

Registered number
12912998

Vysus Group Holdings Limited
Annual Report and Financial Statements
For the year ended 31 December 2022



Vysus Group Holdings Limited
Report and Financial Statements
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Vysus Group Holdings Limited
Company Information

Directors

D M Clark
A Farrant
W Stamp
P J Williamson
G E Morrison (appointed January 27, 2022)

Auditors

RDO LLP
55 Baker Street
London
W1U 7EU

Bankers

HSBC Bank PLC
60 Queen Victoria Street
London

Registered office

Suite C
105, Piccadilly
London
England
W1J 7NJ

Registered number

12912998

Vysus Group Holdings Limited**Registered number:**

12912998

Directors' Report

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

Principal activities

Vysus Group Holdings Limited (the "Company") and its subsidiaries (together the "Group") provides engineering and technical consulting services.

Future developments and events since the balance sheet date

The Board of Directors are confident that the combination of market recognised technical and regulatory expertise, across a number of energy markets are ideally timed to provide maximum returns to the business.

Research and development

The Group has not undertaken any R&D activities during the period under review.

Principal risks and uncertainties including financial instrument risk

The principal strategic risks of the Group are covered in the strategic report.

Dividends

The directors do not recommend a final dividend (2021: no dividend).

Directors

The following persons served as directors during the year:

D M Clark

A Farrant

W Stamp

P J Williamson

G E Morrison (appointed January 27, 2022)

Disclosure of information to auditors

Each person who was a director at the time this report was approved confirms that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Going concern

In determining the appropriate basis of preparation of the Financial Statements, the directors are required to consider whether the Group and Company can continue in operational existence over the period to December 2024 (the 'going concern period'), which is 12 months from the date of signing these accounts.

Vysus Group Holdings Limited**Registered number:** 12912998**Directors' Report****Going concern (continued)**

Based on forecasts prepared for the going concern period, the directors have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Following the repayment of all loans by January 2023 no external financing is being relied upon except an invoice discounting arrangement with Sonovate Limited in the UK and Sonovate US, LLC in the US.

The Board of Directors' review included, in particular, assessment of the Group and Company's projected cash flows and access to financing arrangements considering its operational outlook and work, both individually and together with its subsidiaries as a group.

The Group's offering post divestments in 2022 is delivered through multiple engineering and technical service lines and across several industrial sectors which provides the Group some resilience if there is any impact to the demand for the services of a particular service line at any point in time as it is very unlikely that all sectors and service lines will be significantly impacted at the same time.

Assumptions underpinning the cash flow forecast have been reviewed, and areas where liquidity risk has been identified have been specifically considered by Group senior management. Sensitivity analysis and stress testing, which involve challenging key assumptions, have been incorporated into the forecasted position to ensure overall sustainability for the going concern period. These stress tests involved changes to revenue, cost base and the timing of receipts and payments as well as debt availability to establish cash availability going forward under best and worst case scenarios.

Taking into account the Group's present position and its principal risk and uncertainties the Board of Directors have a reasonable expectation that the Group and Company will be able to continue its operations and meet its liabilities as they fall due for the going concern period. Based on the above, together with the directors' knowledge and experience of the market, the directors continue to adopt the going concern basis in preparing the financial statements for the period ended 31 December 2022.

Employees

Vysus Group Holdings Ltd strives to be an equal opportunities employer. Full consideration is given to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is Company policy wherever practicable to provide continuing employment under normal terms and conditions, and to provide training and career development and promotion to disabled employees wherever appropriate.

The Group continually aims to provide employees with information on relevant matters, including financial and economic factors affecting the performance of the Group both by email and by posting to the Group's intranet website and using internal social media.

Political and charitable donations

The Group has not made any donations during the period.

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Directors' Report

Energy Emissions Disclosure

The Group's emission and energy consumption in the United Kingdom was less than 40,000 kWh during the year ended 31 December 2022.

Third party indemnity provisions

Qualifying third party indemnity provisions (as defined by s234 of the Companies Act 2006) for the benefit of directors and officers were in force for all directors and officers during the period and remains in force in relation to certain losses and liabilities which directors and officers may incur (or have incurred) in connection with their duties, powers or office.

Auditor

BDO LLP has expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be reappointed.

This report was approved by the board on 13 December 2023 and signed on its behalf.

D M Clark

A handwritten signature in black ink, appearing to read 'D M Clark', with a stylized flourish at the end.

Director

Vysus Group Holdings Limited
Statement of Directors' Responsibilities

The directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (Financial Reporting Standard 102 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 group 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 then apply them consistently;
- make judgements 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 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.

Vysus Group Holdings Limited

Strategic Report

Business Review

2022 has built on the success of 2021 and has met many of the goals set by the Investors, Inspirit Capital and the management of Vysus Group after a year of transition in 2021 which had been the first full year of business for the Vysus Group.

Vysus Group is a leading engineering and technical consultancy offering specialist asset performance, risk management and project management expertise across complex industrial assets, energy assets (oil and gas, nuclear, renewables, wind) and energy transition. The values we hold at the core of our business are:

Trust	Partnership	Passion
We are trusted advisors. Independence and integrity are core to our approach to deliver innovative advice and proven solutions, in full consideration of all stakeholders, safety and the environment.	We build strong relationships with our clients, partners, and key stakeholders, working collaboratively and aligning our objectives to maximise performance and outcomes.	We are passionate in our commitment to delivering excellence with everything we do, driven to go above and beyond, seeking new knowledge, and challenging the status quo. We fully recognise the power of diversity, in all its forms, to benefit our business, clients and our talented employees.

At Vysus Group we are committed to actively challenging convention to achieve great things. We work hand in hand with our clients and apply new and imaginative thinking to tackle complex and multi-layered challenges and our comprehensive knowledge and passion improves operational performance and reduces risk.

Financial KPIs

The Group uses a range of financial measures to monitor progress and ensure strategic objectives are achieved.

The following is a summary of the key performance indicators during the period under review.

KPI	2022	2021
Group Revenue	£103.3 million	£100.4 million
Cash Flow Generated	£3.8 million	£0.9 million
Group Operating Profit	£1.7 million	£10.7 million
Debtor days	59.9 Days	79.1 Days

Vysus Group Holdings Limited

Strategic Report

The Group has performed strongly in the year against both budget and forecast. The ability to generate cash in this period has been critical as the Group has limited access to external funding so its success is dependent on its ability to generate cash internally and this has been achieved. Vysus Group have successfully cleared all 3rd party loans and Shareholder loans. Vysus operate a balanced approach to service lines to ensure that there is resilience in the business and this is actively displayed by ongoing performance.

A further key metric which is used by the Group is utilisation percentage of chargeable staff to ensure overall productivity and revenue generation. Review of this percentage ensures that staff are booking time to work which is invoiced to customers. This percentage has not been disclosed in these financial statements as it would be prejudicial to the business to do so.

During 2022, a suite of reporting tools were established, through a Power BI viewer, to leverage the core business data managed within the integrated ERP system which was deployed into the business in 2021 to enable actionable insight into the corporate data by project managers, P&L and functional leadership across the business.

Several key strategic decisions have been undertaken in line with Vysus Group's long term business plan, many of which were referenced in the future developments section of the 2021 accounts.

Vysus successfully divested the transport business in Scandinavia and this sale was completed during October 2022. This always represented part of the Inspirit strategy as a transportation business did not fit the Vysus strategy of being a consulting business. Similarly, as referenced in the 2021 accounts Vysus Group divested SGC Engineering based in the USA, this was a land survey business so again out of the strategic scope that Vysus wishes to concentrate on.

In early 2022 Magnolia River proactively approached Vysus with an interest in acquiring the SGC business. Magnolia River is a survey, inspection and engineering business focused on the US onshore market and which is wholly owned by Warren Equity. SGC's capability and expertise is very much focused on the onshore US domestic energy and infrastructure market – a capability which is not easily replicated outside of the US onshore sector, as such it therefore sits outside of the wider Vysus Group strategy to deliver services globally.

Vysus also successfully divested the Senergy Wells business in December 2022 to Elemental Energies. The long-term plan had always been to divest this business as it did not align with the high value consulting focus and historically was working capital intensive and of recent times represented low margins for the business overall.

These divestments were all referenced in the 2021 accounts, but are referenced again to reinforce how Vysus is delivering on the planned strategy of being a high end consulting business.

Developments

2023 has been a fairly successful year for Vysus so far with the business on plan to meet its budget. Vysus have further expanded and improved our business systems implemented and continued to increase commercial focus and have worked to attract talent into key positions. This included the recruitment in January 2023 of a new Senior Vice President of the Consulting business, with the business then structured into two primary operating divisions, Vysus Consulting and Vysus Moduspec. The Board of Directors are happy with the growth achieved and the progress made, allowing the business to continue performing ahead of the long-term business plan.

The Board remain confident that the new shape of the business will continue to grow and that the strategic divestments during 2022 have allowed Vysus to concentrate on our core strategy. There is an ever growing requirement for Vysus' services and the recognised technical and regulatory experience across the whole energy market means that Vysus are ideally positioned to meet the needs of our customers across the energy, infrastructure and complex industrial sectors as well as being perfectly positioned to support the world as it transitions to low carbon energy solutions. In 2023 we expect to have moved to

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Strategic Report

almost 60% of the Vysus Consulting revenue coming from non-Oil & Gas based activity. This sector transition was recently recognised by the EIC (Energy Industries Council, a global energy sector trade body and the 5th largest trade body in the world) with the 2023 Award for Business Diversification.

