

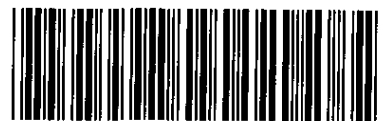
Ability Matters Group Limited

Annual Report and Financial Statements

for the year ended 31 October 2020

PARENT COMPANY ACCOUNTS
FOR TRS ORTHOTICS
NO 06509053

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Ability Matters Group Limited

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Ability Matters Group Limited

Company Information

Directors	M A O'Byrne J O'Byrne D Hannett N E James M T O'Byrne J L Lyons
Registered office	Ability House 21 Nuffield Way Abingdon Oxfordshire OX14 1RL
Auditor	RSM UK Audit LLP Chartered Accountants Portland 25 High Street Crawley West Sussex RH10 1BG

Ability Matters Group Limited

Strategic Report for the year ended 31 October 2020

The Directors present their strategic report on the Group for the year ended 31 October 2020

Review of the business

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

Principal activity

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

Results and performance

The directors are pleased to report that the Group has enjoyed a further year of successful trading despite challenging conditions. Turnover from continuing operations has decreased by 8.6% to £56.2million (2019: increased 27% to £61.5 million). The decrease is due to lower levels of product and service delivery in the context of a reduction in activity due to COVID-19 restrictions.

The operating profit margin (before exceptionals) remained stable at 4.2% (2019: 4.5%). The impact of reduced activity due to COVID-19 was offset to a degree by support amounting to £2million from the governments of the various jurisdictions in which the Group operates. The Group continues to tender for additional public sector contracts in the UK and expand its product base domestically and overseas. The Directors expect this activity to lead to growth in the coming year and further improved profitability.

Operating cashflow was strong at £6.1million (2019: £2.5million), albeit reflecting a deferral of VAT payable of £1million granted by the UK government and temporary cashflow support of £2million from the NHS.

The value of open referrals was reduced from £5.3million to £3.9million over the course of the year. Of these, the component open for greater than 60 days was reduced from £1.6million (29% of total) to £0.8million (19% of total). The value of open referrals includes the expected cost in each case where devices have been prescribed, whether or not the device has yet been purchased. The reduction in open referrals, and also the aged proportion, represents an increase in efficiency of delivery which is due to enhanced referrals management procedures.

Trade debtors were reduced from £7.9million to £6.6million over the course of the year. Aging is measured by days sales outstanding (DSO) which was reduced from 39 to 36. The reduction in absolute value is partly due to lower levels of invoiced activity leading up to the year end due to the impact of COVID-19 on activity. However the reduction in DSO indicates enhanced collections performance, due primarily to improved procedures in invoicing on some of the smaller contracts.

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

Net assets of the Group are up 6.8% on the prior year at £14.2million (2019: £13.3million). The Group continues to invest in research and development.

Promotion of Members' interests

The Directors are aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members, which includes having regard to other stakeholders.

The Directors consider that, during the year ended 31st October 2020 they have acted individually and collectively in a manner most likely to promote the interests of the Group and its Members and continue to do so subsequently.

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

Ability Matters Group Limited

Strategic Report (continued) for the year ended 31 October 2020

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

(a) the likely consequences, if any, of a decision in the long term	Our planning process includes a long term forecast which incorporates the impact of any current decision, to ensure positive shareholder benefit as regards both profit and cashflow over the long term, taking due account of any related risk
b) the interests of the company's employees	<p>The Board has initiated an Employee Forum which allows employees to escalate their views and concerns to senior management</p> <p>We offer a support helpline for employees facing challenges either in the workplace or in their personal lives</p> <p>We fully supported employees during the disruption of the COVID-19 pandemic. Specifically the Board made the following decisions</p> <ul style="list-style-type: none"> • Furloughed staff were granted enhanced top-up contributions above the minimum furlough entitlement • Those staff who were required to self-isolate due to vulnerability or positive tests continued to receive their full salary in order to alleviate any potential financial impact from compliance with government restrictions • Establishment of a hardship fund for those facing financial difficulty due to the pandemic <p>The Board has instituted a quarterly performance review process with annual objectives in line with the Group's values, to support employees in managing their performance to the mutual best interests of themselves and the Group</p>
c) the need to foster the company's business relationships with suppliers, customers and others	<p>The Directors maintain close contact with suppliers to ensure they are aware of developments within the Group and will continue to be able to meet demand</p> <p>Most of our customers are NHS bodies. We conduct regular contract reviews (monthly or quarterly) to ensure optimal contract performance and that any issues are addressed on a timely basis. Senior management also maintain close ties with central NHS departments to ensure that the Group's strategic direction is aligned to NHS objectives and to anticipate and act on any changes to NHS requirements</p> <p>During the height of the COVID-19 disruption in particular the Directors worked closely with Trusts and with NHS England to ensure continuity of operations in the long term</p> <p>Staff allocated to NHS-funded contracts were technically eligible for furlough. The Board however chose not to furlough these staff who remained available and in many cases were seconded to the NHS to support the pandemic response</p>
d) the impact of the company's operations on the community and the environment	<p>The many services we operate have close links to the local community. We foster these links by hosting Service User Groups in our facilities with participation from our staff, and also make our facilities available for local community events. Clearly during the period under review these interactions were necessarily curtailed by social distancing restrictions but it is the Board's intention to resume such activities as soon as it is permissible and safe to do so</p> <p>As regards the environment the Board has taken a number of decisions to reduce carbon emissions, regarding use of remote conferencing technology, manufacturing processes, composition of the fleet and fit out of premises. These are set out in more detail in the Carbon and energy section below</p>

