Sentinel Performance Solutions Group Limited was acquired by Flamco Limited, a company incorporated in England and Wales. From that date the ultimate controlling party became Aalberts N.V. Group, a company incorporated in The Netherlands. On completion, the Group bank debt was repaid and there were no requirements to meet covenants in the current period.

During the period the share capital of the company was restructured (see note 19), this included the issue of 1,488,348,900 ordinary shares of 1p each.

The Group's turnover increased by 23% and gross profit by 18% during the period, when adjusted for the shorter period. This was mainly the result of growth in European markets. Turnover for the period was £19.4m (31 March 2021: £20.9m) and gross profit was £10.6m (31 March 2021: £12.0m).

Operating profit during the period was £3.0m versus a profit of £2.7m last year. This was despite the shorter period and was a result of better trading performance.

The Group successfully negotiated the Brexit transition with minimal long term impact on the business.

* Adjusted EBITDA from continuing operations denotes earnings before interest, tax, depreciation, amortisation, and other non-operational costs.

Key performance indicators

Key performance indicators were much improved versus last year because of the reasons mentioned above.

	9 month period ended 31 December 2021 £'000	Year ended 31 March 2021 £'000
Adjusted EBITDA from continuing operations	4,478	5,362
Cash generated from operating activities	3,041	3,475
Cash generated as % of adjusted EBITDA	68%	65%

Future developments

The short and medium term outlook for the business remains positive, with increasing awareness and penetration of water treatment across Europe and beyond, as owners of heating systems are increasingly focused on the efficiency and cleanliness of systems to both reduce energy costs and increase the life of boilers and other heat sources. *Increasingly installers and specifiers are using chemical water treatment products, with the added* protection of filters and physical devices to control scale in systems, a trend which fits well with Sentinel's broad product range.

The Group has taken comprehensive steps to deal with the impact of Covid.

Trading is being impacted by global supply issues in components for the boiler manufacturing segment, especially semi conductors, however these are now returning to more normal levels.

Principal risks and uncertainties

The Group remains vigilant to its key risks and opportunities as identified by the Directors on a regular basis which could impact its key performance indicators or the business itself.

The principal risks of the business are primarily those which affect the market for heating systems. As a result the Group is faced with risks associated with the economy generally and those specifically linked to the weather, since prolonged periods of colder weather increase the demand for heating products and devices and ultimately demand for its products. Whilst every effort is made to forecast demand due to seasonal fluctuations, if average temperatures in the main heating season differ from the norm then that can significantly affect demand.

Certain markets have been affected by political disruption, including Ukraine, and by heightened inflationary and cost of living aspects. While these factors may cause some limited short term disruption, we do not anticipate any long term effects to the ongoing business.

Given the Group's product range is specifically linked to the use of wet hot water systems, changes in technology of chemicals and devices used in the wider heating industry remain a key risk for the Group. As a result the Group invests significantly in research and development and keeps abreast of recent developments in the industry and is involved with campaigning for legislation in this area.

World Governments move towards a low carbon economy will mean increased use of air-source heat pumps and hydrogen boilers with these products replacing traditional gas boilers over time. This does not create a risk for Sentinel as these new technologies still require a wet heating system that still requires water treatment products.

Financial instruments

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales, it is Group policy to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices. Each new customer is analysed individually for creditworthiness before the company's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval.

A monthly review of the trade receivables ageing analysis is undertaken and customers' credit is reassessed periodically. Existing customers that become "high risk" as a result of the periodic reassessment are placed on a restricted customer list and future credit sales are made only with approval of the local management, otherwise payment in advance is required.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

Management receives cash flow projections on a monthly basis as well as information regarding cash balances. At the end of the financial period, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

Market risk

Market risk arises from the Group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Cash flow interest rate risk

All bank debt was repaid by the business on 15 April 2021. The Group has no material exposure to interest rate risk.

Foreign exchange risk

Foreign exchange risk arises when the Group enters into transactions denominated in a currency other than their functional currency. The Group policy is, where possible, to settle liabilities denominated in their functional currency (primarily Euro or Pound Sterling) with the cash generated from their own operations in that currency.

The Group is predominantly exposed to currency risk on sales made in US dollars and Euros. The Group does not currently hedge against the potential movements in exchange rates, though an element of natural hedging is provided by operational costs denominated in local currency.

Going concern

Having considered the financial results of the business, the Directors are satisfied that the use of the going concern assumption is appropriate for the Group and Company and as such have prepared the accounts on a going concern basis.

Following the acquisition of the Group on 15 April 2021, the Group bank debt and loan notes were repaid and there were no requirements to meet covenants in the period.

Approved by the Board and signed on its behalf by:

S Mackenzie
Director
Date 21/11/22

Sentinel Performance Solutions Group Limited

Directors' report
for the 9 month period ended 31 December 2021

The Directors present their report on the affairs of the Group, together with the financial statements and auditor's report, for the 9 month period ended 31 December 2021. The comparative results are for the year ended 31 March 2021.

The Group changed its accounting reference date from 31 March to 31 December to align with group reporting requirements.

As approved by the shareholders and in accordance with the Companies Act 2006, the Group has prepared the financial statements in accordance with UK adopted international accounting standards.

Dividends

The directors are not able to recommend the payment of a dividend for the period ended 31 December 2021 (31 March 2021: £Nil).

Directors

The directors who served throughout the period and thereafter were as follows:

D J Barrett
A R Monincx (appointed 14 April 2021)
M Van de Veen (appointed 14 April 2021)
R N W Van den Belt (appointed 14 April 2021)
S Mackenzie (appointed 6 December 2021)
N Brayshaw OBE (resigned 14 April 2021)
G M Manson (resigned 14 April 2021)
D Mead (resigned 2 December 2021)

Research and development

During the period, the Group incurred, research and development costs of £178,000 (31 March 2021: £218,000).

Qualifying third party indemnity provisions

The Directors of the Group during the period are shown above. The Directors benefited from qualifying third party indemnity provisions in place during the financial period and at the date of this report.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors were aware of that information. The directors are not aware of any relevant information of which the auditors were unaware.