Recent collaborations with Kairos and Siccar will enable Vysus to be at the forefront of the energy transition and continue to be seen as a leading edge developer of technically enabled consultancy services. Development work on the HAZOP Assistant solution with our partner Kairos has progressed well and while initial sales and market pick-up have been behind plan, we were recently awarded our first commercial project as a pilot for a major Middle East national operator and which could provide a significant scaling of the new offer through 2024. The HAZOP Assistant platform will enable our RMC consultancy services team to not only provide a very much enhanced, and differentiated service offer to our customers but also the means to deliver services in a more scalable and cost effective model. In time, we also expect to build a recurring revenue stream from the SaaS license delivery of the platform.

Similarly our partnership with Edinburgh based Siccar has progressed very well in 2023 with the commercial partnership now formalised and the successful completion of two pilot projects for clients in the UK and Middle East. The co-branded Emissions management DataBox platform provides, we believe, a unique solution for companies of all scale to be able to track and manage emission data and metrics in a secure and fully traceable way. This leverages the expertise of the Vysus consultants and their years of experience in providing ESG metrics assurance services. Now a commercial product and offer we expect to receive our first project this year and have growing interest from clients and other key stakeholder as the increasing levels of ESG regulations from the EU, UK and US have a growing impact across multiple sectors.

We are also hopeful of being awarded a material scope of work which will leverage expertise and IP within our RMC team to create a new DQRA (Dynamic Quantitative Risk Analysis) digital solution as a fully funded project. If award is formalized, as indicated by the client, this award is further recognition of the Vysus brand and capability versus a number of larger scale businesses. Once developed (in H1 2024), this platform will be available for commercial sale and deployment to global customers creating yet another differentiated value offer.

Vysus also recently moved into a new Global headquarters in Aberdeen having exited the office rented from our previous owners. The new site provides sufficient space for the corporate team and Aberdeen delivery teams with a flexible lease arrangements minimizing exposure to long term lease commitments.

Principal risks and uncertainties

In the opinion of the directors, the principal risks and uncertainties facing the Company relate to uncertainty associated with a sustained period of low oil prices, and the broader energy markets, although these have now materially recovered as global activity increases post COVID and the impact of the war in Ukraine. The risk is managed through systematic and thorough analysis of the market and opportunities, tracking of pipeline and business development activity, and active management of the cost base. Also, detailed forecasting of cash flows throughout the Company and Group which ensures sufficient cash is generated during the going concern period. A core element of the business strategy is in the diversification of the sector mix away from pure oil and gas markets to the wider energy (renewables, nuclear, solar & storage), complex industrials (petrochemicals, pharmaceuticals, downstream etc) and power infrastructure. As highlighted above, good progress has been made in this transition with 2023 activity expected to be almost 60% non-Oil & Gas activity (by revenue) for the Vysus Consulting business.

The principal strategic risks of the Company are:

- Global economic slow-down affects the key markets in which the Company operates.
- Emerging and disruptive technologies, or other changes in the competitive landscape adversely impact our business model.
- Loss of customer trust or decline in customer experience leads to loss of market share.
- Inability to attract and retain the best people and talent with the necessary skills, including technical and commercial, to support the delivery of the Company's strategy.

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- Geopolitical changes, such as the UK's exit from the EU or changing sanction regimes impacts our markets.

The principal operational and compliance risks of the Company are:

- Health, safety and security of our workforce.
- Failure of a client asset or process because of a breakdown in the Company's quality assurance processes.
- Cyber and data related security incidents.
- Major project delay overspends or failure.
- Legal and regulatory compliance, including adherence to legal and regulatory standards and litigation risk in various jurisdictions.
- Key laws and regulations that impact the Company include those relating to anti-bribery and corruption, data protection and competition.

Financial risk management

Vysus Group is exposed to credit risk as a result of its operations and the activities that it carries out. Although the facility with Sonovate reduces this risk as funding is received earlier in the cycle.

Vysus Group performs assessments on the creditworthiness of new clients, and where appropriate assigning a credit limit to clients' accounts.

As with all organisations who operate in this sector there exists commodity price risk in relation to oil price fluctuations however overall risk is reducing as the group grows its energy transition and wider industrial asset offering.

Foreign exchange risk exists due to subsidiaries and customers based overseas, the risk is mitigated by ensuring as far as possible that contract revenue and cost are in the same currency.

The company maintains ISO accreditation (through BSi) to the ISO standards 9001, 14001 and 45000 with an active audit internal and external audit program in place. BSi completed a number of audits across Vysus sites, including the Aberdeen HQ, in Q3-23 with no major findings or non-conformances. Further development of the management system (VMS) documents is ongoing with a new, SharePoint based, portal currently under development.

People Risk

Across 2023, attrition levels remain in line with historical trends and the business continues to monitor markets, compensation levels and performance to align with market conditions. We maintain an active, company wide, engagement with regular business updates, townhall meetings and frequent internal updates through our Intranet and email. Employee engagement is monitored through quarterly surveys and feedback sessions. Survey results are published and shared along with specific action plans and follow-up. In 2023 we have launched additional cross business networking sessions to further improve engagement, feedback and demonstrate responsiveness. We continue to expand our social media coverage and this include highlighting of individuals, including our quarterly core values recognition winners.

In 2023 we launched a six month pilot to allow all Vysus Group personnel access to the LinkedIn Learning platform to enable a wide variety of training programmes to be used as part of training and development programmes.

Compliance & Governance

The business continues to maintain and update our compliance, governance and security policies and procedures with all employees completing compulsory training in H2 2023 on ethics and compliance areas in addition to cyber security topics. Records are maintained on completion of this training for all employees.

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Section 172 (1) Statement

The Company acts as a holding company for operational companies and therefore the statements below apply to the Group. Section 172 of the Companies Act 2006 places a statutory duty on the directors of a company to act the way they consider, in good faith, would most likely promote the success of the company for the benefit of its members, having specific regard to the items noted below.

The Board recognizes the importance of stakeholder engagement in delivering the long-term and sustainable success of the Company. When making decisions the Directors have regard to the likely long-term impact and their responsibilities and duties to the shareholders and other stakeholders of the Company.

The Directors detail below how in the year to 31 December 2022, their strategies, actions and decision making responded to this duty.

Stakeholder Engagement

Through regular engagement, we gain insight into the different perspectives of our stakeholders. Considering their insights and opinions builds strong, constructive relationships and enables robust and sustainable decision making at both executive and Board level.

Employees

As a small Group the CEO and CFO deal directly with a large number of employees. They are both directly involved in the day to day running of the business and therefore come into contact with staff throughout the world on a daily basis. Therefore, at Board level there exists an appreciation of staff as individuals and *the Board have an insight into their requirements as stakeholders and are able to respond directly*. Members of the Senior Leadership Team present at each board meeting to provide the board with a direct insight into the operational and functional activities across the business.

Throughout 2022 the Group actively engaged with the workforce in a number of ways. There are quarterly business updates which all staff are invited to attend which is followed by a Q&A session. The update is run by the CEO and the CFO of the Group. Covered in the update would be a presentation on strategy and any changes in the Group which would incorporate divestments or changes in senior management this is supplemented by a review of the current financial position of the Group by service line. Employees are also encouraged to undertake 1 day of volunteering activities in place of a normal day's work.

HR have policy documents in place which are tailored to local requirements throughout the Group. Employees are supported by HR staff throughout the world who are aware of particular local demands and requirements. There is HR representation at all Board Meetings where any issues can be freely discussed and dealt with. HR also send out regular employee surveys to all employees to encourage regular feedback.

The company maintains an ethics and whistleblowers policies and an anonymous reporting mechanism.

Customers

Each customer has a team of dedicated commercial managers who are responsible for managing end to end customer requirements. Regular dialogue with our customers enables good understand of the challenges they face, and we can respond to this to deliver solutions.

Suppliers

Many of our suppliers are sub-contractors who support Vysus Contracts throughout the world. A dedicated

Vysus Group Holdings Limited

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project manager will deal with these and other suppliers and offer a contact point throughout the process. Prior to the provision of services Vysus Group has an on-boarding checklist to ensure all suppliers who represent Vysus are fit to do so and act in accordance with all of our policies and procedures.

Community

As part of the Vysus Group Environmental, Social and Governance policy the Group commits to support community involvement and development through working with local stakeholders in the areas we operate. The Group wants to make a positive impact on the communities which surround us. All employees can spend one working day per year carrying out community or charitable activities. The support is provided to charities nominated by employees as well as all employees being encouraged to spend 1 day volunteering each year.

Environment

At Vysus Group we are naturally progressive. We know that protection of our environment alone is not enough. All Vysus Group operations shall focus on both the protection of our environment and increasing the sustainable ways in which we, our valued clients and service partners work. Vysus Group act in accordance with the laws, environmental standards, regulations, and relevant standards of the countries in which we operate. We have procedures in place both locally and globally to address these.

By Order of the Board



D M Clark

13 December 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VYSUS GROUP HOLDINGS LIMITED

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Vysus Group Holdings Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2022 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated and Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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

Independence

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

Conclusions relating to going concern

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

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' Report and Strategic Report, other than the financial

statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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 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.

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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 Statement of Directors Responsibilities, 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations;

we considered the significant laws and regulations to be the Companies Act 2006, the applicable accounting standards and tax legislation.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be company law and tax legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Involvement of tax specialists in the audit.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud; and
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls through inappropriate journal entries, and bias in key estimates and judgements.