Ability Matters Group Limited

Strategic Report (continued) for the year ended 31 October 2020

(e) the desirability of the company maintaining a reputation for high standards of business conduct	<p>Our success as a provider of services to vulnerable people on behalf of the NHS is predicated on maintaining the highest possible standards of conduct in service delivery. The Board has established a robust governance process to ensure that these standards are maintained.</p> <p>The Board has also put in place a confidential whistleblowing helpline allowing staff to escalate any ethical concerns anonymously.</p>
(f) the need to act fairly as between members of the company	<p>As a privately owned Group we have a small number of shareholders. In discharging their duties the Directors have regard to deriving long term benefit which accrues equitably to all Members.</p>

Business environment

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

Strategy

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

Key performance indicators

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

Principal risks and uncertainties

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

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

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

Carbon and energy

During the year ended 31 October 2020 in the UK the Group consumed 2,787,841 kWh of gas and electricity, equating to 59,896 kWh per million pounds of revenue in the UK and 3,571 kWh per UK employee. The amount of CO₂ emitted in the UK was as follows:

	Tonnes
Gas	209
Electricity	382
Motor vehicles	217
Total	808

This equates in aggregate to 17.4 tonnes per million pounds of UK revenue, and 1.04 tonnes per UK employee.

These amounts have been compiled according to the GHG Reporting Protocol on the basis of information provided by the Group's energy providers and fleet management company. The CO₂ emissions figure comprises emissions from Group

Ability Matters Group Limited

Strategic Report (continued)
for the year ended 31 October 2020

ventures in the UK and the carbon dioxide equivalent (CO₂e) of UK gas and electricity consumption covered using the UK government's Conversion factors for climate reporting.

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

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

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

Future developments

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

Approved by the Board on 12 October 2021 and signed on its behalf by:



John O'Brien
Director

Ability Matters Group Limited

Directors' Report for the year ended 31 October 2020

The directors present their report and the consolidated financial statements for the year ended 31 October 2020.

Directors of the Company

The directors who held office during the year were as follows:

N E James
D Hannett
J L Lyons
M A O'Byrne
J O'Byrne
M T O'Byrne
P D Robinson (Resigned 30 March 2021)

In addition G N Heneage was appointed as a director on 12 March 2021 and resigned on 27 May 2021.

Financial risk management

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

Price risk

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

Credit risk

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

Liquidity risk

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

Cashflow risk

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

Interest rate risk

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

Ability Matters Group Limited
Directors' Report
for the year ended 31 October 2020 (continued)

COVID-19

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

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

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

Post balance sheet events

In early 2021 the Group closed its retail operations in Newcastle upon Tyne and Belfast.

Research and development

The Group continues its research and development activities in new products and a new clinical software system to facilitate and enhance the provision of prosthetic and orthotic services. £234,000 (2019: £294,000) of research and development expenditure on improvements to the software system has been capitalised as an intangible asset.

Employees

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

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

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

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

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

At the onset of the COVID-19 pandemic, the Directors determined that the wellbeing of our employees was equally important as the financial stability of the Group. Consequently the Group initially made 'top-up' payments to furloughed staff over and above the minimum furlough subsidy. In addition, staff required to self-isolate continued to receive full pay. This applied to those in vulnerable categories as well as those testing positive, to ensure that complying with government regulations had no adverse financial impact.

Ability Matters Group Limited

Directors' Report for the year ended 31 October 2020 (continued)

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

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

Qualifying third party indemnity provisions

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

Disclosure of information to the auditors

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

Stakeholders

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

Strategic Report

The Group has chosen in accordance with Companies Act 2006 s. 414C(1) to set out in the Group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Section 1 to be contained in the directors' report. It has done so in respect of future developments and financial reporting requirements.


Dividends

The Group declared interim dividends of £630,000 (2019: £500,000).

Auditors

Under section 487(2) of the Companies Act 2006 RSM UK LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members, or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

Approved by the Board on 1st October 2021 and signed on its behalf by:


John C Byrne
Director

Ability Matters Group Limited

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare Group and Company financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable laws and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABILITY MATTERS GROUP LIMITED

Opinion

We have audited the revised financial statements of Ability Matters Group Limited (the 'company') for the year ended 31 October 2020 which comprise the consolidated profit and loss account, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated balance sheet, consolidated statement of changes in equity, company balance sheet, company statement of changes in equity, consolidated cash flow statement and notes to the revised financial statements, including a summary of significant accounting policies.

These revised financial statements replace the original financial statements approved by the directors on 19 October 2021 and consist of the attached supplementary note together with the original financial statements which were circulated to shareholders on 19 October 2021.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

The revised financial statements have been prepared under The Companies (Revision of Defective Accounts and Reports) Regulations 2008 and accordingly do not take account of events which have taken place after the date on which the original financial statements were approved.

