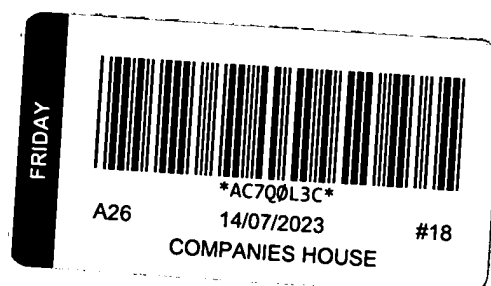


**Company Registration No. 13680776**

**ACAL BFI GROUP LIMITED**  
(Formerly Beta Topco Limited)

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2023**



**ACAL BFI GROUP LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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**ACAL BFI GROUP LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

**COMPANY INFORMATION**

Directors	P H L Kalverboer K W M Ho P G Webster J Syme D L Gray S Gonzini
Company Secretary	S K Bilkhu
Registered number	13680776
Registered office	3 The Business Centre Molly Millars Lane Wokingham RG41 2EY
Independent auditors	PricewaterhouseCoopers LLP 3 Forbury Place 23 Forbury Road Reading RG1 3JH

**ACAL BFI GROUP LIMITED**  
**STRATEGIC REPORT**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

The directors present their Strategic report for Acal BFi Group Limited, formerly Beta Topco Limited ("the Company") and its subsidiaries (together "the Group") for the period from incorporation on 14 October 2021 to 31 March 2023 ("the Period"), including trading activity for 13 months from 3 March 2022 to 31 March 2023.

**Principal activities**

The principal activities of the Group are the provision of design-led technical sales support and sale of custom electronic solutions & components to companies focusing on target markets in transport, medical, industrial & connectivity, renewable energy, aerospace & defence and security.

**Review of the business**

The Company is the parent company of a group of pan-European businesses (see Group information in Note 26), which were acquired from discoverIE Group plc on 3 March 2022. The carve out has been successfully completed and the Group now operates on a fully independent, standalone basis.

Acal BFi with a heritage of over 40 years has grown its pan-European presence to its current office footprint across the UK, Germany, Italy, France, Netherlands, Belgium, Sweden, Norway, Finland and a trading presence in Spain. The Group's technically qualified, market focused design and application specialists engage directly with customer's technical engineers at an early stage of new product development to fully understand the design and application issues. The Group is able to fulfil the design and technical requirements of a customer through offering a full or part-customised solution along with partially customised or standard products supplied by the Group's manufacturing partners.

The Group's design-led technical support, custom solutions and components are provided to an international customer base of circa 6,000 original equipment manufacturers and contract electronics manufacturers across a diverse range of end markets. The Group has eight Technology Centres which are technical centres of design engineering expertise in their markets (IoT and Wireless, Magnetics, Power Supply, Fibre Optics, Infrared Imaging, Embedded Computing, Bioimaging and Interconnect & Cable Assembly) that further enhance the Group's product and solution offering.

Continued organic growth has been driven by a focus on (1) design wins, which cement Acal BFi supplied solutions and components into a product's design for the duration of its lifecycle, (2) broadening the product offer into customer's designs and (3) overall customer and supplier engagement, supported by investment in strategic key roles throughout the operating companies. In this first operating period, the Group has had a good order book and demonstrated growth in design wins, delivering revenue of £233.4 million and adjusted EBITDA (excluding exceptional items) of £22.0 million.

**Future developments**

The Group will continue to focus on its principal activities and the strategic levers of growth, supported by a recently established Group-wide cross-sell program. At the same time, the objective will be to complement the existing Companies via strategic acquisitions that strengthen the presence of the Group, align with target markets, support commercial initiatives and enhance the overall financial performance of the consolidated Group.

The directors do not anticipate any change in the principal activity of the Group or Company in the foreseeable future.

**Events post balance sheet date**

There were no matters arising between the balance sheet date and the date on which these financial statements were approved by the Board of directors, requiring adjustment in accordance with IAS10, Events after the reporting period.

