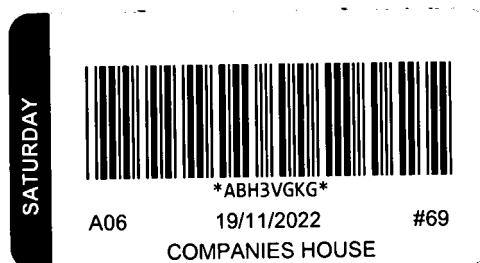


Tenon Facility Management UK Limited

Financial Statements

Year ended 31 March 2022



Registered No. 09628622

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Tenon Facility Management UK Limited
Registered No. 09628622

Company Information

Directors :
Manjit Rajain
Sandeep Kumar Gupta

Auditors
Rayner Essex LLP
Faulkner House
Victoria Street
St. Albans, Herts
AL1 3SE

Registered Office
3rd Floor, Belmont House
Belmont Road
Uxbridge
London
UB8 3TE

Tenon Facility Management UK Limited
Registered No. 09628622

Strategic report

The directors present their strategic report for the year ended 31 March 2022.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Company is to provide business and management consultancy services and investment holding company.

The company has achieved an operating profit / (loss) before exceptional items of £ 5,576 (2021: £ 95,681), and an earning before interest and taxes of £ 5,576 (2021: £ 95,681).

FUTURE DEVELOPMENTS

The services of the company will continue.

KEY PERFORMANCE INDICATORS

Given the straightforward nature of the holding company, the directors are of the opinion that analysis using Key Performance Indicators is not necessary.

PRINCIPAL RISKS AND UNCERTAINTIES

All comments regarding future plans reflect the knowledge and information available to the Directors at the date of this review and may be subject to the effect of unforeseen future events outside of their control.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The business' principal financial instruments comprise bank balances, and long term loans from bank and group.

Debtors are receivable from group undertakings.

SECTION 172 STATEMENT

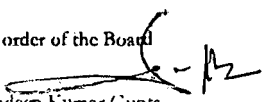
In accordance with section 172 of the Companies Act, each of our directors acts in the way he considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. Our directors have regard, amongst other matters, to the:

- likely consequences of any decisions in the long term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customer and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the company

As is normal for large companies, we delegate authority for day to day management of the company to senior managers and then engage management in setting, approving and overseeing the execution of strategy and related policies. During the year, we reviewed the company's financial and operational performance; key transactions; regulation; funding and pension matters, mechanisms of stakeholder engagement and diversity and inclusion. The Board review, discuss and approve, as necessary, all of these matters.

As set out above, decisions taken by the Board consider the interests of our key stakeholders and the impacts of these decisions.

By order of the Board


Sandeep Kumar Gupta

Director

Date: 22/08/2022

Tenon Facility Management UK Limited
Registered No. 09628622

Directors' report

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

RESULTS AND DIVIDENDS

The (loss)/profit for the year, after taxation, amounted to (£ 472,625) (2021: £ 341,492). The directors have not recommended a dividend.

DIRECTORS

The directors who served the company during the year were as follows:

Manjit Rajain
Sandeep Kumar Gupta

EVENTS AFTER THE REPORTING PERIOD

There have been no significant events after the reporting period requiring disclosure. There have been no dividends declared or proposed during this time.

GOING CONCERN

There are no material uncertainties which may cast doubt on entities ability to continue as a going concern. We have assessed the period effective for the next 12 months up until August 2023. The Barclays loan has been repaid on 21st April 2022 and a new agreement has been reached with HSBC to repay the loan within the next 4 years, the company is in a position to make this repayment on due date. There is no requirement within the next twelve months for any repayment of any further group undertaking.

The directors have a reasonable expectation that the company has adequate resources to continue trading for the foreseeable future. For this reason the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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 financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- *select suitable accounting policies and then apply them consistently;
- *make judgements and accounting estimates that are reasonable and prudent;
- *prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Tenon Facility Management UK Limited
Registered No. 09628622

Directors' report

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.

The directors confirm that:

*so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and

*the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

DONATIONS

No charitable or political donations were made during the current year (2021: £ nil)

PAYMENTS OF CREDITORS

The Companies Act 2006, as amended, requires the company to make a statement of its policy and practice on the payment of creditors.

It is, and will continue to be, the policy of the company to negotiate with suppliers so as to obtain the best available terms taking account of quality, delivery, price and period settlement and, having agreed those terms, to abide by them.