In our opinion, the revised financial statements:

- give a true and fair view, seen as at the date the original financial statements were approved, of the state of the group's and company's affairs as at 31 October 2020 and of the profit of the group for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, seen as at the date the original financial statements were approved; and
- have been prepared in accordance with the requirements of the Companies Act 2006, as they have effect under the Companies (Revision of Defective Accounts and Reports) Regulations 2008.

Basis for opinion

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

Emphasis of matter – revision of note 2 and note 15 to the financial statements

We draw attention to the supplementary note to these revised financial statements which includes an additional subsidiary company, T&S Orthotics Limited, for which Ability Matters Group Limited had provided a parental guarantee under section 479c of the Companies Act 2006. This company had been omitted from note 2 and note 15 to the original financial statements. Those original financial statements were approved on 19 October 2021 and our previous audit report was signed on that date. We have not performed a subsequent events review for the period from the date of our previous auditor's report to the date of this report. Our opinion is not modified in this respect.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the revised financial statements is not appropriate; or
- the directors have not disclosed in the revised financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the original financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABILITY MATTERS GROUP LIMITED (CONTINUED)

Other information

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

In connection with our audit of the revised financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the revised financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the revised financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the revised financial statements are prepared is consistent with the revised financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In our opinion, the original financial statements for the year ended 31 October 2020 failed to comply with the requirements of the Companies Act 2006 in the respect identified by the directors in the statement contained in the supplementary note.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and 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 revised 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; or

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the revised 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 revised financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the revised 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 revised financial statements

Our objectives are to obtain reasonable assurance about whether the revised financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ABILITY MATTERS GROUP LIMITED (CONTINUED)**

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 revised financial statements.

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

We are also required to report whether in our opinion the original financial statements failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors. The audit of revised financial statements includes the performance of procedures to assess whether the revisions made by the directors are appropriate and have been properly made.

This report is made solely to the company's members, as a body, in accordance with the Companies (Revision of Defective Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

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

8 February 2022

Ability Matters Group Limited

Consolidated Profit and Loss Account for the year ended 31 October 2020

	Note	2020			2019		
		Continuing Operations	Discontinued Operations	£ 000 Total	Continuing Operations	Discontinued Operations	£ 000 Total
Turnover		1,150		1,150	1,150	4	1,154
Cost of sales		(153)	(5)	(158)	(153)	2	(151)
Gross profit		997	44	1,041	997	12	1,009
Administrative expenses (note 1)		(25,427)	7	(25,220)	(1,230)	3	(1,227)
Grant income		2,000		2,000			
Operating profit before exceptional items	1	1,010	51	1,061	767		767
Administrative expense (exceptional)		(6)		(6)	(6)		(6)
Operating profit		1,004	51	1,055	761		761
Finance charges and other charges		(30)		(30)	(13)		(13)
Profit/(loss) before taxation		974	51	1,025	748		748
Tax on profit/(loss) on activities		(13)		(13)	(13)	(5)	(18)
Profit/(loss) for the financial year		961	51	1,012	735	(5)	730

The notes on pages 19 to 40 form an integral part of these financial statements

Ability Matters Group Limited

Consolidated Statement of Comprehensive Income for the year ended 31 October 2020

	2020 £ 000	2019 £ 000
Profit for the financial year	1,184	1,977
Foreign currency translation differences	259	(174)
Total comprehensive income for the year	<u>1,443</u>	<u>1,803</u>

The notes on pages 19 to 40 form an integral part of these financial statements


Ability Matters Group Limited

Consolidated Balance Sheet at 31 October 2020

Company number 03039768

			2020	2019
	Note	£ 000	£ 000	£ 000
Fixed assets				
Intangible	13		811	811
Tangible fixed assets	13		1,160	1,160
Tangible fixed assets	14		1,747	1,747
			14,614	12,899
Current assets				
Stocks	15	6,680	6,711	
Debtors due within one year	17	2,873	10,703	
Cash at bank and in hand	18	4,228	2,112	
		13,781	19,526	
Creditors: Amounts falling due within one year	19	(15,213)	(15,253)	
Net current assets			3,098	4,273
Total assets less current liabilities			18,172	17,232
Creditors: Amounts falling due after more than one year	20		2,980	3,134
Provisions for liabilities	2		964	800
Net assets			14,208	13,298
Capital and reserves				
Share capital	23			
Share premium	24		700	700
Profit and loss account	24		13,508	12,598
Shareholders' funds			14,208	13,298

Approved by the Board and authorised for issue on 19 October 2021 and signed on its behalf by


John O'Brien
Director

The notes on pages 19 to 40 form an integral part of these financial statements.

Ability Matters Group Limited

Consolidated Statement of Changes in Equity for the Period from 1 November 2018 to 31 October 2020

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

		Share capital	Share premium Account	Profit and loss account	Total
		£'000	£'000	£'000	£'000
At 1 November 2018		-	700	11,092	11,792
Dividends paid	12	-	-	(300)	(300)
Profit for the financial year				1,977	1,977
Foreign currency translation differences				(174)	(174)
Total comprehensive income for the year				1,803	1,803
At 31 October 2019		-	700	12,595	13,295