BDO LLP have expressed their willingness to continue in office. Appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:

S Mackenzie
Director
Date 21/11/22

Sentinel Performance Solutions Group Limited

Directors' responsibilities statement
for the 9 month period ended 31 December 2021

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

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with UK adopted international accounting standards. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and 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 apply them consistently;*
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SENTINEL PERFORMANCE SOLUTIONS GROUP LIMITED

Opinion on the financial statements

In our opinion except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's profit for the period 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.

We have audited the financial statements of Sentinel Performance Solutions Group Limited ("the Parent Company") and its subsidiaries ("the Group") for the 9 month period ended 31 December 2021 which comprise consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, company statement of financial position, company 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 Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

Basis for qualified opinion

We were not able to observe the counting of physical inventories at 31 March 2020 due to lockdown restrictions put in place by the government specifically as a result of the Novel Coronavirus.

We were unable to satisfy ourselves by alternative means concerning the inventory quantities held at 31 March 2020, which are included in the balance sheet at £2,051,000, by using other audit procedures. Consequently, we were unable to determine whether there was any consequential effect of the cost of sales for the year ended 31 March 2021. Our audit opinion on the financial statements for the period ended 31 March 2021 was modified accordingly. Our opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures for cost of sales and related balances and the corresponding figures.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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 or 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 directors are responsible for the other information. The other information comprises the information included in the Strategic report, Directors' report and financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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.

As described in the basis for qualified opinion section of our report, where the other information refers to inventories, cost of sales or related balances the current year and corresponding figures may not be comparable.

Other Companies Act 2006 reporting

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, 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 period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report has been prepared in accordance with applicable legal requirements.

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the impairment of amounts owed to group companies, non-current assets and other intangible assets;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of minutes of Board meetings throughout the period;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- Tested whether manual journals had been posted to the revenue account; and
- Performed revenue cut off tests to ensure that revenue has been recognised in the correct accounting period.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: 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 Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Steven Roberts

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Steven Roberts (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester, UK

Date 21 November 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Sentinel Performance Solutions Group Limited

Consolidated statement of comprehensive income
for the 9 month period ended 31 December 2021

	Note	*9 month* period ended 31 December 2021 £'000	Year ended 31 March 2021 £'000
Turnover	2	**19,399**	20,947
Cost of sales		**(8,785)**	(8,904)
Gross profit		**10,614**	12,043
Operating expenses before depreciation, amortisation, and other non-operational costs		**(6,171)**	(7,172)
Other operating income	7	**35**	491
ADJUSTED EBITDA FROM CONTINUING OPERATIONS**		**4,478**	5,362
Other non-operational costs	7	**(317)**	(930)
Amortisation and depreciation	7	**(1,148)**	(1,718)
Operating profit	7	**3,013**	2,714
Net finance costs	6	**(393)**	(743)
Profit before tax		**2,620**	1,971
Tax on profit	8	**(461)**	386
Profit for the period and total comprehensive income		**2,159**	2,357

** Adjusted EBITDA from continuing operations denotes earnings before interest, tax, depreciation, amortisation, and other non-operational costs.

The turnover and profit on ordinary activities for the period all derive from continuing activities.

The notes on pages 18 to 48 form part of these financial statements.

Sentinel Performance Solutions Group Limited

Consolidated statement of financial position
at 31 December 2021

Company number 07442113	Note	31 December 2021 £'000	31 March 2021 £'000
Non–current assets			
Goodwill	9	-	-
Other intangible assets	10	5,265	5,931
Property, plant and equipment	11	1,187	1,387
		6,452	7,318
Current assets			
Inventories	13	2,898	1,712
Trade and other receivables	14	8,178	7,252
Current tax asset		158	417
Deferred tax asset	12	382	407
Prepaid and deferred expenses	15	114	178
Net VAT receivable		98	118
Cash and cash equivalents		7,746	5,153
		19,574	15,237
Total assets		26,026	22,555
Current liabilities			
Trade and other payables	17	2,245	3,360
Lease liability	18	374	374
Accruals	17	7,401	5,201
Borrowings - bank loans	16	-	1,425
		10,020	10,360
Net current assets		9,554	4,877
Total assets less current liabilities		16,006	12,195
Non-current liabilities			
Lease liability	18	565	688
Borrowings - bank loans	16	-	10,133
Borrowings - shareholder loan notes	16	-	3,023
Preference share capital	19	-	2,105
		565	15,949
Total liabilities		10,585	26,309
Net assets/(liabilities)		15,441	(3,754)
Equity			
Called up share capital	19	14,884	-
Capital redemption reserve	20	62	62
Share premium reserve	20	1,007	107
Capital contribution	20	-	-
Retained losses	20	(512)	(3,923)
Shareholders' equity/(deficit)		15,441	(3,754)

The financial statements of Sentinel Performance Solutions Group Limited (registered number 07442113) were approved by the Board of Directors and authorised for issue on 21st November 2022 and were signed on its behalf by:

S Mackenzie
Director

The notes on pages 18 to 48 form part of these financial statements.

Sentinel Performance Solutions Group Limited

Consolidated statement of changes in equity
for the 9 month period ended 31 December 2021

	Called up share capital £'000	Capital redemption reserve £'000	Share premium reserve £'000	Capital contribution reserve £'000	Retained losses £'000	Total £'000
At 31 March 2020	-	62	23,545	16,798	(46,623)	(6,218)
Retained profit for the year	-	-	-	-	2,357	2,357
	-	62	23,545	16,798	(44,266)	(3,861)
Shares issued in the year	-	-	107	-	-	107
Transfer between reserves	-	-	(23,545)	(16,798)	40,343	-
At 31 March 2021	-	62	107	-	(3,923)	(3,754)
Retained profit for the period	-	-	-	-	2,159	2,159
	-	62	107	-	(1,764)	(1,595)
Shares issued in the period	14,884	-	900	-	-	15,784
Cancellation of shares	-	-	-	-	1,208	1,208
Waiving of preference share interest	-	-	-	-	44	44
At 31 December 2021	14,884	62	1,007	-	(512)	15,441

The notes on pages 18 to 48 form part of these financial statements.