Our procedures in respect of the above included:

- Obtaining an understanding of the design and implementation of relevant controls surrounding the financial reporting close process such as controls over the posting of journals and the consolidation process and obtained an understanding of the segregation of duties in these processes;

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias; and
- Performed an assessment of the Group's IT and the wider control environment and as part of this work we obtained an understanding of the design and implementation of IT access controls.

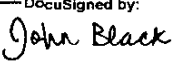
We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

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

Use of our report

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

DocuSigned by:


EB3D238514FF4D8

John Black (Senior Statutory Auditor)
 For and on behalf of BDO LLP, Statutory Auditor
 London, UK

13 December 2023

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

Vysus Group Holdings Limited
Consolidated Income Statement
for the year ended 31 December 2022

	Notes	From 1 January 2022 to 31 December 2022			From 1 November 2020 to 31 December 2021		
		Disconti-		Total	Disconti-		Total
		Continuing	nued		Continuing	nued	
		Operations £'000	Operations £'000	£'000	Operations £'000 (as restated - see note 8)	Operations £'000	£'000
Turnover	5	57,478	45,837	103,315	51,462	48,905	100,367
Cost of sales		(46,026)	(35,886)	(81,912)	(40,166)	(37,179)	(77,345)
Gross profit		11,452	9,951	21,403	11,296	11,726	23,022
Administrative expenses		(10,766)	(9,958)	(20,724)	(18,310)	(12,864)	(31,174)
Other operating income	6	-	-	-	1,124	-	1,124
Exceptional item	11	758	-	758	11,504	6,227	17,731
Operating profit	7	1,444	(7)	1,437	5,614	5,089	10,703
Share of operating (loss)/profit of joint ventures		(709)	-	(709)	188	-	188
Gain on disposal of operations	8	5,370	3,461	8,831	-	-	-
Net interest expense	12	(724)	(82)	(806)	(315)	(42)	(357)
Profit on ordinary activities before taxation		5,381	3,372	8,753	5,487	5,047	10,534
Tax on profit on ordinary activities	13	(1,492)	(4,266)	(5,758)	(611)	175	(436)
Profit / (loss) for the period		3,889	(894)	2,995	4,876	5,222	10,098

The notes on pages 22 to 53 form part of these financial statements.

Vysus Group Holdings Limited
Consolidated Statement of Comprehensive Income
for the year ended 31 December 2022

	From 1 January 2022 to 31 December 2022 £'000	From 1 November 2020 to 31 December 2021 £'000
Profit for the period	2,995	10,098
Other comprehensive loss		
Foreign currency translation differences	(322)	(644)
Total comprehensive income for the period	<u>2,673</u>	<u>9,454</u>

The notes on pages 22 to 53 form part of these financial statements.

Vysus Group Holdings Limited
Consolidated and Company Statement of Financial Position
as at 31 December 2022

	Notes	Group		Company	
		31 December 2022 £'000	31 December 2021 £'000	31 December 2022 £'000	31 December 2021 £'000
Fixed assets					
Negative goodwill	14	-	(3,040)	-	-
Intangible assets	14	361	701	-	-
Tangible assets	15	70	2,732	-	-
Interest in joint ventures	16	252	946	-	-
Investments	16	-	-	-	518
		<u>683</u>	<u>1,339</u>	<u>-</u>	<u>518</u>
Current assets					
Debtors	17	19,715	26,791	1,784	10,356
Cash at bank and in hand	18	<u>13,078</u>	<u>9,262</u>	<u>2,487</u>	<u>407</u>
		32,793	36,053	4,271	10,763
Creditors: amounts falling due within one year	19	(19,676)	(19,752)	(2,725)	(3,004)
Net current assets		<u>13,117</u>	<u>16,301</u>	<u>1,546</u>	<u>7,759</u>
Total assets less current liabilities		<u>13,800</u>	<u>17,640</u>	<u>1,546</u>	<u>8,277</u>
Creditors: amounts falling due after more than one year	20	(374)	(6,957)	-	(6,234)
Provisions for liabilities					
Other provisions	23	<u>(1,298)</u>	<u>(1,228)</u>	<u>(776)</u>	<u>-</u>
		<u>(1,298)</u>	<u>(1,228)</u>	<u>(776)</u>	<u>-</u>
Net assets		<u>12,128</u>	<u>9,455</u>	<u>770</u>	<u>2,043</u>
Capital and reserves					
Called up share capital	25	1	1	1	1
Foreign currency translation reserve		(1,852)	(644)	-	-
Profit and loss account		13,979	10,098	769	2,042
Total equity		<u>12,128</u>	<u>9,455</u>	<u>770</u>	<u>2,043</u>

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements.

The loss of the Company for the year from 1 January 2022 to 31 December 2022 was £1.273m (Period from 1 November 2020 to 31 December 2021: £2.042m profit).



D M Clark
Director

The financial statements of Vysus Group Holdings Limited (company registration number 12912998), were approved and authorised for issue by the Board of Directors on 13 December 2023.

The notes on pages 22 to 53 form part of these financial statements.

Vysus Group Holdings Limited
Consolidated Statement of Changes in Equity
for the year ended 31 December 2022

	Share capital £'000	Foreign currency translation reserve £'000	Profit and loss account £'000	Total £'000
At 1 November 2020	1	-	-	1
Profit for the period	-	-	10,098	10,098
Other comprehensive loss for the financial period	-	(644)	-	(644)
Total comprehensive income for the financial period	-	(644)	10,098	9,454
At 31 December 2021	1	(644)	10,098	9,455
At 1 January 2022	1	(644)	10,098	9,455
Profit for the year	-	-	2,995	2,995
Other comprehensive loss for the year	-	(322)	-	(322)
Release of reserve on disposal of operations	-	(886)	886	-
Total comprehensive income for the year	-	(1,208)	3,881	2,673
At 31 December 2022	1	(1,852)	13,979	12,128

The notes on pages 22 to 53 form part of these financial statements.

Vysus Group Holdings Limited
Company Statement of Changes in Equity
for the year ended 31 December 2022

	Share capital	Profit and loss account	Total
	£'000	£'000	£'000
At 1 November 2020	1	-	1
Profit for the period	-	2,042	2,042
At 31 December 2021	<u>1</u>	<u>2,042</u>	<u>2,043</u>
At 1 January 2022	1	2,042	2,043
Loss for the year	-	(1,273)	(1,273)
At 31 December 2022	<u>1</u>	<u>769</u>	<u>770</u>

The notes on pages 22 to 53 form part of these financial statements.

Vysus Group Holdings Limited
Consolidated Statement of Cash Flows
for the year ended 31 December 2022

	Notes	From 1 January 2022 to 31 December 2022 £'000	From 1 November 2020 to 31 December 2021 £'000
Operating activities			
Profit after tax for the period		2,995	10,098
Adjustments for:			
Gain on disposal of operations	8	(8,831)	-
Profit on sale of fixed assets		-	(39)
(Loss) / income from joint venture	16	709	(188)
Interest payable	12	806	357
Tax on profit on ordinary activities	13	5,758	436
Depreciation	14,15	893	832
Amortisation of negative goodwill	14	(758)	(17,731)
Escrow receivable in future periods	8	4,568	-
(Increase) / decrease in debtors		(7,921)	2,449
Increase / (decrease) in creditors		4,152	(1,642)
		2,371	(5,428)
Corporation tax refunds received		229	-
Corporation tax paid		(1,124)	(383)
Cash used in operating activities		1,476	(5,811)
Investing activities			
Business combination, net of cash acquired	4	-	6
Payments to acquire intangible fixed assets	14	(57)	(258)
Payments to acquire tangible fixed assets	15	(465)	(623)
Proceeds from disposal of operations, net of paid transaction costs and cash transferred	8	13,247	-
Proceeds from sale of tangible fixed assets		-	114
Cash generated by / (used in) investing activities		12,725	(761)
Financing activities			
Proceeds from new loans	29	-	7,494
Net repayment of loans	29	(9,727)	-
Finance lease payments	29	(658)	-
Cash (used in) / generated by financing activities		(10,385)	7,494
Net cash generated			
Cash generated by / (used in) operating activities		1,476	(5,811)
Cash generated / (used in) by investing activities		12,725	(761)
Cash (used in) / generated by financing activities		(10,385)	7,494
Net cash generated		3,816	922
Cash and cash equivalents at 1 January		9,262	8,340
Cash and cash equivalents at 31 December		13,078	9,262
Cash and cash equivalents comprise:			
Cash at bank *		13,078	9,262
		13,078	9,262
*Of which restricted operational funds held in custody		1,089	1,088

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes, including the net debt reconciliation in note 29.

The notes on pages 22 to 53 form part of these financial statements.

Vysus Group Holdings Limited
Notes to the Financial Statements
for the year ended 31 December 2022

1 General information

Vysus Group Holdings Limited (the "Company") is a private company limited by shares under the Companies Act 2006, registered in England and Wales. Its registered office is disclosed on page 1.

The principal activities of the Company and its subsidiaries (the 'Group') are the provision of *engineering and consulting services internationally, and are more fully described within the strategic report on page 6.*

The Company was incorporated on 29 September 2020 and completed the acquisition of the Energy division of Lloyd's Register on 31 October 2020, which was also the last day of the Company's first accounting period. Subsequent to this date, the Company extended its second accounting period to 31 December 2021 and the prior year financial statements were prepared and presented for the 1 month period ending on 31 October 2020. The current accounting period is prepared and presented for the year ended on 31 December 2022.