The notes on pages 19 to 40 form an integral part of these financial statements

Ability Matters Group Limited

Company Balance Sheet at 31 October 2020

Company number: 03039768

			2020	2019
	Note	£ 000	£ 000	£ 000
Fixed assets				
Tangible fixed assets	12		3,139	3,119
Investments	14		2,854	2,854
			<u>5,993</u>	<u>5,973</u>
Current assets				
Stocks	15	637		587
Debtors	16	12,957		6,271
Cash at bank and in hand	18	1,471		1,772
		15,065		8,630
Creditors: Amounts falling due within the year	17	(18,315)		(10,730)
Net current liabilities			(3,250)	(2,100)
Total assets less current liabilities			<u>2,743</u>	<u>2,873</u>
Creditors: Amounts falling due after more than the year	19		(11,507)	(11,505)
Provisions for liabilities	20		(43)	(18)
Net assets			<u>1,193</u>	<u>1,350</u>
Capital and reserves				
Share Capital	22		-	-
Share premium account	23		707	700
Profit and loss account	24		443	273
Shareholders' funds			<u>1,150</u>	<u>973</u>

The Company has taken advantage of the exemption allowed under section 478 of the Companies Act 2006 and has not presented its own profit and loss account or statement of comprehensive income in these financial statements. The profit after tax for the parent company for the year was £708,600 (2019: £91,000).

Approved by the Board and authorised for issue on 19 October 2021 and signed on its behalf by

John O Byrne
Director



The notes on pages 19 to 40 form an integral part of these financial statements.

Ability Matters Group Limited

Company Statement of Changes in Equity for the Period from 1 November 2018 to 31 October 2020

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

		Share capital £ 000	Share premium account £ 000	Profit and loss account £ 000	Total £ 000
At 1 November 2018		-	700	482	1,182
Dividends paid	12	-	-	(300)	(300)
Profit for the year		-	-	91	91
At 31 October 2019		-	700	273	973

The notes on pages 19 to 40 form an integral part of these financial statements

Ability Matters Group Limited

Consolidated Cash Flow Statement for the year 31 October 2020

	2020 £'000	2019 £'000
Cash flows from operating activities		
Profit for the financial year	1,184	1,917
Adjustments for:		
Amortisation of intangible assets	293	200
Depreciation of tangible assets	952	777
Interest payable	186	124
Taxation	495	474
Decrease (increase) in trade and other debtors	2,718	(2,705)
Decrease (increase) in stocks	31	(346)
Increase in trade and other creditors	277	3,042
Cash from operations	6,092	2,543
Income taxes paid	(338)	(459)
Net cash generated from operating activities	5,756	2,084
Cash flows from investing activities		
Acquisition of subsidiary companies		1,660
Purchases of tangible assets	(2,658)	(2,649)
Purchases of intangible assets	(288)	(291)
Net cash from investing activities	(2,946)	(4,609)
Cash flows from financing activities		
Bank loans advanced in year	2,921	(1,700)
Cash (debt) acquired with subsidiaries		(20)
Repayment of bank loans	(3,630)	(253)
Interest paid	(186)	(124)
Dividends paid	(530)	(300)
Net cash (used in) generated by financing activities	(1,426)	(3,001)
Net increase in cash and cash equivalents	1,384	476
Foreign exchange translation adjustment	242	(187)
Cash and cash equivalents at the beginning of year	2,602	2,313
Cash and cash equivalents at end of year	4,228	2,602

The notes on pages 19 to 40 form an integral part of these financial statements.

Ability Matters Group Limited

Notes to the Financial Statements for the year ended 31 October 2020

1 General information

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

Ability House
21 Nuffield Way
Abingdon
Oxfordshire
OX14 1RL

2 Accounting policies

Principal activities

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

Basis of preparation

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the Companies Act 2006 including the provision of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008.

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

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

Summary of disclosure exemptions

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

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

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

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

The following principal accounting policies have been applied:

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 October 2020. Subsidiary undertakings are included using the acquisitions method of accounting. Under this method the Group profit and loss account and statement of cashflows include the results and cashflows of subsidiaries from the date of acquisition and to the date of sale outside the Group in the case of disposals of subsidiaries and adjusted for any intragroup transactions. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

Ability Matters Group Limited
Notes to the Financial Statements
for the year ended 31 October 2020 (continued)

2 Accounting policies (continued)

Going concern

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

The Directors comment in the Directors' Report on measures taken during the year to counter the impact of COVID-19 on the operations of the Group and any resultant impact on its financial position. The Directors do not expect that the degree of disruption experienced during the year ended 31 October 2020 will recur, however some level of future uncertainty remains. The Directors consider that the measures implemented successfully in the year ended 31 October 2020 are sufficient to mitigate the impact of any future disruption arising from the re-imposition of restrictions.

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

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

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

Turnover

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

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

Government grants

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

The Group received discretionary cash grants amounting to £2,044,000 from the governments of the countries in which the Group operates. £1,654,000 of this was granted under the Coronavirus Job Retention Scheme (CJRS) which compensates UK employers for part of the wages, associated national insurance contributions (NICs) and employer pension contributions of employees who have been placed on furlough (i.e. placed on a temporary leave of absence from working for the employer). The grant is conditional upon the employees being employed and on the company PAYE payroll and the employee cannot do any work for their employer that makes money or provides services for the employer or organisation linked or associated with their employer. There are no unfulfilled conditions or contingencies attached to the grant and the Company has received no other forms of government assistance.

The balance of £390,000 was granted by various overseas governments under similar conditions.