Sentinel Performance Solutions Group Limited

Consolidated statement of cash flows
for the 9 month period ended 31 December 2021

	Note	9 month period ended 31 December 2021 £'000	Year ended 31 March 2021 £'000
Net cash from operating activities			
Profit for the period		**2,159**	2,357
Adjustments for:			
Finance costs	6	**393**	743
Taxation	8	**461**	(386)
Depreciation of plant, property and equipment	11	**466**	763
Amortisation of intangible assets	10	**682**	954
Loss on sale of assets		**-**	5
Operating cashflows from movements in working capital		**4,161**	4,436
(Increase)/decrease in inventories		**(1,186)**	488
Increase in receivables		**(926)**	(1,665)
Decrease in payables		**(1,115)**	(132)
Net increase in other current assets and liabilities		**2,284**	584
		3,218	3,711
Income taxes paid		**(177)**	(236)
Cash generated from operations		**3,041**	3,475
Net cash used in investing activities			
Purchases of other intangible assets	10	**(16)**	(22)
Purchases of plant, property and equipment		**(76)**	(217)
Proceeds from sale of assets		**-**	1
		(92)	(238)
Net cash used in financing activities			
Proceeds on issue of shares		**15,784**	107
Loans repaid in the period		**(14,863)**	(1,559)
Preference shares repaid in the period		**(902)**	-
Lease liabilities paid	**18**	**(361)**	(476)
Interest paid		**(14)**	(522)
		(356)	(2,450)
Net increase in cash and cash equivalents		**2,593**	787
Cash and cash equivalents at beginning of period		**5,153**	4,366
Cash and cash equivalents at end of period		**7,746**	5,153

The notes on page 18 to 48 form part of these financial statements.

Sentinel Performance Solutions Group Limited

Company statement of financial position
at 31 December 2021

Company number 07442113	Note	31 December 2021 £'000	31 March 2021 £'000
Non–current assets			
Investments in subsidiaries	23	**14,891**	8
Current assets			
Intercompany loans receivable		**707**	1,169
Net VAT receivable		**-**	4
		707	1,173
Current liabilities			
Current tax liability		**7**	7
Accruals	17	**-**	233
		7	240
Net current assets		**700**	933
Non-current liabilities			
Preference share capital	19	**-**	2,105
Total liabilities		**7**	2,345
Total net assets/(liabilities)		**15,591**	(1,164)
Equity			
Called up share capital	19	**14,884**	-
Capital redemption reserve	20	**62**	62
Share premium reserve	20	**1,017**	117
Retained losses	20	**(372)**	(1,343)
Shareholders' equity/(deficit)		**15,591**	(1,164)

As permitted under Section 408 of the Companies Act 2006 the Company has not presented a separate income statement. The consolidated income statement includes a loss of £281,000 attributable to the Company (31 March 2021: £264,000).

The financial statements of Sentinel Performance Solutions Group Limited (registered number 07442113) were approved by the Board of Directors and authorised for issue on 21st November 2022 and were signed on its behalf by:

S Mackenzie
Director

The notes on pages 18 to 48 form part of these financial statements.

Sentinel Performance Solutions Group Limited

Company statement of changes in equity
for the 9 month period ended 31 December 2021

	Called up share capital £'000	Capital redemption reserve £'000	Share premium reserve £'000	Retained losses £'000	Total £'000
At 31 March 2020	-	62	10	(1,079)	(1,007)
Retained loss for the year	-	-	-	(264)	(264)
	-	62	10	(1,343)	(1,271)
Shares issued in the year	-	-	107	-	107
At 31 March 2021	-	62	117	(1,343)	(1,164)
Retained loss for the period	-	-	-	(281)	(281)
	-	62	117	(1,624)	(1,445)
Shares issued in the period	14,884	-	900	-	15,784
Cancellation of shares	-	-	-	1,208	1,208
Waiving of preference share interest	-	-	-	44	44
At 31 December 2021	14,884	62	1,017	(372)	15,591

The notes on pages 18 to 48 form part of these financial statements.

1a General information

Sentinel Performance Solutions Group Limited is a Company incorporated in the United Kingdom, limited by shares, under the Companies Act 2006. The address of the registered office is given on the contents page of this document. The nature of the group's operations and its principal activities can be found in the Group Strategic Report.

1b Accounting policies

The accounting policies applied are consistent with those of the historical financial information for the 9 month period ended 31 December 2021.

The Group financial statements have been prepared in accordance with UK adopted international accounting standards.

The preparation of financial statements in compliance with UK adopted international accounting standards requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 1c).

The financial statements of the Group are presented in the currency of the primary economic environment in which it operates (its functional currency), which is pounds sterling, rounded to the nearest £000.

1c Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the Group's accounting policies

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

Intangible assets and goodwill

On acquisition of the business the Directors valued purchased intangible assets and goodwill ("Intangibles") which include brands, customer lists and trade secrets, using a variety of methodologies, many of which required the Directors to make assumptions regarding the future profitability of, and future cashflows arising from, the business generated by those assets.

The carrying value of intangible assets and goodwill are subject to impairment review if there are indicators of impairment.

Key sources of estimation uncertainty

The key assumption concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, is discussed below.

1c Critical accounting judgements and key sources of estimation uncertainty *(continued)*

Impairment of non-current assets

Determine whether there are indicators of impairment of the group's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Revenue recognition

In the normal course of business, the Group incentivises customers to make purchases through the use of rebate arrangements. At each financial period end, the Directors must make estimates of the amounts payable under these arrangements, taking into account the cumulative sales by customer at the balance sheet date and the estimated sales to the end of the rebate period.

Incremental borrowing rate used to measure lease liabilities

Where the interest rate implicit in the lease cannot be readily determined, lease liabilities are discounted at the lessee's incremental borrowing rate. This is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. This involves assumptions and estimates, which would affect the carrying value of the lease liabilities (note 18) and the corresponding right-of-use assets (note 11).

To determine the incremental borrowing rate the company uses recent third-party financing as a starting point, and adjusts this for conditions specific to the lease such as its term and security.

2 Accounting policies

Basis of accounting

The Group's financial statements have been prepared in accordance with UK adopted international accounting standards and on the historical cost basis.

The Company's financial statements have been prepared in accordance with FRS 101. The Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual statement of profit or loss and related notes. The Company's loss for the period was £281k (31 March 2021: £264k).

