Registered number 14132130

Hexagon Reliance Limited

Reports and Financial Statements

31 December 2022

Director
D Mills
A Montgomery (appointed 24 May 2023)

Secretary
H Peall

Registered Office
Cedar House
78 Portsmouth Road
Cobham
Surrey
KT11 1HY

Auditors
Wellden Turnbull Limited
Albany House
Claremont Lane
Esher
Surrey
KT10 9FQ

Solicitors
McGuire Woods London LLP
5 New Street Square
LONDON
EC4A 3BF

Registered No. 14161784

Strategic report

The directors present their Strategic report for the 6-month period ended 31 December 2022.

Business Review

The Company was incorporated on 25 May 2022. The principal activity of the Company during the period was that of an intermediate parent undertaking for Hexagon AB. Administrative costs incurred by the Company are met by fellow group companies. Given the nature of the Company's operations, with an investment in a subsidiary undertaking and equivalent loan with its parent, the directors do not consider there to be any key financial or other performance indicators.

Principal risks and uncertainties

The risks and uncertainties discussed in this section are not an exhaustive list but are considered to be the key risks and uncertainties faced by the business. Our aim is to manage, and control identified risk through established processes, but it cannot be eliminated completely. Financial instruments and risk management is detailed in the Directors' report.

COVID-19

At the time of preparing the statutory accounts submission, global economies continue to be impacted by the economic uncertainty following the COVID-19 pandemic. We continue to carefully evaluate the commercial and fiscal effects of the pandemic on the Company. However, the direct impact on the Company is not expected to be significant due to the nature of its operations as an intermediate holding company, the administrative costs for which are met by fellow group entities.

Ukraine War

In February 2022, in response to Russia's military action in Ukraine, multiple jurisdictions including the EU and the UK have imposed economic sanctions on Russia. As a result, many sectors are experiencing the impact of rising commodity prices and increased raw materials costs, with a resultant impact on inflation rates and more generally on global economies. Local and group management are continually reviewing the position, however, the direct impact on the Company is not expected to be significant due to the nature of its operations as an intermediate holding company, the administrative costs for which are met by fellow group entities.

Carrying value of investments

The Company holds an investment in a fellow group company. The Company is exposed to the risk that its investment falls in value and is subject to impairment write downs. The group actively manages and monitors the performance of all group companies and management regularly track the results of and reviews forecasts of investments held, in order to ensure the carrying value of investments is not impaired.

By order of the Board

D Mills

Director

Date: 29 June 2023

Directors' report

The directors present their report and financial statements for the 6-month period ended 31 December 2022.

Director responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Future developments

The Company plans to remain an intermediate parent undertaking for subsidiaries of Hexagon AB.

Financial instruments and risk management

The Company did not participate in any form of hedging transactions during the current financial period. Also, the Company does not use forward exchange contracts relating to foreign currency transactions. Therefore, all foreign currency risk is incurred by the Company.

There are no other material exposure of the Company relating to price risk, credit risk, liquidity risk and cash flow risk which is material for the assessment of the assets, liabilities, financial position and profit of the Company.

Directors' report (continued)

Directors

The director who served the Company during the period was as follows:

D Mills

Director liabilities

The ultimate parent undertaking, Hexagon AB, has indemnified all directors and officers of their subsidiary companies against liability in respect of proceedings brought by third parties, subject to conditions set out in the Companies Act 2006. Such qualifying indemnity insurance was in force during the period.

Disclosure of information to the auditors

The directors who were members of the board at the time of approving the directors' report are listed above. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and

- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

In accordance with s.485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for appointment of Wellden Turnbull Limited as auditor of the Company.

By order of the Board

D Mills
Director
Date: 29 June 2023

Independent auditors' report

to the members of Hexagon Reliance Limited

Report on the audit of financial statements

Opinion

We have audited the financial statements of Hexagon Reliance Limited (the 'Company') for the period ended 31 December 2022 which comprise, the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2022 and of its result for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 Reduced Disclosure Framework; 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 Auditors' 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 Financial Reporting Council's ('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.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditors' 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 this report, we do not express any form of assurance conclusion thereon.