Goodwill

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

Ability Matters Group Limited

Notes to the Financial Statements for the year ended 31 October 2020 (continued)

2 Accounting policies (continued)

Depreciation

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

Asset class	Depreciation method and rate
Land	not depreciated
Buildings	straight line over 50 years
Short leasehold improvements	over the period of the lease
Plant and machinery	8% - 25% straight line
Motor vehicles	25% straight line

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

Research and development

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

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

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

Fixed asset investments

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

Stock and work in progress

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

Debtors

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

Cash and cash equivalents

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

Ability Matters Group Limited
Notes to the Financial Statements
for the year ended 31 October 2020 (continued)

2 Accounting policies (continued)

Financial instruments

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

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

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

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

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

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

Creditors

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

Dividends

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

Holiday pay accrual

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

Ability Matters Group Limited

Notes to the Financial Statements for the year ended 31 October 2020 (continued)

2 Accounting policies (continued)

Current and deferred taxation

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

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

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

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

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

Foreign currency

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

Leasing

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

Provisions

Provisions are recognised when the Group has a legal or constructive present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Ability Matters Group Limited

Supplementary Notes to the Financial Statements for the year ended 31 October 2020

These supplementary notes revise the original financial statements of Ability Matters Group Limited as at 31 October 2020 and are to be treated as forming part of those financial statements. The annual financial statements have been revised by these supplementary notes as at the date of the original financial statements and accordingly do not deal with events between that date and the date of the revision.

2 Accounting policies

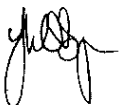
Parental Guarantee

For the year ended 31 October 2020 Ability Matters Group Limited has provided a guarantee under section 479C of the Companies Act 2006 in respect of SIT UK Ltd (incorporated in the United Kingdom, Reg. No. 00610491), T&S Orthotics Ltd (incorporated in the United Kingdom, Reg. No. 06509053) and Milton Keynes Mobility Ltd (incorporated in the United Kingdom, Reg. No. 04809881). Consequently these subsidiaries are exempt from the requirement relating to the audit of accounts under Section 479A of the Companies Act 2006.

15 Investments held as fixed assets

For the year ended 31 October 2020 Ability Matters Group Limited has given a guarantee under section 479C of the Companies Act 2006 in respect of SIT UK Ltd (incorporated in the United Kingdom, Reg. No. 00610491), T&S Orthotics Ltd (incorporated in the United Kingdom, Reg. No. 06509053) and Milton Keynes Mobility Ltd (incorporated in the United Kingdom, Reg. No. 04809881). Consequently these subsidiaries are exempt from the requirement relating to the audit of accounts under Section 479A of the Companies Act 2006.

Approved and authorised for issue by the Board on 4 February 2022 and signed on its behalf by:



John O'Byrne
Director

REVISION TO
COMPANY ACCOUNTS
FOR T&S ORTHOTICS LTD
NO. 06509053

Ability Matters Group Limited
Notes to the Financial Statements
for the year ended 31 October 2020 (continued)

2 Accounting policies (continued)

Borrowing costs

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

Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

Pensions

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

Parental Guarantee

For the year ended 31 October 2020 Ability Matters Group has provided a guarantee under section 479C of the Companies Act 2006 in respect of SIT UK Ltd (incorporated in the United Kingdom (Reg. No. 00610491)) and Milton Keynes Mobility Ltd (incorporated in the United Kingdom (Reg. No. 04809881)). Consequently these subsidiaries are exempt from the requirement relating to the audit of accounts under Section 479A of the Companies Act 2006.

Judgements and estimates

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

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

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

3 Turnover

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

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

	2020	2019
	£ 000	£ 000
Sales - Services	17,615	20,900
Sales - Products	38,540	41,386
	<u>56,155</u>	<u>62,286</u>

Ability Matters Group Limited

Notes to the Financial Statements for the year ended 31 October 2020 (continued)

3 Turnover (continued)

An analysis of turnover by geographical location is given below

	Continuing Operations	Discontinued Operations	2020 Total	2019
	£ 000	£ 000	£ 000	£ 000
Sales - UK	46,543	1	46,544	50,232
Sales - Rest of Europe	9,127	-	9,127	11,726
Sales - Rest of World	484	-	484	326
	56,154	1	56,155	62,284

Grant income of £2,044,000 relates to income received under the UK government's Coronavirus Job Retention Scheme and similar schemes in the other jurisdictions in which the Group operates. The Group furloughed a number of staff under these schemes. The funding received relates to staff costs in respect of these staff which are included within note 7 below.

4 Operating profit

Operating profit is stated after charging

	Continuing Operations	Discontinued Operations	2020 Total	2019
	£ 000	£ 000	£ 000	£ 000
Stock recognised as an expense in the period	21,787	45	21,832	22,482
Depreciation of owned tangible fixed assets	952	-	952	117
Profit on disposal of tangible fixed assets	-	-	-	44
Operating lease costs				
- Plant and machinery	320	-	320	298
- Other	876	3	881	811
Foreign currency gains	31	-	31	4
Amortisation of intangible fixed assets	293	-	293	201

As disclosed in note 13, during the year £234,000 of development costs were capitalised (2019 - £293,000). No other research or development expense was incurred in the year.