**Going Concern**

The directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future. Liquidity needs of the Group are monitored in various time bands, on a day-to-day and week-to-week basis. Mid-term liquidity needs for the next twelve months are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout periods, which is typically 12 months from the date of authorisation of these financial statements. The directors are confident that the Company and the Group have sufficient resources to continue in operational existence for at least 12 months from the date of approval of these financial statements. For this reason, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

Following the acquisition by funds advised by H2 Equity Partners, the Company and wider Acal BFi Group have adequate funding in place through a mixture of Equity investment, Mezzanine Debt financing and Asset Based Lending to meet the cashflow requirements of the business as a going concern. The Company operates as part of the Acal BFi Group funding arrangement, under which the Acal BFi Group has a centrally managed Asset Based Lending facility ("ABL") with FGI Worldwide LLC, which the Company can drawdown funding for operational working capital requirements of the business. The

## ACAL BFI GROUP LIMITED

### STRATEGIC REPORT

#### FOR THE PERIOD ENDED 31 MARCH 2023

Company also participates within a cross entity cash 'pooling' arrangement with HSBC. The Acal BFi Group facilities provide adequate funding and support to the Company and the Group for its operations.

#### Financial key performance indicators

The Group's key financial and other performance indicators as used by management in reviewing the performance of the business for the period, are as follows:

	Period ended 31 March 2023
Revenue	£ 233.4m
Adjusted EBITDA (excluding exceptional items)	£ 22.0m
Average monthly number of employees	365
Net Current Assets	£ 29.4m

#### ESG / Sustainability

The Group is committed to reducing the impact of its business operations on the environment and has identified five of the Global UN Sustainable Development Goals as being particularly important and relevant to the Group, namely (1) Good health and well-being, (2) Affordable and clean energy, (3) Industry, innovation and infrastructure, (4) Sustainable cities and communities and (5) Responsible consumption and production. The Group will align its reporting and disclosures to these goals and the relevant targets that underpin them and will seek to create a positive impact on the world and communities through its products and operational practices. Emphasising its importance to the business, an ESG Council has been established which is responsible for forming and implementing an ESG strategy across the Group.

#### Principal risks and uncertainties

##### *Market Risk*

Market risk refers to the potential reduction in profits if demand for the Group's products or services declines, which could arise due to increased competition or a downturn in the economy. The executive team make strategic decisions concerning the whole Group and therefore has oversight of this risk across the Group.

##### *Regulatory Risk*

Regulatory risk is the risk that the Group does not comply with the legislation and regulations governing its business and is therefore liable to fines or has its licence to trade withdrawn. It also includes compliance with various products standards and customs requirements. The executive team at Acal BFi Group Limited manages this risk through ensuring completion of all compliance activities related to the Group's activities. Operational entities assist in managing this risk locally.

##### *Products & Suppliers Risk*

Warranty risk refers to the risk of returns of defective products. All the operational entities manage this risk through quality control checks that are performed before products are supplied to customers.

Design risk refers to situations where deficiencies or flaws in the customised approach could result in a product that does not meet the customer's requirements. All sales entities manage this risk through engagement with customers and quality control measures are taken to ensure that products delivered are to a high standard. Salespeople are technically qualified with previous experience in the industry and are well equipped to understand their customer's needs.

Inventory risk refers to holding inappropriate types or amounts of inventory. The Group's central functions manage procurement, inventory levels and logistics for the whole Group, whilst back-to-back purchase arrangements with suppliers significantly limit any exposure and provisions are put in place for ageing stock.

Supply risk is the risk that a company may be incapable of delivering products for contracts entered into by the Group with its customers, which could occur due to supplier product issues. The Group closely manages procurement, inventory levels and logistics to manage supply risk and Business Development Directors across Europe maintain close relationships with suppliers.

##### *Customers Risk*

When a company supplies products or services to a customer in advance of customer payment the company assumes the risk that the customer may fail to make payment. All sales entities bear this risk as they perform invoicing activities to customers. Local sales teams manage this risk by conducting risk assessment procedures for customers and monitor the central system to actively identify emerging credit risks.

**ACAL BFI GROUP LIMITED**  
**STRATEGIC REPORT**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

**Financial Risk Management**

The financial risk management policies and procedures are centered around price risk, credit risk, liquidity risk and cash flow risk. In the view of the directors, these policies are held to minimise the Group's overall risk exposure.

***Price risk***

The Group protects against price risk by matching customer orders and supplier orders. Price increases are therefore able to be passed on to the customer.