DISABLED EMPLOYEES

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

Disabled employees receive appropriate training to promote their career development within the company.

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

EMPLOYEE INVOLVEMENT

Regular meetings are held between senior management and employee representatives to discuss matters of concern. Employees are kept well-informed about the progress and position of the company by means of regular departmental meetings, newsletters and journals.

STRATEGIC REPORT

The company has chosen in accordance with Section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out within the company's Strategic Report the Company's Strategic Report Information Required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008. This includes information that would have been included in the business review and details of the principal risks and uncertainties.

Tenon Facility Management UK Limited

Registered No. 09628622

Directors' report

AUDITOR

Rayner Essex LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

By order of the Board



Sandeep Kumar Gupta
Director

Date: 22/08/2022

Tenon Facility Management UK Limited
Registered No. 09628622

Independent auditor's report to the members of Tenon Facilities Management UK Limited

Opinion

We have audited the financial statements of Tenon Facility Management UK Limited (the 'company') for the year ended 31 March 2022 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Tenon Facility Management UK Limited
Registered No. 09628622

Independent auditor's report to the members of Tenon Facilities Management UK Limited

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where 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.

Tenon Facility Management UK Limited
Registered No. 09628622

Independent auditor's report to the members of Tenon Facilities Management UK Limited

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.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with the directors and other management, and from our commercial knowledge and experience of the services sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, Health and Safety, employment, Environmental legislation and other relevant regulations;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and relevant regulators.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Tenon Facility Management UK Limited
Registered No. 09628622

Independent auditor's report to the members of Tenon Facilities Management UK Limited

Use of our report

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



Antony Federer FCA FCCA CF (Senior Statutory Auditor)

for and on behalf of Rayner Essex LLP
Chartered Accountants, Statutory Auditor
London
Date : 22 / 08 / 2022

Tenon Facility Management UK Limited
Registered No. 09628622

Statement of comprehensive income
for the year ended 31 March 2022

	Notes	2022 £	2021 £
Revenue		96,000	96,000
Cost of sales			
Gross profit		<u>96,000</u>	<u>96,000</u>
Administrative expenses		(90,424)	(319)
Operating profit		<u>5,576</u>	<u>95,681</u>
Attributable to:			
Operating profit before exceptional items		5,576	95,681
Impairment of investment	5	-	-
		<u>5,576</u>	<u>95,681</u>
Finance costs	6	(478,201)	277,211
(Loss)/Profit before taxation for the year		<u>(472,625)</u>	<u>372,892</u>
Income tax expense	7	-	(31,400)
(Loss)/Profit for the year		<u>(472,625)</u>	<u>341,492</u>
(Loss)/Profit for the year attributable to equity holders of the company		<u>(472,625)</u>	<u>341,492</u>
Other comprehensive income:			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive (loss)/income for the year, attributable to equity holders of the company		<u>(472,625)</u>	<u>341,492</u>

All amounts relate to continuing operations.

The notes on page 14 to 24 form part of these financial statements.

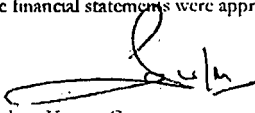
Tenon Facility Management UK Limited
Registered No. 09628622

Statement of financial position
As at 31 March 2022

		31-Mar-22	31-Mar-21
	Notes	£	£
Assets			
Non-current assets			
Investments	8	8,105,444	8,105,444
		<u>8,105,444</u>	<u>8,105,444</u>
Current assets			
Trade and other receivables	9	1,272,851	1,268,084
Cash and short-term deposits	10	232,275	236,822
		<u>1,505,126</u>	<u>1,504,906</u>
Total assets		<u><u>9,610,570</u></u>	<u><u>9,610,350</u></u>
Equity and liabilities			
Equity			
Issued capital	11	1	1
Retained earnings		(5,446,529)	(4,973,904)
Total equity attributable to equity holders of the parent		<u>(5,446,528)</u>	<u>(4,973,903)</u>
Liabilities			
Non-current liabilities			
Trade and other payables	14	8,575,165	8,128,072
		<u>8,575,165</u>	<u>8,128,072</u>
Current liabilities			
Borrowings	15	650,263	1,295,263
Trade and other payables	13	5,831,670	5,160,918
		<u>6,481,933</u>	<u>6,456,181</u>
Total equity and liabilities		<u><u>9,610,570</u></u>	<u><u>9,610,350</u></u>

The notes on page 14 to 24 form part of these financial statements.