The Group's consolidated financial statements are presented in pound sterling, which is also the Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency and translated to the presentational currency in accordance with the Groups accounting policy on foreign currencies.

2 Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard FRS 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102"), as issued by the Financial Reporting Council, and the Companies Act 2006.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company, Vysus Group Holdings Limited, and subsidiaries. A subsidiary is an investee where the Company, as an investor, exercises control. Control is achieved by an investor being exposed to, or having rights to, variable returns as a result of ownership or agreements entered into with the investee. If necessary, the subsidiaries' financial statements are adjusted to correlate with the Group's accounting policies. Inter-company transactions and inter-company balances, including internal profits and gains and losses, are eliminated. Subsidiaries are consolidated from the date when the Group achieves control and are excluded from consolidation when control ceases.

The Group profit and loss account incorporates the Group's share of the results of joint ventures. In the Group balance sheet, the fixed asset investment in joint ventures represents the Group's share of net assets of those undertakings.

Vysus Group Holdings Limited
Notes to the Financial Statements
for the year ended 31 December 2022

Basis of consolidation (continued)

The separable net assets of subsidiary undertakings acquired and accounted for under acquisition accounting and joint ventures are included in the Group financial statements at their fair value to the Group at the date of acquisition *including provisions and liabilities taken into consideration in assessing the fair value of the business acquired.*

In accordance with Section 408 of the Companies Act 2006 a separate statement of profit or loss dealing with the results of the Company only has not been presented.

Going concern

In determining the appropriate basis of preparation of the Financial Statements, the directors are required to consider whether the Group and Company can continue in operational existence over the period to December 2024 (the 'going concern period'), which is 12 months from the date of signing these accounts.

Based on forecasts prepared for the going concern period, the directors have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Following the repayment of all loans by January 2023 no external financing is being relied upon except an invoice discounting arrangement with Sonovate Limited in the UK and Sonovate US, LLC in the US.

The Board of Directors' review included, in particular, assessment of the Group and Company's projected cash flows and access to financing arrangements considering its operational outlook and work, both individually and together with its subsidiaries as a group.

The Group's offering post divestments in 2022 is delivered through multiple engineering and technical service lines and across several industrial sectors which provides the Group some resilience if there is any impact to the demand for the services of a particular service line at any point in time as it is very unlikely that all sectors and service lines will be significantly impacted at the same time.

Assumptions underpinning the cash flow forecast have been reviewed and areas where liquidity risk has been identified have been specifically considered by Group senior management. Sensitivity analysis and stress testing, which involve challenging key assumptions, have been incorporated into the forecasted position to ensure overall sustainability for the going concern period. These stress tests involved changes to revenue, cost base and the timing of receipts and payments as well as debt availability to establish cash availability going forward under best and worst case scenarios.

Taking into account the Group's present position and its principal risk and uncertainties the Board of Directors have a reasonable expectation that the Group and Company will be able to continue its operations and meet its liabilities as they fall due for the going concern period. Based on the above, together with the directors' knowledge and experience of the market, the directors continue to adopt the going concern basis in preparing the financial statements for the year ended 31 December 2022.

Vysus Group Holdings Limited
Notes to the Financial Statements
for the year ended 31 December 2022

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The Company has taken advantage of the available exemptions to not disclose:

- A statement of cash flows or net debt reconciliation;
- Certain financial instrument disclosures on the basis that equivalent disclosures are included in the consolidated financial statements of the group in which the Company is consolidated; and
- Key management personnel compensation in total.

Foreign currencies

(i) Transactions and balances

Foreign currency transactions are translated into functional currency using the spot exchange rates at the dates of transactions.

At each period-end foreign currency monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

(ii) Translation

The trading results of Group undertakings are translated into pound sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings are translated at the exchange rates ruling at the year-end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Other comprehensive income' in the income statement and allocated to other reserves as appropriate.

Vysus Group Holdings Limited
Notes to the Financial Statements
for the year ended 31 December 2022

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover is predominately earned through two remuneration models, fixed fee and reimbursable time and expenses. For fixed fee projects, invoices are raised according to milestones and achievements identified in the contract and revenue is recognised in line with costs incurred for work performed to date as a proportion of the total estimated contract costs. Reimbursable time and expenses projects are invoiced on agreed contractual terms and revenue is recognised when the work is performed.

Finance costs

Finance costs, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Accrued finance costs attributable to borrowings where the maturity at the date of issue is less than 12 months are included in accrued charges within current liabilities. For all other borrowings, accrued finance charges and issue costs are added to the carrying value of those borrowings.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the Consolidated Statement of Comprehensive Income.

(i) Current tax

Current tax, including UK corporation tax and foreign tax, is calculated using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate taxable income.

(ii) Deferred tax

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that it is probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Vysus Group Holdings Limited
Notes to the Financial Statements
for the year ended 31 December 2022

Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired. Where the reverse is the case, negative goodwill is recognised.

On acquisition, goodwill is allocated to cash-generating units that are expected to benefit from the combination.

Goodwill is amortised over its expected useful life, which is between 5 and 20 years. Negative goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any deficit of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is separately disclosed on the balance sheet. Negative goodwill shall be amortised over a period not exceeding 5 years. The amortisation period represents the useful economic life of the non-monetary assets which have been purchased.

Intangible fixed assets

Intangible assets relating to software acquired in a separate transaction are recognised at cost including any directly attributable costs of preparing the software for its intended use and amortised using the straight-line method over their useful economic lives which is deemed to be 3-5 years. Provision is made for any impairment.

Tangible fixed assets

Tangible fixed assets are stated at cost, or valuation if acquired as part of a business combination.

Fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation of tangible fixed assets is provided by the straight line method based on the cost of the asset less residual value over their economic life commencing with the year in which they are ready for use, at rates estimated to write off their cost during their respective useful lives as follows:

Land and Buildings	Up to 40 years
Office Fittings & Equipment	8 years
Computer Equipment	5 years
Plant and machinery	5 years
Motor Vehicles	5 to 20 years

Vysus Group Holdings Limited
Notes to the Financial Statements
for the year ended 31 December 2022

Investments

Investments in a subsidiary company are held at cost less accumulated impairment losses.

Investments in joint ventures are accounted for using the gross equity method where the initial investment is recorded at cost then adjusted for to reflect actual performance.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities. Restricted cash are those amounts held by third parties on behalf of the Group and are not available for the Group's use.

Financial instruments

(i) Financial assets

Basic financial assets are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss. The Group adopts a full provision policy against account receivable balances which have not been received after 90 days of the invoice being issued to the customer.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Under the Sonovate facility arrangement cash is paid to Vysus Group at the outset, based on the nominal value of sales invoices transferred. Vysus Group retains responsibility for collecting the balances and takes on a corresponding obligation to pass on all amounts collected to Sonovate, within an agreed (and short) period. Therefore the arrangement is reflected in the financial statements as Invoice Discounting.

Vysus Group Holdings Limited
Notes to the Financial Statements
for the year ended 31 December 2022

Financial instruments (continued)

(i) Financial liabilities

Basic financial liabilities are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, these are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Neither the Group nor the Company is a party to non-basic financial instruments.

Provisions

Provisions (i.e. liabilities of uncertain timing or amount) are recognised when there is an obligation at the reporting date as a result of a past event, it is probable that economic benefit will be transferred to settle the obligation and the amount of the obligation can be estimated reliably.

Provision is made on a case-by-case basis in respect of defending claims received and where appropriate, the estimated cost of settling claims. Provisions for employee benefits arising on termination of employment, are recognised when a company is demonstrably committed to a formal plan for termination and is without realistic possibility of withdrawal from the plan. Where appropriate management has provided for leave credits, primarily earned but unused annual leave, this has been done with reference to legal requirements in place within each country where the Group operates.

Leased assets

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases. For assets held under finance leases when the Group acts as lessee, the finance leases are capitalised and disclosed under tangible fixed assets at their fair value, or, if lower, the present value of the minimum lease payments. Minimum lease payments are apportioned between the finance charge and the reduction in the outstanding liability using the effective interest rate method. The finance charge is allocated to each period during the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability. Leased assets are depreciated in accordance with the company's policy for tangible fixed assets. If there is no reasonable certainty that ownership will be obtained at the end of the lease term, the asset is depreciated over the lower of the lease term and its useful life. Operating lease payments are recognised as an expense on a straight line basis over the lease term.

Vysus Group Holdings Limited
Notes to the Financial Statements
for the year ended 31 December 2022

Pensions

Contributions to defined contribution plans are expensed in the period to which they relate.

3 Critical accounting estimates and judgements

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

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

Group management believe that the estimates and assumptions listed below have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities.

3.1 Critical judgements in applying the Group's accounting policies

(i) Lloyds Register business combination

The acquisition in 2020 of the Lloyds Register energy business has been accounted for based on book values which have been assessed to equate to fair values for the majority of the assets and liabilities. Fair value adjustments have been made in relation to the valuation of a property in the US and rents which have been charged at below market valuations. In both these cases the fair value has been based on market valuations which are readily available.

In addition the Sale and Purchase Agreement includes contingent consideration of £10m if EBITDA exceeds £5m in two consecutive full financial years of the first three full financial years ending after January 1, 2021.