5 Exceptional items

During the year the Group restructured its manufacturing capacity and some central functions, resulting in a number of staff being made redundant. The cost of these redundancies was £602,000 and has been treated as exceptional.

Ability Matters Group Limited

Notes to the Financial Statements for the year ended 31 October 2020 (continued)

6 Discontinued operations

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

7 Auditor's Remuneration

	2020 £ 000	2019 £ 000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	45	30
Fees payable to the Group's auditor and its associates in respect of:		
The auditing of the accounts of the subsidiaries of the Group	60	45
Taxation compliance services	-	13
Other taxation advisory services not included above	-	5
	122	93

8 Particulars of employees

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

	Group		Company	
	2020 No.	2019 No.	2020 No.	2019 No.
Management and administration	288	291	70	64
Prosthetists, orthotists and production	535	552	-	-
	840	826	70	64

Group	Continuing Operations £ 000	Discontinued Operations £ 000	2020 Total £ 000	2019 £ 000
Wages and salaries	21,828	-	21,828	27,914
Social security costs	2,294	-	2,294	2,805
Staff pensions	737	-	737	805
	24,859	-	24,859	31,524

Ability Matters Group Limited
Notes to the Financial Statements
for the year ended 31 October 2020 (continued)

8 Particulars of employees (continued)

Company	Continuing Operations £ 000	Discontinued Operations £ 000	2020 Total £ 000	2019 £ 000
Wages and salaries	2,122	-	2,122	2,086
Social security costs	235	-	235	208
Staff pensions	52	-	52	42
	2,409	-	2,409	2,336

9 Directors' remuneration

Key Management	2020 £ 000	2019 £ 000
Remuneration	1,313	916
Contributions to money purchase pension schemes	35	25
	1,348	941
Directors	2020 £ 000	2019 £ 000
Remuneration	742	711
Contributions to money purchase pension schemes	25	24
	767	735
Highest Paid Director	2020 £ 000	2019 £ 000
Remuneration	166	182
Contributions to money purchase pension schemes	6	7
	172	189

Ability Matters Group Limited
Notes to the Financial Statements
for the year ended 31 October 2020 (continued)

9 Directors' remuneration (continued)

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

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

The number of directors accruing benefits under money purchase pension schemes was 7 (2019: 7).

10 Interest payable and similar charges

	2020 £ 000	2019 £ 000
Interest on bank borrowings	186	124
	<u>186</u>	<u>124</u>

11 Taxation

	2020 £ 000	2019 £ 000
Current tax		
Corporation tax charge	360	455
Adjustments in respect of previous years	(1)	9
Corporation tax	359	464
Deferred tax		
Origination and reversal of timing differences	95	13
Adjustments in respect of previous years	4	-
Changes in future tax rate	36	-
Total deferred tax	135	13
Total tax on profit on ordinary activities	<u>494</u>	<u>477</u>

Ability Matters Group Limited
Notes to the Financial Statements
for the year ended 31 October 2020 (continued)

11 Taxation (continued)

Factors affecting the current tax charge for the year

Tax on profit on ordinary activities for the year is higher than 2019, lower than the standard rate of corporation tax in the UK of 19% (2019: 19%).

The differences are reconciled below:

	2020 £ 000	2019 £ 000
Profit on ordinary activities before taxation	1,678	2,451
Corporation tax at standard rate	326	466
Timing differences on fixed assets	63	71
Deferred tax not previously recognised	4	-
Differences in local taxation rates	18	(9)
Other differences	1	-
Expenses not deductible for tax purposes	53	24
Additional deduction for R&D expenditure	-	-
Loss relief	-	(74)
Income not subject to tax	(4)	-
Changes in rates on deferred tax balances	36	(3)
Deferred tax not recognised	-	(2)
Adjustment for prior period	1	9
	434	434

Factors that may affect future tax charges

There are no significant factors expected to impact on tax other than changes to enacted tax rates in future periods.

12 Dividends paid

During the year, interim dividends of £530,000 were paid to the shareholders (2019: £300,000).

Ability Matters Group Limited
Notes to the Financial Statements
for the year ended 31 October 2020 (continued)

13 Intangible fixed assets

Group	Goodwill	Development costs	Trademarks	Total
	£ 000	£ 000	£ 000	£ 000
Cost or valuation				
At 1 November 2019	2 048	1 866	12	3 926
Additions	54	234	-	288
At 31 October 2020	2 102	2 100	12	4 214
Amortisation				
At 1 November 2019	1 192	746	12	1 950
Charge for the year	49	194	-	293
At 31 October 2020	1 241	940	12	2 243
Net book value				
At 31 October 2020	861	1 160	-	1 971
At 31 October 2019	857	1 120	-	1 977

The company had no intangible fixed assets as at 31 October 2019 or 31 October 2020.

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

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

Ability Matters Group Limited

Notes to the Financial Statements for the year ended 31 October 2020 (continued)

14 Tangible fixed assets

Group	Land and buildings £ 000	Short leasehold land and buildings £ 000	Plant and machinery £ 000	Motor Vehicles £ 000	Total £ 000
Cost or valuation					
At 1 November 2019	9 665	962	7 209	84	17 920
Additions	62	37	2 556	3	2 658
Exchange adjustments	11	12	43	3	69
At 31 October 2020	9 738	1 011	9 808	90	20 647
Depreciation					
At 1 November 2019	747	855	5 313	82	6 997
Charge for the year	239	89	624	—	952
Exchange adjustments	—	11	39	4	54
At 31 October 2020	986	955	5 976	87	8 004
Net book value					
At 31 October 2020	8,752	56	3,832	3	12,643
At 31 October 2019	8,918	107	1,896	1	10,922

The net book value of land and buildings is comprised entirely of long leasehold and freehold properties. At 31 October 2020, the directors do not consider the open market value of the property to be materially different to the historical cost net book value.