The financial statements were approved and authorized for issue by the board and were signed on its behalf by:


Sandeep Kumar Gupta
Director
Date: 22/08/2022

Tenon Facility Management UK Limited
Registered No. 09628622

Statement of changes in equity
for the year ended 31 March 2022

	Issued capital	Issued capital £	Retained earnings £	Total equity £
As at 1 April 2020		1	(5,315,396)	(5,315,395)
Profit for the year		-	341,492	341,492
As at 31 March 2021		1	(4,973,904)	(4,973,903)
As at 1 April 2021		1	(4,973,904)	(4,973,903)
Loss for the year		-	(472,625)	(472,625)
As at 31 March 2022		1	(5,446,529)	(5,446,528)

The notes on page 14 to 24 form part of these financial statements.

Tenon Facility Management UK Limited
Registered No. 09628622

Statement of cash flow
for the year ended 31 March 2022

		31-Mar-22	31-Mar-21
	Notes	£	£
Cash flows from operating activities			
(Loss)/Profit before tax		(472,625)	372,892
Adjustments for:			
Finance costs	6	478,201	(277,211)
Operating profit before working capital changes		5,576	95,681
Increase in trade and other receivables		(4,767)	(437,120)
Increase in trade and other payables		702,625	24,408
Cash generated from operations		703,434	(317,031)
Income taxes paid		(31,401)	-
Interest paid		(31,580)	(46,670)
Net cash generated from/(used in) operating activities		640,453	(363,701)
Cash flows from financing activities:			
Repayment of long-term borrowings		(645,000)	-
Net cash flow from financing activities		(645,000)	-
Net decrease in cash and cash equivalents		(4,547)	(363,701)
Cash and cash equivalents at beginning of the period		236,822	600,523
Cash and cash equivalents at end of the year	10	<u>232,275</u>	<u>236,822</u>

The notes on page 14 to 24 form part of these financial statements.

Tenon Facility Management UK Limited
Registered No. 09628622

Notes to the financial statements
for the year ended 31 March 2021

1 Corporate information

The financial statements of Tenon Facility Management UK Limited for the year ended 31 March 2022 were authorised for issue in accordance with a resolution of the directors on 22nd August 2022.

Tenon Facility Management UK Limited is a limited company incorporated and domiciled in the United Kingdom. The registered office is located at 3rd Floor, Belmont House, Belmont Road, Uxbridge, London UB8 1HH.

2.1 Basis of preparation

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a fair value basis. The financial statements are presented in sterling.

There are no material uncertainties which may cast doubt on entities ability to continue as a going concern. We have assessed the period effective for the next 12 months up until August 2023. The Barclays loan has been repaid on 21st April 2022, and a new facility agreed with HSBC the company in a position to make this repayment on due date. There is no requirement within the next twelve months for any repayment of any further group undertaking.

The directors have a reasonable expectation that the company has adequate resources to continue operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Company's financial statements are included in the Tenon Facility Management (India) Private Limited consolidated financial statements for the year ended 31 March 2022. The company is exempt, under Section 401 of the Companies Act 2006, from the preparation of consolidated financial statements because it is included in the Annual Report and Financial Statements of the Group. These financial statements are separate financial statements.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made are the selection of the interest rate used to fair value the loan (See note 1.4).

2.2 Summary of significant accountancy policies

The following are the significant accounting policies applied by the Company in preparing its financial statements:

2.2.1 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The revenue shown in the profit and loss account represents amounts receivable for management and consultancy services provided during the year, net of trade discounts, VAT and other sales and related taxes.

Tenon Facility Management UK Limited
Registered No. 09628622

Notes to the financial statements
for the year ended 31 March 2022

2.2 Summary of significant accountancy policies (continued)

2.2.2 Financial Instruments

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument.

IFRS 9 specifies how an entity should classify and measure financial assets and liabilities. For debt instruments this can be measured in three ways

- 1 Amortised cost
- 2 Fair value through the profit and loss
- 3 Fair value through other comprehensive income

The measurement basis for the company is amortised cost, owing to the intention to collect the contractual cash flows in the future and that the cash flows are payments of principal and interest only.

The debt has been assessed for credit risk and credit losses based on historical values and future expectations; there is no impact to the financial statements therefore no adjustment has been made.

Derecognition of financial liabilities: Company shall remove a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished – i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in profit or loss.