Independent auditors' report (cont'd)

to the members of Hexagon Reliance Limited

Other information (continued)

In connection with our audit of the financial statements, 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 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 the 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 period 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report (cont'd)

to the members of Hexagon Reliance Limited

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 Auditors' 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.

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. We have identified the greatest risk of a material impact on the financial statements from irregularities, including fraud, to relate to the valuation of the investment in the Company's subsidiary and the override of controls by management. We have obtained an understanding of the legal and regulatory frameworks that the Company operates within including both those that directly have an impact on the financial statements and more widely those for which non-compliance could have a significant impact on the Company's operations and reputation. The Companies Act 2006 is that which we have identified in this regard. Auditing standards limit the required procedures as to non-compliance with laws and regulations to enquiries of those charged with governance and review of any applicable correspondence.

Audit procedures performed by the engagement team included:

- Enquiry of management and those charged with governance as to actual and potential litigation and claims;
- Enquiry of management to identify any instances on non-compliance with laws and regulations;
- Reviewing the reasonableness of tax provisions;
- Reviewing the reasonableness of the transfer pricing arrangements;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business; and
- Reviewing and challenging assumptions and judgements in respect of significant accounting estimates, in particular in relation to the valuation of fixed asset investments and related impairment assessments.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

Independent auditors' report (cont'd)

to the members of Hexagon Reliance Limited

Auditors' responsibilities for the audit of the financial statements (continued)

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' 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.

Mark Nelligan

Mark Nelligan FCA (Senior Statutory Auditor)

for and on behalf of Wellden Turnbull Limited, Statutory Auditors
Albany House
Claremont Lane
Esher
Surrey
KT10 9FQ

Date: 03/07/2023.

Statement of Comprehensive Income

for the period ended 31 December 2022

	Notes	*6 months ending 31 Dec 2022* *$'000*
Revenue		-
Administrative expenses		-
Operating profit		-
		-
Interest payable and similar charges		
Interest receivable		-
		-
Profit/(Loss) on ordinary activities before taxation		
Tax on profit/(loss) on ordinary activities		-
Profit for the financial period		-
		-
Other comprehensive income		
Total comprehensive profit for the period		-

All activities are derived from continuing operations.

Balance sheet

at 31 December 2022

	Notes	2022 $'000
Non-current assets		
Investments	5	58,000
		58,000
Current assets		
Amounts owed by group undertakings	6	100
		100
Creditors: amounts falling due within one year		
		-
		-
Net current assets		100
Total assets less current liabilities		58,100
Creditors: amounts falling due after one year		
Trade and other creditors		-
		-
Net assets		58,100
Capital and reserves		
Called up share capital	7	100
Share premium account		58,000
Profit and loss account		-
Shareholders' funds		58,100

The financial statements were approved by the board of directors and authorised for issue on 29 June 2023.

David Mills
Director

Registered no: 14161784

Statement of changes in equity

at 31 December 2022

	Share capital	*Share premium*	*Profit and loss account*	*Total equity*
	$'000	$'000	$'000	$'000
As at 25 May 2022	100	-	-	100
Allotment of shares	-	58,000	-	58,000
Profit for the period	-	–	-	-
Other comprehensive income	-	–	–	–
Total comprehensive income for the period	-	–		
At 31 December 2022	100	58,000	-	58,100

Notes to the financial statements

at 31 December 2022

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Hexagon Reliance Limited (company number 14132130) for the period ended 31 December 2022 were authorised for issue by the board of directors on 29th June 2023 and the balance sheet was signed on the board's behalf by D Mills. The Company is a private company, limited by shares, and incorporated and domiciled in England. The registered office is Cedar House, 78 Portsmouth Road, Cobham, Surrey, KT11 1HY.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in US Dollars and all values are rounded to the nearest thousand dollars ($000) except where otherwise indicated.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary. These financial statements present information about the Company as an individual undertaking and not about its group.