Ability Matters Group Limited
Notes to the Financial Statements
for the year ended 31 October 2020 (continued)

14 Tangible fixed assets (continued)

Company	Land and buildings £ 000	Short leasehold land and buildings £ 000	Plant and machinery £ 000	Total £ 000
Cost or valuation				
At 1 November 2019	3 316	279	414	4 009
Additions	-	-	162	162
At 31 October 2020	3 316	279	576	4 171
Depreciation				
At 1 November 2019	287	249	354	890
Charge for the year	69	30	43	142
At 31 October 2020	356	279	397	1 032
Net book value				
At 31 October 2020	2 960	-	179	3 139
At 31 October 2019	3 029	30	60	3 119

15 Investments held as fixed assets

Company	Group undertakings £ 000	Total £ 000
Cost or valuation		
At 1 November 2019 and 31 October 2020	2 854	2 854

Ability Matters Group Limited

Notes to the Financial Statements for the year ended 31 October 2020 (continued)

15 Investments held as fixed assets (continued)

Details of undertakings

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

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

Ability Matters Group Limited

Notes to the Financial Statements for the year ended 31 October 2020 (continued)

15 Investments held as fixed assets (continued)

T&S Orthotics Ltd Ability House, Nuffield Way, Abingdon OX14 1RL, UK	England	100%	Trading
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Indirect ownership

SARL Ortho Europe Limited 1025 rue Henri Becquerel Parc Club du Millénaire n° 29 34000 Montpellier, France	France	100%	Trading
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Ortho Europe B.V. Hoofdweg 30 1792 LG Huisduin, Netherlands	Netherlands	100%	Trading
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Van Duyn en Van Der Meer Orthopedie B.V. Sonny Rollinsstraat 149 3543 GR Utrecht, Netherlands	Netherlands	100%	Trading
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For the year ended 31 October 2020 Ability Matters Group has given a guarantee under section 479C of the Companies Act 2006 in respect of S.T. UK Ltd (incorporated in the United Kingdom, Reg. No. 00610481) and Milton Keynes Mobility Ltd (incorporated in the United Kingdom, Reg. No. 04809881). Consequently these subsidiaries are exempt from the requirement relating to the audit of accounts under Section 479A of the Companies Act 2006.

16 Stocks

	Group		Company	
	2020	2019	2020	2019
	£ 000	£ 000	£ 000	£ 000
Raw materials	1,220	2,336	-	62
Work in progress	3,202	2,776	-	-
Finished goods	2,258	1,599	637	525
	<u>6,680</u>	<u>6,711</u>	<u>637</u>	<u>587</u>

During the year, an impairment loss on raw materials and finished goods of £234,000 (2019: £200,000) was recognised in the profit and loss account, within cost of sales.

Ability Matters Group Limited

Notes to the Financial Statements for the year ended 31 October 2020 (continued)

17 Debtors

	Group		Company	
	2020	2019	2020	2019
	£ 000	£ 000	£ 000	£ 000
Trade debtors	6,557	7,940	37	125
Amounts owed by Group undertakings	-	-	12,639	5,308
Other debtors	50	520	-	8
Prepayments and accrued income	1,202	2,061	281	758
Corporation tax	64	176	-	2
	<u>7,873</u>	<u>10,703</u>	<u>12,957</u>	<u>6,203</u>

18 Cash and cash equivalents

	Group		Company	
	2020	2019	2020	2019
	£ 000	£ 000	£ 000	£ 000
Cash and cash equivalents	4,228	2,602	1,471	622

19 Creditors: Amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£ 000	£ 000	£ 000	£ 000
Bank loans and overdrafts	3,501	4,057	3,263	3,831
Trade creditors	4,368	6,847	230	411
Amounts owed to Group undertakings	-	-	14,797	5,378
Corporation tax	-	88	-	-
Other taxes and social security	2,017	1,156	(73)	170
Other creditors	275	678	21	317
Accruals and deferred income	5,062	2,857	121	672
	<u>15,223</u>	<u>15,683</u>	<u>18,365</u>	<u>10,799</u>

Ability Matters Group Limited

Notes to the Financial Statements for the year ended 31 October 2020 (continued)

20 Creditors, Amounts falling after more than one year

	Group		Company	
	2020	2019	2020	2019
	£ 000	£ 000	£ 000	£ 000
Bank loans	2,980	3,134	1,507	1,595

Maturity of debt:

Group	Bank loans and overdrafts 2020 £ 000	Bank loans and overdrafts 2019 £ 000
in one year or less, or on demand	1,507	1,595
in more than one year, but not more than two years	300	104
in more than two years, but not more than five years	898	842
in more than five years	1,782	1,987
	2,980	3,134

Ability Matters Group Limited
Notes to the Financial Statements
for the year ended 31 October 2020 (continued)

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

Maturity of debt (continued):

Company	Bank loans and overdrafts 2020 £ 000	Bank loans and overdrafts 2019 £ 000
in one year or less, or on demand	3,263	3,831
in more than one year, but not more than two years	143	131
in more than two years, but not more than five years	430	334
in more than five years	934	1,176
	<u>1,507</u>	<u>1,595</u>

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

The Group purchased a further long leasehold property in September 2019 for £1.7million, on which it subsequently incurred £1.5million refurbishment costs. This expenditure was funded initially by short term bank loans of £3.2million which were converted after the year end to a commercial mortgage repayable over 10 years.