***Credit risk***

Customer credit risk is carefully managed using an external credit checking agency, internal monitoring of financial performance, and close communication with customers. Credit limits are checked before accepting orders and are carefully monitored and controlled in line with the credit policy.

***Liquidity risk***

The Group has access to short-term funding to meet the cashflow requirements of the Group through an Asset Based Lending facility.

***Cash flow risk***

The Group carries out regular monitoring of cash forecasts to assess cash drawdown requirements from funding available on the Asset Based Lending facility.

***Treasury Risk***

Treasury risk encompasses interest rate risk and foreign exchange risk. The Group finance and treasury function manages this risk for the whole Group through managing local funding requirements and monitoring foreign exchange movements.

Foreign exchange risk is the risk posed by an exposure to unanticipated changes in the exchange rate between two currencies. When multinationals import or export goods and services or make foreign investments throughout the global economy, profits may decline as a result of purchases made in one currency and sold in another. This type of risk can negatively affect profitability, competitiveness, and income reporting. Foreign exchange risk is managed by the Group with steps taken to hedge currency exposures as necessary.

**Section 172 of the Companies Act 2006**

The Board of Acal BFi Group Limited takes seriously its duties to act in accordance with legal requirements and appropriate business and ethical standards. This includes fulfilling the duties described in Section 172 of the Companies Act 2006 (the "Act"). The Act imposes a duty on a director to act in a way that he or she considers, in good faith, would be most likely to promote the long-term success of the Company for the benefit of its members as a whole. In doing so, the directors have regard to the various matters including the interests of stakeholders and how the Board has factored stakeholder considerations into its decision making. The Board is fully aware of and supports these requirements.

The Board is pleased to describe below how the Board engages with its stakeholders. The Group's key stakeholders have an important role to play in the successful operation of the business. The Board believes that it is appropriate to consider the potential impact on the Group's stakeholders when considering the Group's strategy and in making key decisions. Indeed, these responsibilities are rooted in the Group's culture, values and company purpose.

The Board considers that, in its decisions and actions to date, it has acted in a way that would promote the success of the Group for the benefit of its members as a whole, while having regard to stakeholders and matters set out in Section 172(1) (a-f) of the Act. The Board has identified the Group's key stakeholders as the Group's employees, customers, suppliers, the environment and communities in which the Group operates, and investors. The Board receives updates on each of these and takes steps to ensure that the Group remains well informed about them.

## **ACAL BFI GROUP LIMITED**

### **STRATEGIC REPORT**

#### **FOR THE PERIOD ENDED 31 MARCH 2023**

The Board will continue to consider its stakeholders in the year ahead as the Board makes further decisions in overseeing the Group's strategy. The following narrative summarises the Group's approach.

#### **Long term decision making**

The Board has put in place a structured governance model, with scheduled Board meetings and clear documentation and authority levels to control its decision-making process. The Group's governance model supports the Group in ensuring that decisions are considered, documented and reported upon, and in alignment with its strategic plans.

The Board delegates day-to-day management and decision-making to its senior management team, but it maintains oversight of the Company's performance, and reserves to itself specific matters for approval, including the strategic direction of the Group, acquisitions and disposals and entering into material contracts above set thresholds.

The Board monitors performance against strategy and that decision-making is appropriate by receiving regular updates, both in Board and Committee meetings and at other intervals as appropriate. Processes are in place to ensure that the Board receives all relevant information to enable it to make well informed decisions for the long-term success of the Company and its various stakeholders.

#### **Employee Interests**

The success of the Group depends upon a highly skilled and motivated workforce, an entrepreneurial and innovative culture, set within structures that provide fairness for all. The Board seeks to encourage employees to act with the utmost integrity and professional expertise. In doing so, the Board considers that its employees are recognised as key assets and are both rewarded fairly and incentivised to deliver the Company and Group's consolidated strategy.

The Board is kept informed on key employee-related matters at every Board meeting at which it receives a standing agenda update.

All employees are kept abreast of Group news and financial performance via local meetings and regular business updates. Ongoing communication occurs through reporting, newsletters and team briefings.

#### **Relations with external parties**

The Group works with a number and variety of customers, suppliers and other third parties. It is of great importance that relations with those parties are appropriate and professional at all times.