Vysus Group Holdings Limited
Notes to the Financial Statements
for the year ended 31 December 2022

3 Critical accounting estimates and judgements (continued)

(i) Lloyds Register business combination (continued)

FRS 102 requires an estimate of contingent payments to be made at the date of acquisition, and included in the cost of the combination, where:

- the payment is probable; and
- the payment can be measured reliably.

Based on forecast profitability no payment is probable, therefore contingent consideration is excluded from the cost of business acquisition.

In addition, the Sale and Purchase Agreement includes earn out provisions should a 'Trigger Event' occur – a share disposal, listing, or asset disposal. These are:

- 30% of equity value if business sold in year 1
- 15% of equity value if business sold in year 2

These events are not considered probable, therefore contingent consideration is excluded from the cost of business acquisition.

No post balance sheet events (note 26) have created any 'Trigger Events' and no liabilities have crystallised in relation to any such contingent consideration.

(ii) Recoverability of aged trade receivables

Judgement is required in evaluating the likelihood of collection of customer debt after revenue has been recognised. This evaluation requires estimates to be made including the level of provision to be made for amounts with uncertain recovery profiles. Provisions are based on historical trends in the percentage of debts which are not recovered, or on more detailed reviews of individually significant balances. To the extent that actual recovery experience differs significantly from the historical trends or from the assumptions on recovery following the detailed reviews of individually significant balances, the profit and loss account of the Group in future years may be materially affected.

(iii) Recoverability of accrued income

Judgement is required in evaluating the likelihood of recovery of accrued income, representing the work performed to date but not yet invoiced. This evaluation requires judgement to be made of whether the costs incurred, together with expected costs to complete, will be invoiced and settled at an amount in excess of the carrying amount. Provisions are based on historical trends in the percentage of work in progress not recovered based on the ageing of accrued income and specific review of individually significant work orders. To the extent that actual recovery experience differs significantly from the historical trends of the Group or from the assumptions on recovery following the detailed reviews of individually significant balances, the profit and loss account of the Group in future may be materially affected.

(iv) Non-recognition of deferred tax asset for losses

Judgement is required in evaluating the likelihood of recovery of the Group's deferred tax assets related to carried forward losses. The evaluation requires judgement to be made in respect of the likelihood and timing of the Group generating sufficient taxable profits to utilise carry forward tax losses and other timing differences.

Vysus Group Holdings Limited
Notes to the Financial Statements
for the year ended 31 December 2022

3 Critical accounting estimates and judgements (continued)

3.2 Key sources of estimation uncertainty

(i) Revenue recognition

Revenue in respect of services rendered includes the value of contracts in progress. This is recognised based on the level of completion of the contracts to ensure that margin is recognised evenly over the contract life. Management considers the overall expected margin from each contract based on available information and past performance. These estimates may depend upon the outcome of future events and may need to be revised as circumstances change. Further detail is provided in the Group's accounting policies in note 2.

(ii) Provisions

Provision is made for various potential legal or constructive liabilities. This requires management's best estimate of the expenditure that will be incurred based on contractual requirements.

In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement. For further details, see note 23.

(iii) Gain on disposal of operations

Escrow receivable in relation to the disposal of SGC Engineering LLC is presented net of a valuation provision related to a probable working capital adjustment. Estimating the provision value requires management's judgement. For further details see note 8.

(iv) Apportionment of result for the year between Continuing Operations and Discontinued

The Group disposed of SGC engineering LLC, Senergy Wells and its Scandinavian transport activities during the fourth quarter of 2022. Presenting Continuing Operations and Discontinued Operations separately in the consolidated income statement requires management to estimate the split between these categories. The trading results and gain on disposal of the SGC and Senergy Wells businesses have been classified as Discontinued Operations in the Consolidated Income Statement. The trading results and gain on disposal of the transport activities are included within *Continuing Operations* as management do not consider these activities to constitute a separate major line of business because they are less material to the Group results and are operationally managed under the broader Risk Management service segment of the Group.

Vysus Group Holdings Limited
Notes to the Financial Statements
for the year ended 31 December 2022

4 Business combinations

On 19 February 2021, Vysus Group Holdings Limited completed the acquisition of 100% of the issued share capital of Promaps Technology AS, a company incorporated in Norway.

The acquisition has been accounted for using the purchase method.

	Book value £'000	Fair value adjustments £'000	Fair value £'000
Fixed assets	12	532	544
Current assets	9	-	9
Cash	9	-	9
Current liabilities (excluding acquisition costs)	<u>(59)</u>	-	<u>(59)</u>
Net Current Liabilities	(41)		(41)
Creditors: Amount falling due after more than one year	<u>(500)</u>	-	<u>(500)</u>
	<u>(500)</u>		<u>(500)</u>
Net Liabilities Acquired	<u>(529)</u>		<u>3</u>
Total consideration payable and acquisition			3
Less net assets acquired			<u>(3)</u>
Goodwill arising on acquisition			<u>-</u>

In the period ended 31 December 2021, turnover of £145,000 and loss after tax of £57,000 was included in the Group's profit and loss account in respect of Promaps Technology AS.

Vysus Group Holdings Limited
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for the year ended 31 December 2022

5 Analysis of turnover	2022 £'000	2021 £'000
Services	<u>103,315</u>	<u>100,367</u>
	<u>103,315</u>	<u>100,367</u>

The directors have decided not to disclose turnover by geographical location or classes of business, as the directors believe that such an analysis would be seriously prejudicial to the company's best interests.

6 Other operating income	2022 £'000	2021 £'000
Income from contracts held in trust	<u>-</u>	<u>1,124</u>

Other Operating Income relates to the transfer of the economic benefit of contracts held on trust by Lloyd's Register Group following the acquisition of the energy business stream by Vysus Group Holdings, which comprised the sale and purchase of the issued share capital of Senergy Oil and Gas Limited and Lloyd's Register Drilling Integrity Services, Inc together with various other assets of the energy business of the Lloyd's Register Group.

Under the terms of the share and asset purchase agreement entered into on 1 October 2020, energy business stream contracts at the acquisition completion date that were held by Lloyd's Register Group entities that were not included in the share sale were held on trust by Lloyd's Register Group until the contracts were assigned, transferred or novated. Vysus Group performed all the obligations of the contracts during the period they were held on trust and Lloyd's Register transferred the economic benefit of the contracts up until the contracts were completed, assigned transferred or novated.

7 Operating profit	2022 £'000	2021 £'000
This is stated after (crediting) / charging:		
Amortisation of software	216	187
Depreciation of owned fixed assets	528	483
Depreciation of assets held under finance leases	149	162
(Gains) / losses on foreign exchange	(2,236)	609
Operating lease rentals	2,006	1,636
Contributions to defined contribution pension plans	3,025	2,977
Key management personnel compensation (including directors' emoluments)	<u>502</u>	<u>397</u>

Auditors' remuneration

Fees payable to the Company's auditor for the audit of the

group's annual financial statements	319	270
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	15	15
Fees payable to the component auditors of the subsidiaries' financial statements	<u>146</u>	<u>119</u>
	<u>480</u>	<u>404</u>

Vysus Group Holdings Limited
Notes to the Financial Statements
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7 Operating profit (continued)

Auditors' remuneration (continued)	2022 £'000	2021 £'000
<i>Fees payable to the auditor for non-audit services:</i>		
Taxation	153	136
Company secretarial	3	4
Other	-	45
	<u>156</u>	<u>185</u>

The disclosures above are for the Group. The Company is not required, in its individual financial statements, to separately disclose information about fees for non-audit services provided to the Company because the consolidated financial statements are required to disclose such fees on a consolidated basis. The auditor's remuneration for audit work, carried out on behalf of the Company, of £15,000 (2021: £15,000) was borne by a subsidiary undertaking.

8 Discontinued operations

During the fourth quarter of 2022 the Group disposed of the following significant subsidiaries:

	Date disposed	Holding disposed
Vysus Assurance AS	31/10/2022	100%
SGC Engineering LLC	17/10/2022	100%
Senergy Oil and Gas Limited	21/12/2022	100%
Senergy Wells Limited, including Senergy Wells Ltd branches: Israel, Ghana, Algeria and Norway	21/12/2022	100%
Senergy International Sdn Bhd	21/12/2022	100%
Senergy Global Resources Sdn Bhd	21/12/2022	100%

The consolidated income statement for the comparative period has been restated to show the results of the discontinued operations separately from continuing operations.

Profit on disposal of these operations has been calculated as follows:

	£'000
Cash proceeds	15,310
Escrow receivable	4,568
Post year end working capital adjustment	<u>450</u>
Total consideration	20,328
Transaction costs	(1,688)
<i>Net assets disposed of:</i>	9,809
Negative goodwill	(2,282)
Intangible assets	209
Tangible assets	3,940
Debtors	14,990
Cash	675
Creditors	(7,458)
Other provisions	<u>(265)</u>
Profit on disposal before tax	<u>8,831</u>

Vysus Group Holdings Limited
Notes to the Financial Statements
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8 Discontinued operations (continued)

The net inflow of cash in respect of the sale of discontinued operations is as follows:

Cash consideration - net of paid transaction cost	13,922
Cash transferred on disposal	<u>(675)</u>
Net inflow of cash	<u>13,247</u>

Escrow receivable consists of amounts held in escrow relating to the divestment of SCG Engineering LLC and is shown net of a valuation allowance related to probable working capital adjustments.