With respect to the classification and measurement of financial assets, the classification of financial assets is based both on the business model within which the asset is held and the contractual cash flow characteristics of the asset. There are three principal classification categories for financial assets that are debt instruments: (i) amortised cost, (ii) fair value through other comprehensive income (FVTPL) and (iii) fair value through profit or loss (FVTPL).

The principal accounting policies adopted are set out below. They have all been applied consistently throughout the period and the preceding period.

2 Accounting policies *(continued)*

New standards, interpretations and amendments effective and not yet effective

New and amended standards and Interpretations issued by the IASB that applied for the first time in the financial statements did not impact the Group as they were either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the group.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intro-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquires, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for resale in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is discussed below.

2 Accounting policies *(continued)*

Goodwill

Goodwill arising on acquisition represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity of the date of acquisition. On acquisition, goodwill is allocated to the relevant cash generating unit. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Goodwill which is recognised as an asset is reviewed for impairment at least annually or more frequently when there is an indication that it may be impaired. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

Going concern

In preparing these financial statements, the Directors are required to prepare financial statements on the going concern basis unless it is inappropriate to assume the company will continue in business. In satisfaction of this responsibility the Directors have considered the company's ability to meet its liabilities as they fall due for a period of at least twelve months from the signing date of the financial statements.

Following the acquisition on 15 April 2021, all loan notes outstanding were repaid in full and replaced by equity financing from Aalberts N.V. Group and as such the previous covenants no longer remain. The Directors have considered the cash requirements of the business for at least twelve months from the date of this report and are satisfied that sufficient funds are available to meet the liabilities as they fall due.

Trading was impacted by Covid in the first quarter of 2021 (April to June 2021). From July 2021 however results have returned to relatively normal levels and overall, the Group achieved significant growth in the period despite the global impact of Covid. The Directors have considered the cash requirements of the business for at least twelve months from the date of this report and are satisfied that sufficient funds are available to meet the liabilities as they fall due.

As a result, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

Revenue recognition

Turnover from the sale of goods is based on the price specified in the contract, being the invoice price, excluding value added tax and discounts. Turnover is recognised at the date of despatch, which is the date on which control transfers to the buyer. Payment terms vary by customer but never exceed 12 months. The transaction price is therefore not adjusted for the effects of a significant financing component.

With regards to rebates, consideration is given as to whether a distinct good or service has been received from the goods sold to the customer. Where the payments do not result in the receipt of a distinct good or service, they are treated as a deduction from turnover. For rebates, accumulated experience is used to estimate and provide for these using the expected value method, and turnover is only recognised to the extent that it is highly probable that a significant reversal will not occur. The statement of financial position includes accruals for claims yet to be received for rebates.

The company is managed as one entity and operates in one field in one geographic location, Europe. Accordingly segmental analysis is not provided.

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

2 Accounting policies *(continued)*

Foreign currencies

The financial statements of the Group are presented in the currency of the primary economic environment in which it operates (its functional currency), which is pounds sterling.

In preparing the financial statements, transactions in currencies other than pounds sterling (foreign currencies) are recorded at the average rate of exchange for the period. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the statement of comprehensive income in the period in which they arise.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged to the statement of comprehensive income as an expense as they fall due.

Government grants

Payments received under the UK government's Coronavirus Job Retention Scheme are a form of grant. This grant money is receivable as compensation for expenses already incurred. It is recognised in income in the period in which it becomes receivable and the related expense is incurred.

Taxation

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

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the statement of financial position liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

2 Accounting policies *(continued)*

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and Company intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged so as to write off the cost or valuation of assets, other than assets under development, over their estimated useful lives, using the straight-line method, on the following bases:

Furniture and other	-	10% - 33%
IT equipment	-	33%
Right of use assets	-	over the lease term

Assets under development are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation on these assets commences when the assets are ready for their intended use.

Other intangible assets

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefit; and
- expenditure on the project can be measured reliably.

Capitalised product development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is included within administrative expenses in the consolidated statement of comprehensive income.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated statement of comprehensive income as incurred.

Customer relationships, value of brands and trade secrets have been valued based on the present value of future cashflows. Amortisation is charged so as to write off the cost or valuation of assets, other than goodwill, over their estimated useful lives, using the straight-line method, on the following bases:

Software	-	33% - 20%
Other intangible assets	-	5%

Other intangible assets arising on acquisition are recognised at fair value at the acquisition date.

2 Accounting policies *(continued)*

Impairment of tangible and intangible assets

At each statement of financial position, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An intangible asset with an indefinite useful life (goodwill) is tested for impairment annually and whenever there is an indication that the asset may be impaired.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Impairment losses recognised for goodwill are not reversed in accordance with IFRS.

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

Inventories

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

Interest payable

Interest payable comprises of interest expenses on borrowings and unwinding of discount on provisions. All borrowings are recognised in the profit and loss account using the effective interest rate method.

Reserves

The following describes the nature and purpose of each reserve within equity:
Capital redemption reserve - Amounts transferred from share capital on redemption of issued shares.
Share premium - Amount subscribed for share capital in excess of nominal value.
Capital contribution reserve - Amount arising as a consequence of the waiver of interact associated with shareholder loan notes and issue of 0% interest loan notes.
Retained earnings - All other not gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Non-operational costs

Non-operational costs are transactions which in management's judgement should be highlighted by virtue of their size or incidence and presented separately to enable full understanding of the company's performance.

2 Accounting policies *(continued)*

Financial instruments

Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as fair value through profit or loss which are initially measured at fair value. Subsequent to initial recognition, investments in subsidiaries are measured at cost.

Other financial assets are classified into the following categories: financial assets as 'at fair value through profit or loss', financial assets as at fair value through other comprehensive income' and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Group's financial assets comprise primarily cash and trade receivables that arise from its business operations. Financial assets are a contractual right to receive cash or another financial asset from another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A provision for impairment is calculated using an expected credit loss impairment model. Under this impairment model approach under IFRS 9, it is not necessary for a credit event to have occurred before credit losses are recognised, instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date.

Loans and Receivables

Trade receivables and cash and cash equivalents are classified as 'loans and receivables' and are measured at cost less impairment.

Cash and cash equivalents comprise cash on hand and other short-term highly liquid Investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The Group also utilises an in-house banking facility where funds are regularly transferred to and from.