Noting the continuing pressure that businesses have been under during the recent pandemic, the Board ensured that suppliers continued to be paid on time and that the Group continued to serve its customers effectively. The Board regularly considers the marketplaces within which the Group's customers operate and the challenges they face, and opportunities available. This helps shape the way in which resources are allocated in order to ensure that the Group is well positioned to meet both existing and new customer needs.

#### **Community & Environment**

Wherever the Group operates, it forms a part of its local community and, more broadly, seeks to ensure that it provides a positive contribution to the environment.

The Groups corporate responsibility is to handle resources carefully and to avoid having a negative impact on the environment as much as possible coupled with a conscious approach to plan for the long term and to actively involve itself in sharing the conditions within which the trading subsidiaries operate in.

The Board and senior management team are aware of the need to be conscious of the effect that the Group operations and those who provide us with goods and services have on the economy. Our Board seeks to minimise the impact on the environment and ensure that our physical locations are, over time, as energy efficient as possible.

#### **Reputation for high standards of business conduct**

The Board is responsible for developing a corporate culture across the Group that promotes integrity and transparency. It has established comprehensive systems of corporate governance which promote corporate responsibility and ethical behaviour and there are processes in place to update the Board on such matters. The Group has an independent whistleblowing service to enable employees and third parties to anonymously raise concerns. Any reports of inappropriate behaviour are independently investigated, and action taken where necessary.

The Board approved the Company's Modern Slavery Act Statement and has updates on key areas of law and regulation. The Group has recently established an ESG Council to promote corporate responsibility throughout the Group and create an ESG strategy. Through its oversight and monitoring role, the Board requires all employees, including any subcontractors, to work to the highest standards of business conduct.

**ACAL BFI GROUP LIMITED**

**STRATEGIC REPORT**

**FOR THE PERIOD ENDED 31 MARCH 2023**

**Acting fairly as between members of the Company**

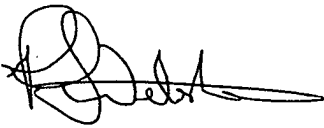
The Board aims to understand the views of shareholders and always to act in their best interests. It is the Board's intention to behave responsibly towards our stakeholders and treat them fairly, so they can benefit from the successful delivery of the Group's long-term plans.

**Other key activities**

The Board met regularly throughout the period ended 31 March 2023, holding eleven meetings. The Board's agenda considers all relevant matters at scheduled meetings.

As part of its regular programme of Board activities, the Board also receives reports from the Group Chief Executive Officer, the Group Finance Director, the Group Managing Director for Sales and the Group Managing Director for Operations & IT keeping them informed as to financial and commercial performance and regulatory and legal affairs.

This report was approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'P G Webster', with a long horizontal stroke extending to the right.

P G Webster  
Director

13 July 2023



**ACAL BFI GROUP LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

The directors present their Annual Report and audited financial statements for the Group for the period ended 31 March 2023.

**Disclosure of items within the Strategic report**

The directors have included statements relating to the principal activities of the Group, review of the business, future developments, engagement with others, events post balance sheet, the principal risks and uncertainties facing the Group, financial risk management and Going concern in the Strategic report.

**Results and dividends**

The profit for the period, after taxation, amounted to £0.3m. The directors do not recommend the payment of a dividend.

**Directors**

The directors who served during the period, and up to the date of signing the financial statements, were as follows:

P H L Kalverboer (appointed 14 October 2021)  
K W M Ho (appointed 14 October 2021)  
P G Webster (appointed 3 March 2022)  
J Syme (appointed 3 March 2022)  
D L Gray (appointed 3 March 2022)  
S Gonzini (appointed 3 March 2022)

Company Secretary – Sarita Bilkhu (appointed 16 March 2023)

**Directors' indemnity**

The Articles of the Company contain an indemnity in favour of the directors, which is a Qualifying Third-Party Indemnity within the meaning of s.234 of the Companies Act 2006. This was in force throughout the period ended 31 March 2023 and at the time of the approval of this Annual Report and financial statements. Directors of subsidiary undertakings are also subject to this Qualifying Third-Party Indemnity. The Company has also arranged appropriate insurance cover in respect of legal action against its directors and officers.