The results of the Company are included in the consolidated financial statements of Hexagon AB which are available from Lilla Bantorget 15, P.O. Box 3692, SE-103 59, Stockholm, Sweden. The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

2.1. Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the period ended 31 December 2022.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

(a) the requirements of IFRS 7 Financial Instruments: Disclosures;
(b) the requirements of paragraphs 91 – 99 of IFRS 13 Fair Value Measurement;
(c) the requirements of IAS 7 Statement of Cash Flows;
(d) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
(e) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
(f) the requirements of paragraphs 10(d), 10(f),16, 38A, 38B, 38C, 38D and 134-136 of IAS 1 *Presentation of Financial Statements*;
(g) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
(i) paragraph 79(a)(iv) of IAS 1;
(h) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

(i) and the requirements of paragraph 90 and 91 of IFRS 16 Leases;

(j) the requirements of Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).

Notes to the financial statements (Continued)

at 31 December 2022

2. Accounting policies (continued)

2.2. Basis of measurement

The financial statements have been prepared under the historical cost convention. Details of significant accounting judgements, estimates and assumption are contained in note 2.5.

2.3. Going concern

These Financial Statements have been prepared on a going concern basis which means that the Company will continue to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements. In assessing the appropriateness of the going concern basis of preparation, the director has taken into account the key risks of the business, including the wider global economic uncertainty in the aftermath of COVID-19 and as a result of the ongoing war in Ukraine. In doing so the director has considered the Company's business model and cites, if required, the continued support and liquidity available to the Company from its ultimate parent Hexagon AB and fellow group subsidiaries should it ever be required.

Having undertaken this assessment, the director has a reasonable expectation that the Company has sufficient resources to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these Financial Statements and the director considers it appropriate to prepare the Financial Statements on a going concern basis.

2.4. New standards, amendments and IFRIC interpretations

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

2.5. Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following are the Company's key judgements and sources of estimation uncertainty:

Investments in subsidiaries are calculated based on the future value of the investments. Management estimate the recoverable amount of investments in subsidiaries at each reporting date. The recoverable amount is determined by calculating the present value of future forecast cashflows. Forecast cashflows although based on historical and current performance as well as other external market factors, include an element of estimation uncertainty and assumptions, specifically as to discount rates and growth rates. Where the recoverable amount is less than the original cost of the investment, an impairment loss is recognised.

Notes to the financial statements (Continued)

at 31 December 2022

2. Accounting policies (continued)

2.6 Significant accounting policies

Revenue recognition

Revenue is recognised as the fair value of consideration received or receivable for the sale of product and services in the ordinary course of business and is shown net of Value Added Tax. Revenue not recognised at the year end is classified as deferred income in the Balance Sheet.

Interest

Interest income represents bank interest received and interest receivable from group financing arrangements. Interest payable represents bank interest paid and accrued during the year and interest paid on other liabilities.

Investments

The financial statements include investments in subsidiaries which are held at cost less accumulated impairment losses. In assessing for impairment management have used assumptions regarding future cashflows and discount rates to estimate the investments recoverable value.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. Where the carrying amount exceeds the recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Financial assets

Initial recognition and measurement

At initial recognition the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Trade and other debtors

Receivables are non-derivative financial assets with fixed or determinable payments, that are not quoted in an active market, are accounted for at amortised cost using the effective interest (EIR) method, less impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the profit or loss account. The losses arising from impairment are recognised in the profit and loss account in other operating expenses. Short-term debtors are accounted for at transaction price less impairment.

De-recognition of financial assets

A financial asset is derecognised when (i) the rights to receive cash flows from the asset have expired or (ii) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement; and either (a) the Company has transferred substantially all

Notes to the financial statements (Continued)

at 31 December 2022

2. Accounting policies (continued)

2.6. Significant accounting policies (continued)

the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Impairment of financial assets

The Company recognises an allowance for expected credit losses ('ECL's') for all debt instruments not held at fair value through profit or loss. ECLs are recognised in two stages:

For credit exposures for which there has not been a significant increase in credit risk since initial recognition ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL);

For those credit exposures for which there has been a significant increase in credit risk since initial recognition a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Provisions

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cashflows associated with the impaired receivable. For trade receivables and amounts due from group undertakings which are reported net such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of comprehensive income. On confirmation that the receivable will not be collected the gross carrying value of the asset is written off against associated provision.