Impairment of Financial Assets

Financial assets, other than derivatives, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cashflows of the investment have been impacted. For trade receivables the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cashflows.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written all against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit and loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2 Accounting policies *(continued)*

Financial instruments issued by the Group

Equity instruments

Equity instruments are classified as equity in accordance with the substance of the contractual arrangement.

Financial liabilities

The Group's financial liabilities comprise trade and other payables. Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. Trade payables are initially measured at fair value and subsequently measured at amortised cost, using the effective interest rate method.

Other financial liabilities

Other financial liabilities are initially measured at fair value, not of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

Derecognition or financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired.

Leases

Identifying Leases

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- There is an identified asset;
- The Group obtains substantially all the economic benefits from use of the asset; and
- The Group has the right to direct use of the asset.

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that arise use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Group considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable IFRSs rather than IFRS 16.

2 Accounting policies *(continued)*

Leases (continued)

Recognition and measurement

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favour of the Group if it is reasonable certain to assess that option;
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;

- Initial direct costs incurred; and

- The amount of any provision recognised where the company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations)

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

2 Accounting policies *(continued)*

Leases (continued)

Recognition and measurement

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.

- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.

- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the Group by the lessor, the Group has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

3 Segmental reporting

As an unlisted Company, the Company has taken the exemption from applying the requirements of IFRS 8 'Segment Reporting'.

In the opinion of the Directors, disclosure of Segmental Analysis would be seriously prejudicial to the interests of the company. Consequently, the analysis has not been disclosed.

4 Emoluments of directors

Only the directors are considered to be key management personnel, as defined in IAS 24. The emoluments of the directors were as follows:

	9 month period ended 31 December 2021 £'000	Year ended 31 March 2021 £'000
Directors' emoluments	**395**	492
Directors' pension contributions	**23**	27
Total	**418**	519

The emoluments for the highest paid Director were £228,958 (31 March 2021: £269,449). The associated pension contribution for the highest paid Director was £13,329 (31 March 2021: £17,496). On average there were 2 directors accruing pension contributions during the period (31 March 2021: 2).

5 Employees

	Group 9 month period ended 31 December 2021 £'000	Group Year ended 31 March 2021 £'000
Staff costs (including Executive Directors):		
Wages and salaries	**3,264**	4,221
Social security costs	**610**	670
Pension costs	**200**	238
Total	**4,074**	5,129

The average number of people including directors, employed throughout the period was:	Number	Number
Managerial	**6**	8
Other	**58**	56
Total	**64**	64

The company has no employees for the period other than the Directors (31 March 2021: none).

6 Finance costs (net)

	9 month period ended 31 December 2021 £'000	Year ended 31 March 2021 £'000
Interest paid on bank loans	**14**	522
Amortisation of finance issue costs	**101**	58
Interest accrued on shareholder loan notes	**137**	205
Interest accrued on preference shares	**49**	97
Interest on lease liabilities	**48**	60
Foreign exchange loss/(gain) on revaluation of bank loan	**44**	(199)
	393	743

7 Operating profit

	9 month period ended 31 December 2021 £'000	Year ended 31 March 2021 £'000
Operating profit is stated after charging:		
Net foreign exchange losses	**155**	109
Research and development costs	**178**	218
Other non-operational costs	**317**	930
Depreciation of owned assets	**135**	325
Depreciation of right of use assets	**331**	438
Amortisation of intangible assets	**682**	954
The analysis of auditor's remuneration is as follows:		
- for the audit of the company's annual accounts	**41**	7
- for the audit of the company's subsidiaries	**-**	34
Total audit fees	**41**	41
Taxation compliance services	**27**	24
Total non-audit fees	**27**	24

7 Operating profit *(continued)*

Other operating income

	9 month period ended 31 December 2021 £'000	Year ended 31 March 2021 £'000
Rents receivable	**35**	38
Government furlough income receivable	**-**	343
Other operating income	**-**	110
	35	491

8 Taxation on loss on ordinary activities

	9 month period ended 31 December 2021 £'000	Year ended 31 March 2021 £'000
UK corporation tax		
Current period	**214**	20
Adjustments in respect of prior years	**(80)**	(113)
	134	(93)
Double taxation relief	**(56)**	-
	78	(93)
Foreign tax		
Current tax on foreign income for the year	**244**	-
Adjustments in respect of prior years	**114**	-
	358	-
Total current tax	**436**	(93)
Deferred tax movement (note 12)	**25**	(293)
Charge/(credit) for tax	**461**	(386)

The relationship between the expected tax charge based on the applicable tax rate of the Group at 19% (31 March 2021: 19%) and the tax charge actually recognised in the statement of comprehensive income can be reconciled as follows:

8 Taxation on loss on ordinary activities

	9 month period ended 31 December 2021 £'000	Year ended 31 March 2021 £'000
Profit for the period before tax	2,620	1,971
UK corporation tax rate applicable	19.0%	19.0%
Expected tax charge	498	374
Unrelieved tax losses (including foreign taxes)	-	76
Adjustment for non-deductible expenses	188	-
Depreciation lower than capital allowances	6	14
Adjustments in respect of prior years	33	(406)
R&D expenditure and tax credit refund	-	1
Other permanent differences	-	24
Other timing differences	36	(86)
Change in deferred tax rates	(126)	-
Deferred tax not recognised	(363)	(383)
Foreign tax charges	189	-
Total tax charge/(credit)	461	(386)

The Finance Act 2021 was substantively enacted in May 2021 and has increased the corporation tax rate to from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

Refer to note 12 for information on deferred tax assets and liabilities.