**Research and development**

Group trading companies engage with both new and existing customers to find effective solutions to resolve their design challenges. As a result, a full or part customised solution along with customised or standard products supplied by our manufacturing partners can be offered to resolve the customer's technical issue. As the ultimate resolution always relates to a defined customer issue, the Group does not have, or need, its own research and development budget.

**Supplier payment policy**

The Group has many long, and well-established Supplier relationships many of which extend to exclusive arrangements. For those long-term Suppliers, trading terms and conditions which include payment terms are clearly defined and adhered to. For recent and new Suppliers, a multi-approval "New Supplier Process" exists which defines commercial and financial terms and conditions as well as quality and compliance regulation requirements. Within the financial conditions, payment terms will be negotiated by the senior management team and once concluded, these will be defined in a formal trading agreement which is typically signed off by a Board member.

For non-revenue Suppliers such as freight forwarders or stationery providers, payment terms will be negotiated on a case-by-case basis.

**Disabled employees**

The Group has a recruitment policy to ensure that all applications for employment, including those made by disabled persons, are given full and fair consideration in light of the applicants' aptitudes and abilities. There is also an equal opportunities policy to ensure that all employees are treated equally in terms of employment, training, career development and promotion. Where employees develop a disability during their employment, every effort is made to continue their employment and arrange for appropriate training and support as far as is reasonably practicable.

**ACAL BFI GROUP LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

**Employee consultation**

Details on employee engagement can be found within the Group's Section 172 statement in the Strategic Report on pages 6 to 7 in accordance with s414C(11) of the Companies Act 2006 as the directors consider this to be of strategic importance to the Group.

**Annual Energy and Carbon Report**

The Group is exploring a number of operational initiatives to improve sustainability across the Group, including:

- Investment in energy saving schemes across the Group;
- Ongoing installation of LED lighting in all newly leased and newly refurbished areas over the next five years;
- Roll out of an awareness campaign to encourage all staff to reduce, reuse and recycle waste;
- Roll out of an awareness campaign to replace copiers with more efficient units and also encourage reduced printing;
- Aim to reduce carbon footprint year on year.

Reporting on the Group's annual energy and carbon reporting progress will be integrated into the annual report and accounts from 2024 onwards.

**Political contribution**

There were no political donations during the period.

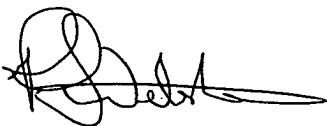
**Auditors and disclosure of information to auditors**

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution to appoint them will be proposed in accordance with section 485 of the companies Act 2006.

In the case of each director in office as at the date of this report:

- so far as the director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

This report was approved by the board and signed on its behalf by



P G Webster  
Director

13 July 2023

**ACAL BFI GROUP LIMITED**

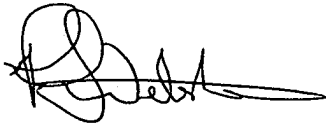
**DIRECTORS' RESPONSIBILITY STATEMENT  
FOR THE PERIOD ENDED 31 MARCH 2023**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and 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 accounting estimates that are reasonable and prudent;
- state whether international accounting standards in conformity with the requirements of the Companies Act 2006 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.



P G Webster  
Director

13 July 2023

# Independent auditors' report to the directors of Acal BFi Group Limited

## Report on the audit of the financial statements

### Opinion

In our opinion:

- Acal BFi Group Limited's group financial statements and parent company financial statements (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 March 2023 and of the group's profit and the group's cash flows for the period from 14 October 2021 to 31 March 2023;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and Financial Statements (the "Annual Report"), which comprise: the consolidated statement of financial position as at 31 March 2023; the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

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's and the 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the parent company's ability to continue as a going concern.

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

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

## Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the period ended 31 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibility Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

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

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006 and tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate reported results. Audit procedures performed by the engagement team included:

- Making inquiries with management, including consideration of known and suspected instances of non-compliance with laws and regulations;
- Testing unusual or unexpected journal entries, particularly those impacting revenue; and
- Challenging assumptions and judgements made by management in significant accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also,

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 or intentional misrepresentations, or through collusion.