Cash at bank and in hand

Cash comprises cash at banks and in hand and short term deposits with an original maturity of three months or less. This includes cash held in group treasury accounts that is repayable without penalty within 24 hours.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Notes to the financial statements (Continued)

at 31 December 2022

2. Accounting policies (continued)

2.6. Significant accounting policies (continued)

De-recognition of financial liabilities

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest methodology.

Income taxes

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

Deferred income tax is recognised in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

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

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

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

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

Foreign currencies

Transactions in foreign currencies are initially recorded in the entity's functional currency of Sterling by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Notes to the financial statements (Continued)

at 31 December 2022

2. Accounting policies (continued)

2.6. Significant accounting policies (continued)

Provisions

Provisions are recognised where:

- the Company has a present legal or constructive obligation as a result of past events;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- The amount has been reliably estimated.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

3. Director's remuneration

The director is also a director of other subsidiary undertakings within the group and his remuneration for the period was paid by other undertakings. The director did not receive any remuneration in relation to the Company as his services are considered inconsequential to the Company.

Notes to the financial statements (Continued)

at 31 December 2022

4. Taxation

(a) Tax charged in the income statement

	2022
	$000
Current income tax:	
UK corporation tax on the profit for the year	-
Total current income tax	-
Deferred tax:	
Current year	-
Adjustment in respect of previous periods	-
Effects of changes in tax rates	-
Total deferred tax	-
Tax expense/(credit) in the Statement of Comprehensive Income	-

(b) Reconciliation of the total tax charge

The tax for the year is lower than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	2022
	£000
Profit on ordinary activities before tax	-
Tax calculated at UK standard rate of corporation tax of 19 %	-
Effects of:	
Overseas income	36
Group relief received	(36)
Total tax (credit)/expense reported in the Statement of Comprehensive Income	-

Change in corporation tax rate

In March 2023, the Chancellor announced an increase in the UK corporation tax rate from 19% to 25% with effect from 1 April 2023.

Notes to the financial statements (Continued)

at 31 December 2022

5. Investments

	Shares in group companies *$'000*
Cost	
Cost at 25 May 2022	-
Additions	58,000
At 31 December 2022	58,000

At the balance sheet date, the Company held the issued share capital of the following companies:

Name of company	*Country of incorporation*	*Description of shares*	*Percentage shareholding*
Hexagon Smart Capital LLC *	USA	Ordinary	100%

* Direct holding by the company. The registered office for the companies listed above is:
250 Circuit Drive, North Kingstown, RI 02852, USA.

6. Debtors

	2022 *$000*
Due within one year	
Amounts due from group undertakings	100

Amounts due from group undertakings comprises unpaid share capital totalling $100,000.

7. Authorised and issued share capital

Authorised, allotted, called up and fully paid	*No.*	*2022* *£000*
Ordinary shares of USD $1 each	100,001	100

All shares rank pari passu in all respects including dividend and winding up rights.

Notes to the financial statements (Continued)

at 31 December 2022

8. Reserves

Share capital

Nominal value of share capital subscribed for.

Share premium

The share premium reserve of $58,000,000 represents the amount paid for the allotment of additional ordinary shares of the Company above the par value of its ordinary shares.

Profit and loss

Cumulative profits and losses net of all adjustments and transactions with owners (e.g., dividends).

9. Ultimate parent undertaking and controlling party

The Company's immediate parent is Hexagon Smart Financial LLC. In the opinion of the directors, the Company's ultimate parent undertaking and ultimate controlling party is Hexagon AB, a company incorporated in Sweden. This is the largest group of which the Company is a member and for which group financial statements are prepared. Copies of the financial statements are available from its registered office at the following address:

Lilla Bantorget 15
P.O. Box 3692
SE-103 59
Stockholm
Sweden