2.2.3 Investments

Investments held as fixed assets are stated at cost. Under IAS 36 the value of these assets is assessed annually in an impairment review and adjusted as necessary.

In the financial year an impairment loss on investment was recognised owing to the recoverable amount being lower than the carrying amount. For details see Note 5.

2.2.4 Trade and other receivables

Trade receivables are stated at fair value. A provision for impairment is made where there is objective evidence of impairment (including customers in financial difficulty or seriously in default against agreed payment terms).

Tenon Facility Management UK Limited
Registered No. 09628622

Notes to the financial statements
for the year ended 31 March 2022

2.2 Summary of significant accountancy policies (continued)

IFRS 9 has been applied to calculate any credit risk and credit losses, in measuring the expected losses the trade receivables have been reported on days overdue and provided accordingly. Write offs occur only when there is no reasonable expectation of payment.

2.2.5 Borrowings

Bank loans and overdrafts are recorded initially at their fair value, net of direct transaction costs and finance charges are recognised in the statement of comprehensive income over the term of the instrument.

See note 2.2.2 Financial Instruments

2.2.6 Other financial liabilities

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value.

2.2.7 Current tax

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustments to tax payable in respect of previous years.

3 Standards issued but not yet effective

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 April 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 April 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).

Tenon Facility Management UK Limited
Registered No. 09628622

Notes to the financial statements
for the year ended 31 March 2022

3 Standards issued but not yet effective (continued)

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

In response to feedback and enquiries from stakeholders, in December 2020, the IFRS Interpretations Committee (IFRIC) issued a Tentative Agenda Decision, analysing the applicability of the amendments to three scenarios. However, given the comments received and concerns raised on some aspects of the amendments, in April 2021, IFRIC decided not to finalise the agenda decision and referred the matter to the IASB. In its June 2021 meeting, the IASB tentatively decided to amend the requirements of IAS 1 with respect to the classification of liabilities subject to conditions and disclosure of information about such conditions and to defer the effective date of the 2020 amendment by at least one year.

The Group is currently assessing the impact of these new accounting standards and amendments. The Group will assess the impact of the final amendments to IAS 1 on classification of its liabilities once those are issued by the IASB. The Group does not believe that the amendments to IAS 1, in their present form, will have a significant impact on the classification of its liabilities, as the conversion feature in its convertible debt instruments is classified as an equity instrument and therefore, does not affect the classification of its convertible debt as a non-current liability.

4 Financial risk management objectives and policies

The Company's principal financial statements comprise cash and bank borrowings. The fair values of these instruments are not materially different from their book values.

Transactions in financial instruments result in the Company assuming or transferring to another party one or more of the financial risks described below.

IFRS 9 has been applied to review any credit risk and credit losses, there is no impact for the company in the financial year.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company closely monitors its access to bank and other credit facilities in comparison to its outstanding commitments to ensure it has sufficient funds to meet its obligations as they fall due. The Company's finance function prepares and reviews management accounts on a quarterly basis, so that the management can ensure that sufficient financing is in place as it is required.

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4 Financial risk management objectives and policies (continued)

Maturity Analysis

The table below analyses the Company's financial liabilities basis based on amount outstanding at the statement of financial position date up to maturity date:

31 March 2022

	Less than six month	Between 6 months & 1 year	Between 1 & 5 Years	Over 5 years	Total
	£	£	£	£	£
Loans	650,263	-	-	-	650,263
Amounts owed to fellow group undertakings	5,831,670	-	8,330,964	-	14,162,634
Total liabilities	6,481,933	-	8,330,964	-	14,812,897

31 March 2021

	Less than six month	Between 6 months & 1 year	Between 1 & 5 years	Over 5 years	Total
	£	£	£	£	£
Loans	375,000	270,000	650,263	-	1,295,263
Amounts owed to fellow group undertakings	5,160,918	-	7,753,873	-	12,914,791
Total liabilities	5,535,918	270,000	8,404,136	-	14,210,054

Interest rate risk

There are loans payable bearing a fixed rate of interest. The Company has interest-free borrowings from the group companies.