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

## Use of this report

This report, including the opinions, has been prepared for and only for the parent company's directors as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- 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
- certain disclosures of directors' remuneration specified by law are not made; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Katherine Stent (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading

14 July 2023

**ACAL BFI GROUP LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
For the period ended 31 March 2023

	Notes	Period ended 31 March 2023 £m
Revenue	4	233.4
Cost of sales		(170.5)
<b>Gross profit</b>		<b>62.9</b>
Administrative expenses		(45.8)
<b>Operating profit before exceptional costs</b>		<b>17.1</b>
Exceptional costs	5	(5.7)
<b>Operating profit</b>	5	<b>11.4</b>
Finance costs	7	(7.8)
<b>Profit before tax</b>		<b>3.6</b>
Tax expense	8	(3.3)
<b>Profit for the period</b>		<b>0.3</b>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
For the period ended 31 March 2023

	Period ended 31 March 2023 £m
<b>Profit for the period</b>	<b>0.3</b>
Other comprehensive income/(loss):	
<i>(Items that may be subsequently reclassified to profit or loss:</i>	
Exchange differences on translation of foreign subsidiaries	1.1
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>1.1</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>1.4</b>

All activities relate to continuing operations.

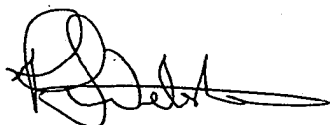
The accompanying Notes form an integral part of these Financial Statements.

**ACAL BFI GROUP LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 31 March 2023**

	Notes	2023 £m
<b>Non-current assets</b>		
Property, plant and equipment	10	1.9
Intangible assets – goodwill	12	6.9
Intangible assets – other	13	18.1
Right of use assets	11	6.3
		33.2
<b>Current assets</b>		
Inventories	14	20.2
Trade and other receivables	15	42.9
Cash and cash equivalents	16	7.6
		70.7
<b>Total assets</b>		<b>103.9</b>
<b>Current liabilities</b>		
Trade and other payables	22	36.2
Lease liabilities	11	1.9
Current tax liabilities		1.7
Provisions	19	1.5
		41.3
<b>Non-current liabilities</b>		
Other financial liabilities	17	52.2
Lease liabilities	11	4.6
Deferred tax liabilities	8	4.4
		61.2
<b>Total liabilities</b>		<b>102.5</b>
<b>Net assets</b>		<b>1.4</b>
<b>Equity</b>		
Share capital	23	0.0
Share premium	23	0.0
Currency translation reserve		1.1
Retained earnings		0.3
<b>Total equity</b>		<b>1.4</b>

The accompanying notes form an integral part of these Financial Statements.

These Financial Statements were approved and authorised for issue by the Board on 13 July 2023 and signed on its behalf by:



P G Webster  
Director

Acal BFi Group Limited Registered number - 13680776



**ACAL BFI GROUP LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the period ended 31 March 2023**

	Attributable to equity holders of the Company				
	Share capital	Share premium	Currency translation reserve	Retained earnings	Total equity
	£m	£m	£m	£m	£m
Profit for the period	-	-	-	0.3	0.3
Other comprehensive income/(loss)	-	-	1.1	-	1.1
Total comprehensive income	-	-	1.1	0.3	1.4
Issue of share capital (note 23)	0	0	-	-	0
<b>At 31 March 2023</b>	<b>0</b>	<b>0</b>	<b>1.1</b>	<b>0.3</b>	<b>1.4</b>

Currency translation reserve relates to the translation of the Financial Statements of overseas subsidiaries into the presentational currency of the Consolidated Financial Statements.

The accompanying notes form an integral part of these Financial Statements.