9 Directors' and key management emoluments

	2022	2021
	£'000	£'000

The remuneration of the directors of the Company, who are also deemed to be the key management personnel of the Group, was as follows:

Emoluments	488	397
Company contributions to defined contribution pension plans	<u>14</u>	<u>-</u>
	<u>502</u>	<u>397</u>

Highest paid director:		
Emoluments	<u>328</u>	<u>383</u>
	<u>328</u>	<u>383</u>

Number of directors to whom retirement benefits accrued:

	2022	2021
	Number	Number

Defined contribution plans	1	-
----------------------------	---	---

Directors of the Company have received fees for management services as disclosed in note 30.

10 Employees

The average monthly number of persons employed by the Group during the year was as follows:

	Group		Company	
	2022	2021	2022	2021
	Number	Number	Number	Number
UK	116	113	2	2
US & Canada	75	284	-	-
Rest of World	<u>228</u>	<u>213</u>	<u>-</u>	<u>-</u>
	<u>419</u>	<u>610</u>	<u>2</u>	<u>2</u>

Vysus Group Holdings Limited
Notes to the Financial Statements
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10 Employees (continued)

The staff costs for the above persons were:

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Wages and salaries	49,964	54,533	463	397
Social security costs	3,606	3,439	47	29
Other pension costs	<u>3,025</u>	<u>2,977</u>	<u>41</u>	<u>-</u>
	<u>56,595</u>	<u>60,949</u>	<u>551</u>	<u>426</u>

11 Exceptional item

	Group	
	2022	2021
	£'000	£'000
Unwinding of negative goodwill	<u>758</u>	<u>17,731</u>

The exceptional item relates to the exceptional unwinding of the negative goodwill generated upon the acquisition of Lloyd's Register energy business in 2020. In accordance with the Group's accounting policy, negative goodwill is amortised over a period representing the useful economic life of the non-monetary assets which have been purchased, but not exceeding 5 years.

In the prior period, after due consideration the directors deemed it appropriate, based on a detailed allocation of the negative goodwill to non-monetary assets, that the negative goodwill should be materially unwound to the income statement. The further unwinding during the year that related to the non-monetary assets of the discontinued operations has been allocated to the gain on sale of discontinued operations (note 14). The remaining balance of negative goodwill not related to discontinued operations was fully provided for during the year (note 14). No negative goodwill remained as at 31 December 2022.

12 Net interest expense

	2022	2021
	£'000	£'000
Interest on Lloyd's Register loan notes (note 21)	391	134
Interest on Inspirit Vysus Holdings Limited Loan (note 21)	141	100
Factoring charges (note 21)	248	105
Other loans	<u>26</u>	<u>18</u>
	<u>806</u>	<u>357</u>

Vysus Group Holdings Limited
Notes to the Financial Statements
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13 Taxation	2022 £'000	2021 £'000
<i>(i) Analysis of charge in period</i>		
Current tax:		
Foreign corporation tax	5,101	442
Adjustments in respect of previous periods	101	287
Adjustments in respect of foreign taxes	<u>5,202</u>	<u>-</u>
		<u>729</u>
Deferred tax:		
Origination and reversal of timing differences - UK	-	(97)
Origination and reversal of timing differences - Foreign	556	(196)
	<u>556</u>	<u>(293)</u>
Tax on profit on ordinary activities	<u>5,758</u>	<u>436</u>

(ii) Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2022 £'000	2021 £'000
Profit on ordinary activities before tax	<u>8,753</u>	<u>10,534</u>
Standard rate of corporation tax in the UK	19%	19%
	£'000	£'000
Profit on ordinary activities multiplied by the standard rate of corporation tax	1,663	2,001
Effects of:		
Goodwill Amortisation	-	(3,369)
Non taxable gain on disposal	999	
Deferred tax not recognised	511	1,215
Deferred tax reversal of timing differences	556	(294)
Adjustments in respect of foreign tax rates	1,957	501
Adjustments to tax charge in respect of previous periods	101	287
Other items	(29)	95
Current tax charge for period	<u>5,758</u>	<u>436</u>

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Notes to the Financial Statements
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13 Taxation (continued)

(iii) Factors that may affect future tax charges

The Finance Act 2021 increased the UK corporation tax rate from 19% to 25% effective 1 April 2023 for companies with profits in excess of £250,000. The value of any potential deferred tax asset would now calculate with reference to the new rate of 25% if it were a UK tax asset. The deferred tax asset recognised in the prior year was in an overseas entity, and its overseas tax rate of 21% was used for deferred tax purposes.

(iv) Deferred taxation

	2022 £'000	2021 £'000
Foreign tax losses	-	507
	-	507
	2022 £'000	2021 £'000
At 1 January	507	214
Charged to the profit and loss account	(556)	293
Revaluation	49	-
At 31 December	-	507

Group

The Group has tax losses carried forward as at 31 December 2022 of £25.7 million (2021: £29.7 million). Current projections indicate that £5.7 million of these carried forward losses are expected to be utilised during the forecast period subsequent to the balance sheet date. The resulting tax asset of £0.7m has not been recognised as of the balance sheet date.

Vysus Group Holdings Limited
Notes to the Financial Statements
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14 Intangible fixed assets

<i>Group</i>	Negative goodwill £'000	Software £'000
Cost		
At 1 November 2020	(20,771)	98
Additions	-	258
Acquired by business combination	-	532
At 31 December 2021	(20,771)	888
At 1 January 2022	(20,771)	888
Additions	-	57
Disposals	8,436	(367)
Effect of foreign exchange	-	38
At 31 December 2022	(12,335)	616
Amortisation		
At 1 November 2020	-	-
Charge for the period	(17,731)	187
At 31 December 2021	(17,731)	187
At 1 January 2022	(17,731)	187
Charge for the year	(758)	216
On disposals	6,154	(158)
Effect of foreign exchange	-	10
At 31 December 2022	(12,335)	255
Carrying amount		
At 31 December 2022	-	361
At 31 December 2021	(3,040)	701
At 1 November 2020	(20,771)	98

Negative goodwill is being written off over the estimated economic life of the monetary assets of the business combination that created the negative goodwill. See note 11.

Company

The Company has no intangible fixed assets.

Vysus Group Holdings Limited
Notes to the Financial Statements
for the year ended 31 December 2022

15 Tangible fixed assets

<i>Group</i>	Land and buildings	Office fittings and equipment	Plant and machinery	Computer equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 November 2020	1,374	74	863	252	254	2,817
Additions	263	43	86	243	-	635
Disposals	-	-	-	-	(143)	(143)
At 31 December 2021	1,637	117	949	495	111	3,309
At 1 January 2022	1,637	117	949	495	111	3,309
Additions	10	28	1,429	133	38	1,638
Effect of foreign exchange	158	12	159	53	12	394
Disposals	(1,805)	(137)	(2,495)	(584)	(146)	(5,167)
At 31 December 2022	-	20	42	97	15	174
Depreciation						
At 1 November 2020	-	-	-	-	-	-
Charge for the period	82	21	339	130	73	645
On disposals	-	-	-	-	(68)	(68)
At 31 December 2021	82	21	339	130	5	577
At 1 January 2022	82	21	339	130	5	577
Charge for the year	74	21	396	149	37	677
Effect of foreign exchange	10	3	47	16	1	77
On disposals	(166)	(34)	(749)	(238)	(40)	(1,227)
At 31 December 2022	-	11	33	57	3	104
Carrying amount						
At 31 December 2022	-	9	9	40	12	70
At 31 December 2021	1,555	96	610	365	106	2,732
At 1 November 2020	1,374	74	863	252	254	2,817
					2022	2021
					£'000	£'000
Carrying value of plant and machinery included above held under finance leases and hire purchase contracts					-	525

Company

The Company has no tangible fixed assets.

Vysus Group Holdings Limited
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16 Investments

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Subsidiary undertakings	-	-	-	518
Joint venture undertakings	<u>252</u>	<u>946</u>	<u>-</u>	<u>-</u>
	<u>252</u>	<u>946</u>	<u>-</u>	<u>518</u>

(i) Subsidiary undertakings

Company
£'000

Cost and carrying amount

At 1 January 2022 and 31 December 2022

518

Disposals

(518)

At 31 December 2022

-

Carrying amount

At 31 December 2022

-

At 31 December 2021

518

As at 31 December 2021 Vysus Group Holdings Limited controlled all the voting rights of Senenergy Oil & Gas Limited, a company incorporated in the United Kingdom whose principal activity is energy services. This company was disposed during 2022 (note 8). A complete list of direct and indirect subsidiaries is included in note 33.

(i) Joint Ventures

Group
£'000

Cost

At 1 January 2022

946

Share of results for the year

(39)

Impairment provision

(670)

Effect of foreign exchange

15

At 31 December 2022

252

The following entities are treated as joint ventures of the Group:

<i>Company name</i>	<i>Share of company owned</i>	<i>Country of registration and incorporation</i>	<i>Principal activity</i>
Xinjiang LR Tunhe Social			
Economic Consulting Company	60%	China	Engineering inspection

The shareholders' agreement in place means that Vysus Group Holdings Limited does not have overall control of the Company despite the nominal level of ownership. The following shows the share of net assets recognised by the Group as at the reporting date:

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16 Investments (continued)

	2022	2021
	£'000	£'000
Total assets of the joint venture	1,537	1,660
Total liabilities of the joint venture	-	(84)
Net assets of the joint venture	1,537	1,576
60% Share of net assets	922	946
Impairment provision	(670)	-
Net book value of joint ventures	252	946
	2022	2021
	£'000	£'000
Dividends and other distributions from joint ventures included in income	-	-

17 Debtors

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
<i>Amounts due within one year:</i>				
Trade debtors	10,637	15,657	646	-
Prepayments and accrued income	3,765	9,893	325	464
Tax recoverable	340	521	-	-
Other receivables	4,973	213	450	-
Deferred tax asset (see note 13)	-	507	-	-
Amounts owed by group undertakings	-	-	363	9,892
	<u>19,715</u>	<u>26,791</u>	<u>1,784</u>	<u>10,356</u>

Other receivables includes amounts held in escrow relating to the divestment of SCG Engineering LLC.