9 Intangible assets – Goodwill

Group

	£'000
Cost	
At 31 March 2021 and 31 December 2021	11,547
Impairment	
At 31 March 2021 and 31 December 2021	(11,547)
Net book value	
At 31 December 2021	-
At 31 March 2021	-

10 Intangible fixed assets - other

Group	Product development £'000	Software £'000	Value of brands £'000	Trade secrets £'000	Customer relationships £'000	Total £'000
Cost						
At 1 April 2020	1,235	1,260	6,748	11,237	12,653	33,133
Additions in year	-	22	-	-	-	22
At 31 March 2021	1,235	1,282	6,748	11,237	12,653	33,155
Additions in period	-	16	-	-	-	16
At 31 December 2021	**1,235**	**1,298**	**6,748**	**11,237**	**12,653**	**33,171**
Amortisation and impairment						
At 1 April 2020	1,235	1,130	5,265	8,767	9,873	26,270
Charge for the year	-	88	192	317	357	954
At 31 March 2021	1,235	1,218	5,457	9,084	10,230	27,224
Charge for the period	-	33	143	238	268	682
At 31 December 2021	**1,235**	**1,251**	**5,600**	**9,322**	**10,498**	**27,906**
Net book value						
At 31 December 2021	**-**	**47**	**1,148**	**1,915**	**2,155**	**5,265**
At 31 March 2021	-	64	1,291	2,153	2,423	5,931

11 Property, plant and equipment

Group	Assets under development £'000	IT equipment £'000	Furniture and other £'000	Right of use asset £'000	Total £'000
Cost					
At 1 April 2020	727	584	2,615	1,360	5,286
Disposals	(2)	-	(24)	-	(26)
Additions in the year	-	42	175	507	724
Transfers between classes	(11)	-	11	-	-
At 31 March 2021	714	626	2,777	1,867	5,984
Additions in the period	9	20	47	192	268
Disposals in the period	-	-	-	(2)	(2)
At 31 December 2021	**723**	**646**	**2,824**	**2,057**	**6,250**
Depreciation					
At 31 March 2020	714	537	2,188	415	3,854
Charge for the year	-	22	303	438	763
Disposals	-	-	(20)	-	(20)
At 31 March 2021	714	559	2,471	853	4,597
Charge for the period	-	24	111	331	466
At 31 December 2021	**714**	**583**	**2,582**	**1,184**	**5,063**
Net book value					
At 31 December 2021	**9**	**63**	**242**	**873**	**1,187**
At 31 March 2021	-	67	306	1,014	1,387

11 Property, plant and equipment *(continued)*

Information about right-of-use assets is summarised below:

	31 December 2021 £'000	31 March 2021 £'000
Cost		
Property	**1,189**	1,192
Motor vehicles	**863**	675
	2,052	1,867
Depreciation charge for the period ended		
Property	**184**	214
Motor vehicles	**147**	224
	331	438
Additions to right-of-use assets		
Property	**-**	455
Motor vehicles	**192**	52
	192	507
Net book value		
Property	**645**	831
Motor vehicles	**228**	183
	873	1,014

12 Deferred tax assets

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

Group	Capital allowances in excess of depreciation £'000
At 1 April 2021	407
Charged to statement of comprehensive income	(25)
At 31 December 2021	**382**

No deferred tax is recognised in respect of the company.

The group has tax losses of £2.7m (31 March 2021: £2.2m). A deferred tax asset has not been recognised in respect of accumulated tax losses. At the current time there is insufficient evidence as to the recoverability of the asset.

13 Inventories

Group	31 December 2021 £'000	31 March 2021 £'000
Finished goods	**2,898**	1,712

In the opinion of the directors, there is no material difference between the carrying value of inventories and their replacement cost.

An impairment loss of £59,000 (31 March 2021: £157,000) was recognised in cost of sales against stock during the period due to slow-moving and obsolete stock.

14 Other financial assets

Trade and other receivables	31 December 2021 £'000	31 March 2021 £'000
Group		
Trade receivables	**8,244**	7,291
Provision for impairment of trade receivables	**(66)**	(39)
	8,178	7,252
Company		
Trade receivables	-	-
Provision for impairment of trade receivables	-	-
	-	-

The average credit period taken on sales of goods is 50 days (31 March 2021: 53 days).

In determining the quality of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. The Group undertakes the majority of its, trade with a small number of key customers. To manage credit risk, credit checks are performed prior to the granting of credit, and credit limits are set within the recommendations provided by Creditsafe. Accordingly, the Directors believe that there is no general credit provision required.

A specific expected credit loss provision of £66,000 (31 March 2021: £39,000) is in place in relation to the trade receivable balances.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade and other receivables. The expected loss rates are based on the Group's historical credit losses experienced over the five year period to the period end. The historic loss rates are then adjusted for current and forward looking information on macroeconomic factors affecting the Group's customers.

Included In the Group's trade receivable balance are debtors with a carrying amount of £1,413,000 (31 March 2021: £1,054,000) which are past due at the reporting date (or which the Group has not provided for, except as disclosed below, as there has not been a significant change in credit quality and the Group believes that the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 92 days overdue (31 March 2021: 52 days).

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

Ageing of past due receivables

	31 December 2021 £'000	31 March 2021 £'000
0-30 days past due	**267**	568
30-90 days past due	**672**	341
Over 90 days past due	**474**	145
Total	**1,413**	1,054

14 Other financial assets *(continued)*

Movement in the expected credit loss provision

	31 December 2021 £'000	31 March 2021 £'000
Balance at the start of the period	**39**	67
Released during the period	**-**	(70)
Impairment losses recognised in the period	**27**	42
Balance at the end of the period	**66**	39

15 Prepaid and deferred expenses

Group	31 December 2021 £'000	31 March 2021 £'000
Miscellaneous prepayments	**114**	178

16 Borrowings

Group	31 December 2021 £'000	31 March 2021 £'000
Borrowings at amortised cost are repayable as follows:		
Bank loans - within one year	-	1,425
Total borrowings repayable within one year	-	1,425
Bank loans - between one and five years	-	10,133
Shareholder loan notes - between one and five years	-	3,023
Total borrowings repayable greater than one year	-	13,156
	-	14,581

All bank loans and loan notes were repaid in the period.

17 Other financial liabilities

Trade and other payables

	31 December 2021 £'000	31 March 2021 £'000
Group		
Trade payables	**2,245**	3,360
Company		
Trade payables	**-**	-

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs.