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

21 Provisions

Group

	Deferred taxation £ 000	Dilapidations £ 000	Total £ 000
At 1 November 2019	533	270	803
Charged to the profit and loss account	135	46	181
At 31 October 2020	668	316	984

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

Ability Matters Group Limited
Notes to the Financial Statements
for the year ended 31 October 2020 (continued)

21 Provisions (continued)

Provision for Deferred Tax

	Group		Company	
	2020	2019	2020	2019
	£ 000	£ 000	£ 000	£ 000
At the beginning of the year	533	509	16	9
Acquired with subsidiary	-	11	-	-
Charged/credited to the profit and loss account	135	13	8	7
At the end of the year	<u>668</u>	<u>533</u>	<u>28</u>	<u>16</u>

The deferred tax liability is made up as follows:

	Group		Company	
	2020	2019	2020	2019
	£ 000	£ 000	£ 000	£ 000
Capital allowances in excess of depreciation	430	313	43	16
Other timing differences	238	220	-	-
	<u>668</u>	<u>533</u>	<u>43</u>	<u>16</u>

In the budget on 3 March 2021, the UK Government announced an increase in the main UK corporation tax rate from 19% to 25%, with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 21. Deferred tax has been calculated at 19%, which was the tax rate substantively enacted at the year end. The effect of remeasuring deferred tax to 25% would increase recognised deferred tax liabilities at 31 October 2020 to £878,000.

22 Analysis of changes in net debt

	2019	Cash flow	Other changes	2020
	£ 000	£ 000	£ 000	£ 000
Cash at bank and in hand	2,602	1,626	-	4,228
Overdrafts due within one year	(2,093)	2,154	(154)	(93)
Bank loans due within one year	(1,964)	(1,444)	-	(3,408)
Debt due after one year	(3,134)	-	154	(2,980)
Total	<u>(4,589)</u>	<u>2,336</u>	<u>-</u>	<u>2,253</u>

Ability Matters Group Limited

Notes to the Financial Statements for the year ended 31 October 2020 (continued)

23 Share capital

		2020		2019
Allotted, called up, and fully shares	No	£	No	£
A Ordinary shares of £0.01 each	6,639	66	10,200	102
B Ordinary shares of £0.01 each	10,200	102	10,200	102
C Ordinary shares of £0.01 each	3,321	33	3,321	33
D Ordinary shares of £0.01 each	3,561	36	-	-
	<u>23,721</u>	<u>237</u>	<u>23,721</u>	<u>237</u>

During the year 3,611 A shares were converted to D shares. The rights and restrictions attaching to each class are set out below.

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

24 Pension schemes

The Group operates defined contribution scheme on behalf of the employees.

The main scheme is a defined contribution pension scheme whose assets are held separately from those of the Group in an independently administered fund. Contributions are charged to the profit and loss account as incurred and totalled £705,000 for the year 2019: £665,000. The amount of unpaid contributions at the year end and included with creditors due in less than one year is £133,000: 2019: £187,000.

25 Contingent liabilities

In conjunction with the other members of the Ability Matters Group Limited group of companies, the Company has given a composite guarantee to the Company's bankers. The bank liability covered by this guarantee as at 31 October 2020 is £6,431,000 (2019: £6,791,000). There is a right of set off incorporated in the composite guarantee and a mortgage debenture.

26 Reserves

Profit and Loss Account

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

Share Premium Account

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

Ability Matters Group Limited
Notes to the Financial Statements
for the year ended 31 October 2020 (continued)

27 Commitments under operating leases

As at 31 October 2020 the Group had commitments under non-cancellable operating leases which fall due as follows:

	Group		Company	
	2020	2019	2020	2019
	£ 000	£ 000	£ 000	£ 000
Land and buildings				
Within one year	855	760	81	81
Within two to five years	2,082	2,047	122	322
More than five years	872	1,182	61	141
	<u>3,809</u>	<u>4,009</u>	<u>464</u>	<u>544</u>
Other				
Within one year	226	154	31	17
Within two to five years	251	142	24	17
	<u>477</u>	<u>296</u>	<u>55</u>	<u>34</u>

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

Other leases relate primarily to motor vehicles.

28 Related party transactions

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

The Group pays rent in respect of properties owned by a pension fund of which the O'Byrne family are beneficiaries. Rental of £146,000 was charged to the Group for these properties during the year (2019: £145,000). No amounts were outstanding at the year end (2019: £nil).

During the year dividends amounting to £500,000 (2019: £300,000) were paid to the Director Michael O'Byrne.

29 Control

The Company is controlled by M. A. O'Byrne by virtue of his shareholding.

30 Post balance sheet events

In early 2021 the Group closed its retail operations in Newcastle and Belfast.