18 Cash at bank and in hand

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Cash at bank and in hand	<u>13,078</u>	<u>9,262</u>	<u>2,487</u>	<u>407</u>

There is a restricted cash balance of £1,089,000 which relates to operational funds held in custody (2022 : £1,088,000)

Vysus Group Holdings Limited
Notes to the Financial Statements
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19 Creditors: amounts falling due within one year

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade creditors	2,218	2,823	80	92
Accruals and deferred income	7,617	7,518	1,352	257
Other tax and social security	1,414	2,114	(206)	(43)
Obligations under finance leases	-	211	-	-
Loans and other borrowings (see note 21)	3,056	5,588	1,499	2,698
Tax payable	4,249	184	-	-
Other creditors	1,122	1,314	-	-
	<u>19,676</u>	<u>19,752</u>	<u>2,725</u>	<u>3,004</u>

20 Creditors: amounts falling due after one year

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Obligations under finance leases	-	194	-	-
Loans and other borrowings (see note 21)	374	6,763	-	6,234
	<u>374</u>	<u>6,957</u>	<u>-</u>	<u>6,234</u>

21 Loans

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
<i>(i) Loans and other borrowings</i>				
Loan from Lloyds Register Group	1,499	6,833	1,499	6,833
Loan received by subsidiary from third party	442	533	-	-
Sonovate invoice factoring liability	<u>1,489</u>	<u>2,886</u>	<u>-</u>	<u>-</u>
Total external loans	<u>3,430</u>	<u>10,252</u>	<u>1,499</u>	<u>6,833</u>

Vysus Group Holdings Limited
Notes to the Financial Statements
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21 Loans (continued)

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Directors' loans	-	138	-	138
Loan from Inspirit Vysus Holdings Limited	-	1,961	-	1,961
Total related party loans	-	2,099	-	2,099
	<u>3,430</u>	<u>12,351</u>	<u>1,499</u>	<u>8,932</u>

(ii) Maturity of loans and other borrowings as presented in the notes to these financial statements

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Loans and other borrowings due within one year	3,056	5,588	1,499	2,698
Loans and other borrowings due after one year	374	6,763	-	6,234
	<u>3,430</u>	<u>12,351</u>	<u>1,499</u>	<u>8,932</u>

(iii) Analysis of maturity of debt:

Within one year or on demand	3,056	5,588	1,499	2,698
Between one and two years	-	-	-	-
Between two and five years	374	6,763	-	6,234
After five years	-	-	-	-
	<u>3,430</u>	<u>12,351</u>	<u>1,499</u>	<u>8,932</u>

Loan from Lloyds Register Group

(i) Loan note

A loan note was in the amount of £4,000,000 unsecured, there was a restriction on the declaration of dividends until the note was repaid in full. Interest was payable on the loan at a rate increasing from 2.5% to 7.5% over a three-year period. The interest was accrued and added to the principal amount until repayment or redemption of the loan notes. This loan was substantially repaid in October 2022 and final balance repaid in January 2023.

(ii) Short term funding

This short term funding in the amount of £2,700,000 was received by the Company in May 2021 to assist with initial working capital requirements of the Group. This loan was unsecured and interest was to be paid to Lloyds Register at a rate of 8% p.a. from January 2022, consequently no interest was charged in the period under review. This loan was repaid in full during October 2022.

Loan received by subsidiary from third party

This loan is due to the previous shareholders of Promaps Technology AS (note 4). Interest on the loan is 5% p.a. payable in arrears. The principal amount of the loan is not required to be repaid until Promaps Technology AS achieves certain revenue thresholds which had not been achieved in 2021 or 2022. In August 2023 the group divested Promaps Technology AS and the loan liability was transferred.

Vysus Group Holdings Limited
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21 Loans (continued)

Sonovate invoice factoring liability

The amounts due to Sonovate Limited and Sonovate US LLC are secured by a floating charge over the assets of the respective Group entity.

Loan from Inspirit Vysus Holdings Limited

This loan is unsecured and interest is charged at 8% p.a. which is added to the principal. This loan was repaid in October 2022.

Loans from Directors

A loan was made to the Company on May 25, 2021 by D M Clark in the amount of £56,000 and by Strahlenburg Management Limited, a company controlled by P J Williamson, in the amount of £75,000. These loans were on the same terms as the loan received from Inspirit Vysus Holdings Limited as detailed above and was also repaid in October 2022.

22 Obligations under finance leases

	Group	
	2022	2021
	£'000	£'000
Amounts payable:		
Within one year	-	211
Within two to five years	-	194
	<u>-</u>	<u>405</u>

Finance lease obligations relate to equipment purchased by SGC Engineering LLC. In 2022 Vysus Group Holdings disposed of SGC Engineering LLC and these obligations were transferred to the acquiring entity.

23 Provisions for liabilities

The group had the following provisions

	Leasehold	Other	Group
	properties	provisions	Total
			£'000
At 1 January 2022	181	1,047	1,228
Additional provisions made during the period	-	120	120
Amounts used	-	(44)	(44)
Amounts reversed unused	(19)	-	(19)
Revaluation	(1)	14	13
At 31 December 2022	<u>161</u>	<u>1,137</u>	<u>1,298</u>

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Notes to the Financial Statements
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23 Provisions for liabilities (continued)

Leasehold properties: A provision is required to meet contractual obligations to perform restoration on leasehold property on exit. Settlement of these provisions is expected within 2-5 years.

Other provisions: Included is a provision in relation to a potential liability for a PAYE Assessment in the UK. A provision has also been established in relation to holiday related payments to employees in Australia. Additionally, in the normal course of business, Vysus Group Holdings Limited entities may receive claims for compensation from clients. Substantial insurance cover is carried for this purpose. Where appropriate, provision is made for the uninsured costs arising from such claims. Adequate provision has been made for the claims notified. The timing on these liabilities is dependent upon the conclusion of the continuing legal proceedings which typically span several years.

The Parent Company has a provision in its standalone balance sheet of £776,000 in relation to the same potential liability for a PAYE Assessment in the UK that is also included in Group provisions.

24 Financial instruments

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
<i>Financial assets that are debt instruments measured at amortised cost</i>				
Trade debtors	10,637	15,657	646	-
Other receivables	4,973	213	450	-
Amounts owed by group undertakings	-	-	363	9,892
	<u>15,610</u>	<u>15,870</u>	<u>1,459</u>	<u>9,892</u>
<i>Financial liabilities that are measured at amortised cost</i>				
Trade creditors	2,218	2,823	80	92
Other creditors	1,122	1,314	-	-
Obligations under finance leases	-	211	-	-
Loans and other borrowings (see note 21)	<u>3,430</u>	<u>12,351</u>	<u>1,499</u>	<u>8,932</u>
	<u>6,770</u>	<u>16,699</u>	<u>1,579</u>	<u>9,024</u>

The comparative number for loans and other borrowings has been amended to include the loans and other borrowings due in more than one year for consistency of presentation for the current year.

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25 Share capital	Nominal value	2022 Number	2022 £'000	2021 £'000
Issued, called up and fully paid:				
A ordinary shares	£1 each	750	1	1
B ordinary shares	£1 each	100	-	-
C ordinary shares	£1 each	164	-	-
			<u>1</u>	<u>1</u>
	Nominal value	Number	Amount £'000	
Shares issued during the period:				
C ordinary shares	£1 each	73	-	
			<u>-</u>	

The Company has three classes of ordinary share which carry no right to fixed income. During the period the Company issued 73 C Ordinary shares to an employee benefit trust where shares are held for the benefit of certain key employees. All the issued shares vested immediately. The fair value of the shares issued was estimated by the directors at £160 per share with reference to a valuation by a third party expert based on an assessment of maintainable earnings method.

26 Events after the reporting date

Below is a summary of material events after the reporting date. Additional commentary in relation to these disposals are contained within the Strategic Report.

Sale of Promaps Technology AS

In August 2023 the Group sold its subsidiary Promaps Technology AS to Elera Capital Partners, a Scandinavian-based active investment firm focusing on IT and technology companies. The loan due by Promaps Technology AS to a third party was transferred to the buyer.

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27 Capital commitments

Neither the Group nor the Company had any capital commitments as at 31 December 2022 (31 December 2021: Nil).

28 Other financial commitments

Total future minimum lease payments under non-cancellable operating leases for the Group:

	Land and buildings 2022 £'000	Other 2022 £'000	Land and buildings 2021 £'000	Other 2021 £'000
Falling due:				
within one year	1,412	48	679	33
within two to five years	1,640	78	613	87
in over five years	<u>56</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>3,108</u>	<u>126</u>	<u>1,292</u>	<u>120</u>

The Company has no financial commitments.