Trade payables of the Group at 31 December 2021 were equivalent to 45 days (31 March 2021: 49 days) purchases, based on the average daily amount invoiced by suppliers during the period.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

Accruals

	31 December 2021 £'000	31 March 2021 £'000
Group		
Accruals	**7,401**	5,201
Company		
Accruals	**-**	233

18 Leases

Group as a lessee

Lease liabilities are due as follows:

	31 December 2021 £'000	31 March 2021 £'000
Not later than one year	**374**	374
Between one year and five years	**565**	688
	939	1,062

18 Leases (continued)

Lease liability movements are as follows:

	31 December 2021 £'000	31 March 2021 £'000
At beginning of period/year	**1,062**	972
Additions (note 11)	**192**	506
Effect of modification to lease terms	**(2)**	-
Interest expense	**48**	60
Lease payments	**(361)**	(476)
At end of period/year	**939**	1,062

The following amounts in respect of leases, where the Group is a lessee, have been recognised in profit or loss:

	31 December 2021 £'000	31 March 2021 £'000
Interest expense on lease liabilities	**48**	60

The total cash outflow for leases during the period was £361,000 (31 March 2021: £476,000).

The Group sometimes negotiates break clauses in its property leases. On a case-by-case basis, the Group will consider whether the absence of a break clause would expose the Group to excessive risk. Typical factors considered in deciding to negotiate a break clause include:

- the length of the lease term;
- the economic stability of the environment in which the property is located; and
- whether the location represents a new area of operations for the Group.

19 Share capital

	31 December 2021 £	31 March 2021 £
Allotted, called up and fully paid		
1,488,348,900 (31 March 2021: Nil) ordinary shares of 1p each	**14,883,489**	-
Nil (31 March 2021: 250) C1 ordinary shares of 10p each	-	25
Nil (31 March 2021: 1,750) C2 ordinary shares of 1p each	-	18
Nil (31 March 2021: 8,000) D ordinary shares of 1p each	-	80
Nil (31 March 2021: 5,180) E ordinary shares of 1p each	-	51
Nil (31 March 2021: 940) deferred ordinary shares at 1p	-	9
Nil (31 March 2021: 946) deferred ordinary shares at 10p	-	95
	14,883,489	278

On 26 October 2021, 940 deferred ordinary shares of 1p and 946 deferred ordinary shares of 10p were cancelled and extinguished.

19 Share capital *(continued)*

On the same day, 4,000 C1 ordinary shares of 1p each, 1,750 C2 ordinary shares of 1p each, 8,000 D ordinary shares of 1p each and 5,180 E ordinary shares of 1p each were designated as ordinary shares of 1p each.

On 26 October 2021, 200 C1 ordinary shares of 20p were redesignated as 4,000 C1 ordinary shares of £1 each.

On 28 October 2021, the Company issued 1,488,348,900 ordinary shares of 1p each.

All ordinary shares hold equal rights to dividends, voting rights and rights to participate in any distribution of capital on a winding up.

Preference share capital

	31 December 2021 £'000	31 March 2021 £'000
8% Non-cumulative preference share capital	-	2,105

The Company's preference shares were cancelled and extinguished in the period.

The Preference shares were classified as a non-current liability.

20 Reserves

The Company's capital and reserves are as follows:

Called up share capital
Called up share capital represents the nominal value of the shares issued.

Capital redemption reserve
The capital redemption reserve contains the nominal value of own shares that have been acquired by the company and cancelled.

Share premium account
The share premium account includes the premium on issue of equity shares net of issue cost.

Capital contribution reserve
During the year ended 31 March 2021 capital contribution reserve of £16,798,000 was transferred to retained earnings.

Retained earnings
Retained earnings represents cumulative profits or losses net of dividends paid and other adjustments.

21 Related party transactions

The Company has taken advantage of the exemption under FRS 101 paragraph 8(k) not to disclose information about transactions entered into between members of the group where any subsidiary which is a party to the transactions is wholly owned.

22 Pension costs

The Company has no pension scheme.

Certain of the Company's subsidiaries participate in the Sentinel Performance Solutions Limited Group Stakeholder Pension Plan (the "Plan"), which is a defined contribution scheme. The contributions made by the Group over the financial period to the Plan were £126,000 (31 March 2021: £155,000).

Outstanding contributions at the balance sheet date to all pension arrangements amounted to £15,000 (31 March 2021: £Nil).

The pension charge for the period is given in Note 5.

23 Subsidiaries

Details of the company's subsidiaries are as follows:

Name	Company number	Place of incorporation and operation	Proportion of ownership interest	Proportion of voting power held
Pandamarsh Limited *directly owned* *financing holding company*	07441811	UK	100%	100%
Zebramarsh Limited *indirectly owned* *finance holding company*	07451669	UK	100%	100%
Sentinel Performance Solutions Limited *indirectly owned* *manufacturing trading company*	05433529	UK	100%	100%
Davra Limited *indirectly owned* *dormant holding company*	05467701	UK	100%	100%
Salamander (Engineering) Limited *indirectly owned* *manufacturing trading company*	01533831	UK	100%	100%
Sentinel FR SAS* *indirectly owned* *manufacturing trading company*	N/A	France	N/A	N/A

	Total £'000
Cost and net book value	
As at 31 March 2021	8
Additions	14,883
As at 31 December 2021	**14,891**

All subsidiaries are consolidated and are stated at cost.

All subsidiaries, with the exception of Sentinel FR SAS, have the same registered address as Sentinel Performance Solutions Group Limited.

*The registered address of Sentinel FR SAS was Sentinel Performance Solutions, 16 Rue Albert Einstein, 77420 Champs Sur Marne, France. Sentinel FR SAS was dissolved during the period on 28 September 2021 and struck off on 8 October 2021.

23 Subsidiaries *(continued)*

The results of Sentinel Performance Solutions Limited, Pandamarsh Limited, Zebramarsh Limited, Salamander (Engineering) Limited and Davra Limited have been consolidated in these accounts.

Sentinel Performance Solutions Limited, Pandamarsh Limited, Zebramarsh Limited, Salamander (Engineering) Limited and Davra Limited have claimed exemption from audit under section 479A of the Companies Act 2006.

Sentinel Performance Solutions Group Limited has given guarantees for Sentinel Performance Solutions Limited, Pandamarsh Limited, Zebramarsh Limited, Salamander (Engineering) Limited and Davra Limited in accordance with that act.

24 Ultimate controlling party

The Directors regard the ultimate controlling party to be Aalberts N.V. Group, a company incorporated in The Netherlands.

25 Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders. The capital structure of the Group consisted of debt, which includes the borrowings disclosed in note 16, preference shares disclosed in note 19, lease liabilities disclosed in note 18, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the Statement of Changes in Equity. All bank loans and loan notes were repaid in the period.