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4 Financial risk management objectives and policies (continued)

The table below shows the Company's financial assets and liabilities split by those bearing fixed and floating rates and those that are non-interest bearing:

31 March 2022

	Fixed rate £	Floating rate £	Non-interest bearing £	Total £
Cash and cash equivalents	-	232,275	-	232,275
Amount owed by fellow group undertakings	-	-	993,120	993,120
Other receivables	-	-	279,731	279,731
Total assets	-	232,275	1,272,851	1,505,126
Amounts owed to fellow group undertakings	8,330,964	-	5,831,670	14,162,634
Loans payable	650,263	-	-	650,263
Other payables and accruals	-	-	-	-
Total liabilities	8,981,227	-	5,831,670	14,812,897

31 March 2021

	Fixed rate £	Floating rate £	Non-interest bearing £	Total £
Cash and cash equivalents	-	236,822	-	236,822
Amount owed by fellow group undertakings	-	-	993,120	993,120
Other receivables	-	-	274,964	274,964
Total assets	-	236,822	1,268,084	1,504,906
Amounts owed to fellow group undertakings	7,753,873	-	5,160,918	12,914,791
Loans payable	1,295,263	-	-	1,295,263
Other payables and accruals	-	-	-	-
Total liabilities	9,049,136	-	5,160,918	14,210,054

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5 Impairment of investment

For the purpose of impairment testing, investments in each entity is considered as separate cash generating unit and the same is compared to its recoverable value:

Investment in each entity	Year ended 31 March 2022	Year ended 31 March 2021
Elite Cleaning & Environmental Services Limited (Elite)	2,246,564	2,246,564
Office & General Group Limited (OGG)	5,858,880	5,858,880
Less: Impairment loss	-	-
	<u>8,105,444</u>	<u>8,105,444</u>

The recoverable amount of Office & General Group Limited was determined based on value in use calculations, covering a detailed 5 year forecast, followed by an extrapolation of expected cash flow till terminal period. The present value of the expected cash flows of the entity is determined by applying a suitable discount rate reflecting current market assessments of the time value of money and risks specific to the entity. The recoverable amount of Elite Cleaning & Environmental Services Limited was determined based on net asset basis as the current business contracts are being novated to Tenon FM Limited.

Recoverable amount of each entity	Year ended 31 March 2022	Year ended 31 March 2021
Elite Cleaning & Environmental Services Limited	2,246,564	2,246,564
Office & General Group Limited	5,858,880	5,858,880

Key assumptions used in determining value in use of OGG (Year 2022)

	OGG
Annual growth rate	5%
Long term growth rate	1.50%
Discount rate	12.77%

Key assumptions used in determining value in use of each entity (Year 2021)

	Elite	OGG
Annual growth rate	5%	5%
Long term growth rate	1.50%	1.50%
Discount rate	12.77%	12.77%

Growth rates

The Annual Growth rate considered during explicit period of 5 years is based on management estimation derived from past experience and current industry trend information available from external sources. The Long term growth rate is considered based on the long term GDP forecast of the country of operations.

Discount rate

The pre-tax discount rate applied to the pre-tax cash flow projections is based on management's estimates of the risks specific to the business.

Cash flow assumptions

Management's key assumptions include stable profit margins, based on past experience in this market. The Group's management believes that this is the best available input for forecasting this mature market. Cash flow projections reflect stable profit margins achieved during recent past years.

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5 Impairment of investment (continued)

The estimate of the recoverable amount for each cash generating unit is particularly sensitive to the discount rate and Growth rate. Below is the expected results of sensitivity analysis:

With respect to Office & General Group Limited

Assumptions	Change in assumption	Impact on impairment loss	Impact on value in use
Growth rate	+0.5%/-0.5%	-	113,832/(112,371)
Discount rate	+0.5%/-0.5%	-	(436,868)/477,638

Management is not currently aware of any other reasonably possible changes to key assumptions that would cause a unit's carrying amount to exceed its recoverable amount.

6. Finance Costs

	Year ended 31 March 2022	Year ended 31 March 2021
	£	£
Interest paid to Barclays	31,579	46,670
Interest paid to the Group loan	351,161	348,533
Foreign exchange loss/(gain)	95,461	(672,414)
Loss on modification of loan	-	-
	<u>478,201</u>	<u>(277,211)</u>

The exchange loss is resulted in translating outstanding loan to Holding Company in INR as at 31st March 2022.