29 Net debt

An analysis of net debt and the movements in net debt of the Group is shown below:

	Cash and cash equiva lents	Loans	Finance leases	Total
2022				
As at 1 January 2022	9,262	(12,351)	(405)	(3,494)
Cash flows	4,491	9,727	658	14,876
New finance leases	-	-	(1,173)	(1,173)
Loan interest amortisation	-	(806)	-	(806)
Disposal of operations	<u>(675)</u>	<u>-</u>	<u>920</u>	<u>245</u>
As at 31 December 2022	<u>13,078</u>	<u>(3,430)</u>	<u>-</u>	<u>9,648</u>

	Cash and cash equiva lents	Loans	Finance leases	Total
2021				
As at 1 November 2020	8,340	(4,000)	-	4,340
Cash flows	922	(7,494)	-	(6,572)
Loan interest amortisation	-	(357)	-	(357)
New finance leases	-	-	(405)	(405)
Business combination	<u>-</u>	<u>(500)</u>	<u>-</u>	<u>(500)</u>
As at 31 December 2021	<u>9,262</u>	<u>(12,351)</u>	<u>(405)</u>	<u>(3,494)</u>

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30 Contingent liabilities, capital and financial commitments

Contingent liabilities

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
In respect of bank guarantees	400	379	-	-

The Group has issued guarantees to its customers and other stakeholders in relation to its contractual operations in compliance with local legislation and industry practice. The Directors do not assess the likelihood of transferring economic benefits in respect of these guarantees to be probable. No associated liability has been recognised on the Group's Consolidated Balance Sheet.

31 Related party transactions

The Company has taken advantage of the exemption in Financial Reporting Standard 102, whereby transactions with fellow subsidiary companies ultimately 100% owned by the same parent are not required to be disclosed.

Remuneration of directors and key management personnel is disclosed in note 9.

The details of a loan from the ultimate parent undertaking is disclosed in note 21.

The details of the loans from Directors are disclosed in note 20.

The Company is charged a management fee of £50,000 per quarter by Inspirit Management Limited, a company controlled by A Farrant and W Stamp, who are directors of the Vysus Group Holdings Limited. The charge for the period ended 31 December 2022 is £200,000 (2021: £200,000).

The Company is charged a management fee of £4,000 per month by Strahlenburg Management Limited, a company controlled by PJ Williamson who is also paid a service fee of £1,000 per month by the subsidiary Senergy (GB) Limited.

32 Ultimate Parent entity and ultimate controlling party

The Directors consider that the immediate and ultimate parent undertaking and controlling party is Inspirit Vysus Holdings Limited. The smallest and the largest group of which the Company is a member for which consolidated financial statements are prepared is that headed by Vysus Group Holdings Limited, a copy of which may be obtained from the Company Secretary at its registered office, at Suite C, 105 Piccadilly, London, England, W1J 7NJ.

Vysus Group Holdings Limited
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33 Group companies

The following are the subsidiaries and joint ventures of the Group at 31 December 2022. Details are unchanged from prior year except where noted otherwise. All subsidiaries are consolidated. Details are given of the principal country of operation. The equity share capital of these entities is wholly owned by the Group except where its percentage interest is shown otherwise. All companies are incorporated in their principal country of operation except where stated.

Company	Country of Registration	Registered Address	% of Ownership
Vysus UK Limited	UK	Suite C, 105 Piccadilly, London, England, W1J 7NJ	100
Vysus Moduspec (UK) Limited	UK	Proserv House Prospect Road, Arnhall Business Park, Westhill, Scotland, AB32 6FJ	100
Vysus (GB) Limited (Previously Senergy (GB) Limited) **	UK	Proserv House Prospect Road, Arnhall Business Park, Westhill, Scotland, AB32 6FJ	100
Vysus Limited (previously Senergy Limited) **	UK	Proserv House Prospect Road, Arnhall Business Park, Westhill, Scotland, AB32 6FJ	100
Vysus Holdings (UK) Limited	UK	Proserv House Prospect Road, Arnhall Business Park, Westhill, Scotland, AB32 6FJ	100
Vysus Canada Limited	Canada	Calgary Place II, 355 - 4th Ave. SW, Suite No. 230, Calgary, AB, T2P 0J1	100
Vysus China Inc.	China	Room 1602, Tower 18, No 5 Shuguang Xili Jia, Chaoyang District, Beijing, China	100
Xinjiang LR Tunhe Social Economic Consulting Company Limited	China	802 Tianhe New City Plaza, Tower A, 38 He Nan Dong Road, Xinshi District, Urumqi, Xinjiang, China	60
Vysus Denmark Holdings ApS	Denmark	Automatikvej 1, 3 & 4, Sal, Copenhagen, 2860, Denmark	100
Vysus Denmark A/S	Denmark	Automatikvej 1, 3 & 4, Sal, Copenhagen, 2860, Denmark	100

Vysus Group Holdings Limited
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33 Group companies (continued)

Company	Country of Registration	Registered Address	% of Ownership
Vysus Consulting – India Private Limited	India	Regus Suburb Centres, Private Limited, Level - 1, Office no: 126, Tiffany Hiranandani, Estate, Thane - 400607, Maharashtra, India	100
Vysus Kazakhstan LLP	Kazakhstan	Baiterek Plaza Business Center, 25 Studencheskiy Ave, Atyrau, Kazakhstan	100
Vysus Korea Limited	Korea	17/F, Sinsong Building, 25-4 Yeouido-dong, Yeongdeungpo-gu Seoul 150-878	100
Vysus Malaysia Sdn Bhd (previously Lloyd's Register Technical Services Sdn Bhd)	Malaysia	Lot W11C0, 11th Floor, West Block, Wisma Golden Eagle Realty, 142C, Jalan Ampang, 50450 Kuala Lumpur, Malaysia	100
Vysus Consulting Mexico, S. de R.L. de C.V. (Previously Lloyd's Register Energy & Transportation S de CV.de RL)	Mexico	Fernando Siliceo 830, Fracc, Reforma, Veracruz, Ver., CP 91919, México	100
Vysus Netherlands B.V.	Netherlands	Vasteland 78, 3011 BN Rotterdam, Netherlands	100
Vysus Norway Holdings AS	Norway	Drammensveien 169, 0277 OSLO	100
Vysus Norway AS	Norway	Drammensveien 169, 0277 OSLO	100
Promaps Technology AS	Norway	Kokstadflaten 355257, Kokstad, Bergen	100
Vysus LLC	Qatar	D Ring Road, 1st & 2nd Floors, Al Mataar Al Qadeem District, Doha, PO Box 32522, Qatar	100

Vysus Group Holdings Limited
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33 Group companies (continued)

Company	Country of Registration	Registered Address	% of Ownership
Vysus Singapore PTE. LTD.	Singapore	80 Robinson Road, #02-00, Singapore (068898)	100
Vysus Consulting Spain, S.L	Spain	SC TRADE CENTER, S.L., B-66223595, Av. de les Corts Catalanes, 5/7, Sant Cugat del Valles, Barcelona	100
Vysus Sweden AB	Sweden	Landsvägen 50A, Sundbyberg, 172 63	100
Vysus Sweden Holdings AB	Sweden	Landsvägen 50A, Sundbyberg, 172 63	100
Vysus Consulting Trinidad & Tobago Limited	Trinidad & Tobago	56-58 Roberts Street, Woodbrook, Port of Spain, Trinidad	100
Vysus ModuSpec Inc.	USA	1330 Enclave Parkway, Houston, Texas, 77077 , USA	100
Vysus Americas, Inc.	USA	1330 Enclave Parkway, Houston, Texas, 77077, USA	100
Vysus Holdings Americas, Inc	USA	1330 Enclave Parkway, Houston, Texas, 77077, USA	100
Vysus Australia Pty. Ltd.	Australia	Level 16, 461 Bourke Street, Melbourne, 3000	100
West Servicos Tecnicos do Brasil Ltda	Brazil	228 Praia de Botafogo, 16° andar, Rio de Janeiro, RJ 22250-040, Brazil	100

** Change of name January 2023.

Vysus Group Holdings Limited
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33 Group companies (continued)

The Group disposed of its entire holding in the following subsidiaries during 2022 (note 8).

Company	Country of Registration	Registered address at date of sale	% of Ownership
Senergy Wells Limited	UK	Kingswells Causeway, Prime Four Business Park, Kingswells, Aberdeen, AB15 8PU, Scotland	100
Senergy Oil & Gas Limited	UK	Kingswells Causeway, Prime Four Business Park, Kingswells, Aberdeen, AB15 8PU, Scotland	100
Senergy International Sdn Bhd	Malaysia	Lot W11C0, 11th Floor, West Block, Wisma Golden Eagle Realty, 142C, Jalan Ampang, 50450 Kuala Lumpur, Malaysia	100
Senergy Global Resources Sdn Bhd	Malaysia	Lot W11C0, 11th Floor, West Block, Wisma Golden Eagle Realty, 142C, Jalan Ampang, 50450 Kuala Lumpur, Malaysia	100
Vysus Assurance AS	Norway	Drammensveien 169, 0277 OSLO	100
SGC Engineering LLC	USA	501 County Road, Westbrook Maine 04092, USA	100

The following UK registered subsidiaries have taken advantage of the exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Company	Place of registration	Registered number
Vysus (GB) Limited previously Senergy (GB) Limited	Scotland	SC125513
Vysus Limited previously Senergy Limited	Scotland	SC273506
Vysus UK Limited	England and Wales	7630518
Vysus Moduspec (UK) Limited	Scotland	SC115074
Vysus Holdings (UK) Limited	Scotland	SC677766