Gearing ratio

The Group's board of Directors reviews the capital structure on an ongoing basis. As part of this review, the board considers the cost of capital and the risks associated with each class of capital. The Group does not have a target gearing ratio.

The gearing ratio at the period end is as follows:

	Group 31 December 2021 £'000	**Group 31 March 2021 £'000**	**Company 31 December 2021 £'000**	**Company 31 March 2021 £'000**
Debt	**939**	17,748	-	2,105
Cash and cash equivalents	**7,746**	5,153	-	-
Net debt	**(6,807)**	12,595	-	2,105
Equity	**15,441**	(3,754)	**15,591**	(1,164)
Net debt to equity ratio	**-44%**	-336%	**0%**	-181%

Debt is defined as long and short term borrowings (net of borrowing costs), as detailed in note 16, including preference share capital in issue as detailed in note 19 and lease liabilities as detailed in note 18.

25 Financial instruments *(continued)*

Equity includes all capital and reserves of the Group and Company attributable to equity holders of the parent and Company respectively.

Externally imposed capital requirement

The Group is not subject to externally imposed capital requirements.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

	Group 31 December 2021 £'000	Group 31 March 2021 £'000	Company 31 December 2021 £'000	Company 31 March 2021 £'000
Categories of financial instrument				
Financial assets at amortised cost				
Receivables				
(including cash and cash equivalents)	**15,924**	12,405	-	-
Financial liabilities at amortised cost				
Debt	-	16,686	-	2,105
Lease liabilities	**939**	1,062	-	-
Trade payables	**2,245**	3,360	-	-
Accruals	**7,401**	5,201	-	233

Financial risk management objectives

The Group's board of Directors monitor and manage the financial risks relating to the operations of the Group through regular consideration of risks. These include market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and cashflow risk.

On occasion the Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by and approved by the board of Directors. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

25 Financial instruments *(continued)*

Foreign currency risk management

The Group's foreign currency risk is primarily attributable to future transactions and cashflows arising from sales and purchases made in foreign currencies. The Group monitors foreign currency exposure on an on-going basis and would consider implementing instruments such as forward foreign exchange contracts to mitigate significant exposures. At the period end (and prior year end), there were no such instruments in place as the level of trade receivables and liabilities denominated in foreign currencies was not considered to give rise to a significant exposure.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	31 December 2021 £'000	31 March 2021 £'000	31 December 2021 £'000	31 March 2021 £'000
Euro	**1,530**	7,468	**11,363**	7,599
USD	**19**	-	**181**	289

Foreign currency sensitivity analysis

The Group and Company are mainly exposed to the Euro currency.

The following table details the Group's sensitivity to a 10% increase and decrease in Pound Sterling against the Euro, 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary Items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where Pound Sterling weakens 10% against the Euro. For a 10% strengthening of Pound Sterling against the Euro, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

	Currency impact	
	31 December 2021 £'000	31 March 2021 £'000
Euro	**418**	418

Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

25 Financial instruments *(continued)*

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 0.5% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.5% higher/lower and all other variables were held constant, the Group's profit for the period ended 31 December 2021 would decrease/increase by £1,000 (31 March 2021: £51,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

Credit risk management

The Group's principal financial assets are bank balances and trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of any allowances for the expected credit loss provision under IFRS 9. The expected credit loss provision is determine using historic loss rates. These are based on the Group's historical credit losses experienced over the five year period to the year end. The historic loss rates are then adjusted for current and forward looking information on macroeconomic factors affecting the Group's customers or other identified loss events suggest evidence of a reduction in recoverability of the cashflows. The Group is exposed to concentration of credit risk, with the top 5 customers typically accounting for between 40% and 50% of outstanding receivables. The Directors mitigate the risk of default through setting, and subsequently actively monitoring, credit ratings and actively pursuing late payments on a timely basis.

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

As noted in note 14, the Group undertakes the majority of its trade with a small number of key customers. The Group monitors the credit quality of these customers and any changes are reflected in the carrying value of the related trade receivable.

The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cashflows and matching the maturity profiles of financial assets and liabilities.

25 Financial instruments *(continued)*

Liquidity and interest rate risk tables

The following tables detail the Group and Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cashflows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cashflows.

	Weighted average effective interest %	Less than 1 year £'000	1-5 years £'000	5+ years £'000	Total £'000
31 December 2021					
Variable interest rate instruments	N/A	-	-	-	-
Fixed interest rate instruments	N/A	-	-	-	-
Non-interest bearing	0.0000%	2,245	-	-	2,245
31 March 2021					
Variable interest rate instruments	4.0088%	1,425	10,133	-	11,558
Fixed interest rate instruments	8.8398%	-	1,523	2,105	3,628
Non-interest bearing	0.0000%	3,360	1,500	-	4,860

The following table details the Group and Company's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and Company anticipate that the cashflow will occur in a different period.

	Assumed LIBOR rate %	Less than 1 year £'000	1-5 years £'000	5+ years £'000	Total £'000
31 December 2021					
Non-interest bearing	-	15,924	-	-	15,924
31 March 2021					
Non-interest bearing	-	12,405	-	-	12,405

The Group expects to meet its other obligations from operating cashflows. The Group expects to reduce the current debt to equity ratio in the coming year through the repayment of debt.

Fair value of financial instruments

Interest rate swaps are measured at the present value of future cashflows estimated and discounted based on the applicable yield curves derived from quoted interest rates. The carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statement approximates to their fair value.

26 Analysis of net debt

	At 1 April 2021 £000	Cash flows £000	Reclassified and other £000	Other non cash movements £000	At 31 December 2021 £000
Cash at bank and in hand	5,153	2,593	-	-	**7,746**
Debt due within 1 year	(1,799)	1,425	-	-	**(374)**
Debt due after 1 year	(15,949)	14,715	(583)	1,252	**(565)**
	(12,595)	18,733	(583)	1,252	**6,812**

Debt due within one year includes lease liabilities of £374,000 (31 March 2021: £374,000).

Debt due after more than one year includes lease liabilities of £565,000 (31 March 2021: £688,000).

Other non-cash movements include Preference shares cancelled of £1,208,000 (31 March 2021: £Nil) and Preference share interest waived of £44,000 (31 March 2021: £Nil).