7 Current tax

The major components of income tax expense for the year ended 31 March 2022 and the year ended 31 March 2021 are:

	Year ended 31 March 2022	Year ended 31 March 2021
	£	£
Current income tax		
UK corporation tax	-	31,400
Total current tax	<u>-</u>	<u>31,400</u>
	Year ended 31 March 2022	Year ended 31 March 2021
	£	£
Accounting Profit/(loss) before income tax	<u>(472,625)</u>	<u>372,892</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	(89,799)	70,849
Effects of:		
Non-deductible expenses		
Transfer pricing adjustment	(42,586)	(39,449)
Non-trade loan relationship deficit carried forward	-	-
Group relief	<u>132,385</u>	<u>-</u>
	<u>-</u>	<u>31,400</u>

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8 Investments

Group companies

	£
Cost:	
As at 1 April 2021 and 31 March 2022	12,303,985
Impairment:	
As at 1 April 2021	4,198,541
Impairment charge in the year	
As at 31 March 2022	4,198,541
Net book value:	
As at 31 March 2022	8,105,444
As at 31 March 2021	8,105,444

At 31 March 2022, the Company has the following issued share and voting rights capital of the following subsidiary undertakings:

Name of subsidiary	Country of Incorporation	Holding	Proportion of ownership	Principal activity
Elite Cleaning & Environmental Services Ltd	United Kingdom	Ordinary	100%	Cleaning and related
Office & General Group Limited	United Kingdom	Ordinary	100%	Investment company
Tenon FM Limited	United Kingdom	Ordinary	100% indirect	Cleaning and related services

Office & General Group Limited and its subsidiaries were acquired on 7 September 2015.

Elite Cleaning & Environmental Services Ltd was acquired on 21 April 2017.

9 Trade and other receivables

	2022 £	2021 £
Amounts owed by group undertakings	993,120	993,120
Prepayments	279,731	274,964
	<u>1,272,851</u>	<u>1,268,084</u>

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10 Cash and short-term deposits

	2022	2021
	£	£
Cash at bank and on hand	232,275	236,822
	<u>232,275</u>	<u>236,822</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates.

11 Issued share capital and reserves

Authorised shares

	2022		2021	
	No.	£	No.	£
Allotted, called up and fully paid				
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

There are no authorised shares unissued or issued shares which are not fully paid.

12 Distributions made and proposed

The directors have not proposed or paid a dividend in respect to the year ended 31 March 2022.

13 Trade and other payables (current)

	2022	2021
	£	£
Trade payables and accruals	(472)	41,276
Amounts owed to group undertakings	5,832,142	5,119,642
	<u>5,831,670</u>	<u>5,160,918</u>

14 Trade and other payables (non-current)

	2022	2021
	£	£
Trade payables and accruals	244,202	374,199
Amounts owed to group undertakings*	8,330,963	7,753,873
	<u>8,575,165</u>	<u>8,128,072</u>

* Loan payable to its holding company Tenon Facility Management India (Private) Limited, designated in Rupees with an interest rate of 7% and to be repayable in June 2024. At 31 March 2022 the principal and interest due was INR831million.

15 Borrowings (current)

	2022	2021
	£	£
Term loan - Barclays plc	650,263	1,295,263
	<u>650,263</u>	<u>1,295,263</u>

The Barclays plc term loan is secured by charge over the assets of the company. There is an inter-company cross guarantee with accession made between Tenon Facility Management UK Limited and Office & General Group Limited in respect of this loan.

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Notes to the financial statements
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16 Auditors' remuneration

The audit fee for the year has been borne by Tenon FM Limited.

17 Related party disclosures

Note 8 above provides the information about the subsidiaries and the Company. The following table provides the total amounts owed by/to related parties at the end of the respective financial year.

		Amounts owed by related parties £	Amounts owed to related parties £
Parent company:			
Tenon Facility Management India Pvt Ltd	2022	-	8,330,964
	2021	-	7,753,873
Other related parties:			
Tenon FM Limited	2022	-	2,981,142
	2021	-	2,268,642
Office & General Group Ltd	2022	993,120	-
	2021	993,120	-
Elite Cleaning & Environmental Services Ltd	2022	-	2,851,000
	2021	-	2,851,000

The following table provides the total amounts incurred on behalf of /by related parties for the year.

	2022 £	2021 £
Management fee charged to Tenon FM Limited	96,000	96,000
Interest cost charged by Tenon Facility Management India Pvt Ltd	485,611	567,379

Transactions with key management personnel

No transaction has been entered during the current year with the key management personnel.

18 Events after the reporting period

There have been no significant events after the reporting period requiring disclosure. There have been no dividends declared or proposed during this time.

19 Immediate, ultimate parent company and controlling party

The ultimate parent company and controlling party is Tenon Facility Management (India) Private Limited, a company registered in India.