**ACAL BFI GROUP LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the period ended 31 March 2023

	Notes	Period ended 31 March 2023 £m
<b>Operating activities:</b>		
<b>Profit for the period</b>		<b>0.3</b>
Tax expense	8	3.3
Net finance costs	7	7.8
Depreciation of property, plant and equipment	10	0.3
Depreciation of right of use assets	11	2.2
Amortisation of intangible assets – other	13	2.4
Effect of foreign exchange movements in operating profit		(2.1)
Change in provisions		0.4
<b>Operating cash flows before changes in working capital</b>		<b>14.6</b>
(Increase) in inventories		(1.2)
(Increase) in trade and other receivables		(6.0)
(Decrease) in trade and other payables		(4.0)
Increase in working capital		(11.2)
<b>Cash generated from operations</b>		<b>3.4</b>
Interest paid on lease liabilities		(0.1)
Income taxes paid		(3.4)
<b>Net cash flow from operating activities</b>		<b>(0.1)</b>
<b>Investing activities:</b>		
Acquisition of businesses, net of cash acquired	9	(30.7)
Purchase of property, plant and equipment	10	(1.0)
<b>Net cash used in investing activities</b>		<b>(31.7)</b>
<b>Financing activities:</b>		
Net proceeds from the issue of shares	23	0.0
Proceeds from issue of preference shares	23	16.5
Proceeds from borrowings	17	27.4
Interest paid		(3.2)
Payment of lease liabilities	11	(2.4)
<b>Net cash generated from/(used in) financing activities</b>		<b>38.3</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>6.5</b>
Effect of exchange rate fluctuations		1.1
<b>Net cash and cash equivalents at 31 March 2023</b>		<b>7.6</b>

**ACAL BFI GROUP LIMITED**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS**  
**For the period ended 31 March 2023**

**1. Reporting Entity and Authorisation of Financial Statements**

The consolidated Financial Statements, which comprise the results of Acal BFi Group Limited ("the Company") and its subsidiaries (collectively referred to as "the Group"), for the period from incorporation on 14 October 2021 to 31 March 2023 ("the Period"), including trading activity for 13 months from 3 March 2022 to 31 March 2023, were authorised for issue by the Board of Directors on 13 July 2023.

The Company's registered number is 13680776.

Acal BFi Group Limited is a private company limited by shares incorporated and domiciled in England, UK and the registered office is disclosed on page 3. The significant accounting policies adopted by the Group are set out in Note 2 and have been applied consistently to the period presented in these consolidated Financial Statements.

**2. Accounting policies**

**Statement of Compliance**

The Group's consolidated Financial Statements have been prepared and approved by the directors in accordance with International Accounting Standards and with requirements of the Companies Act 2006 applicable to companies reporting under those standards.

The separate Financial Statements of the Company have been prepared and approved by the Directors in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). On publishing the Company's Financial Statements here together with the Group's Financial Statements, the Company is taking advantage of the exemption in section 408 of the Companies Act 2006 not to present its individual Statement of Profit or Loss and related notes that form a part of these approved Financial Statements.

The following exemptions from the requirements of the International Accounting Standards have been applied in the preparation of the Company's Financial Statements, in accordance with FRS 101:

- Cash Flow Statement and respective disclosures and information;
- Disclosure in relation to capital management;
- Disclosures in relation to financial instruments;
- Disclosures in respect of the compensation of key management personnel;
- Disclosures in respect of transactions between two or more members of the Group.

For certain disclosures required by IFRS 13 Fair Value Measurement, as the Group's consolidated Financial Statements include the equivalent disclosures, the Company has taken the exemptions available under FRS 101.

**Basis of preparation**

The Group Financial Statements and the Company Financial Statements are prepared under the historical cost convention, unless otherwise stated.

Pounds sterling is considered the functional and presentational currency for the Group and Company. The Group and Company Financial Statements are presented in million pounds sterling and all values are rounded to the nearest hundred thousand pounds, unless stated otherwise.

**Going concern**

The consolidated Financial Statements of the Group have been prepared in accordance with International Accounting Standards. They have been prepared under the assumption the Group operates on a going concern basis, which assumes the Group will be able to discharge its liabilities as they fall due. In confirming the validity of the going concern basis of preparation, the Group has considered the following specific factors:

- the Group reported a profit of £0.3m for the period and had an excess of total assets over total liabilities of £1.4m.
- the Group reported positive cash generated from operations of £3.4m in the current period.
- as disclosed in Note 20, liquidity needs of the Group are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs on a monthly basis for a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout periods, which is typically 12 months from the date of authorisation of these financial statements.
- management prepares an annual budget and a longer-term strategic plan, including an assessment of cash flow requirements, and continue to monitor actual performance against budget and rolling forecasts throughout the reporting period.

**ACAL BFI GROUP LIMITED**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS**  
**For the period ended 31 March 2023**

**2. Accounting policies (continued)**

Based on these factors, management has a reasonable expectation that the Group has and will have adequate resources to continue in operational existence for the foreseeable future.

The Company acts as a holding company for investments in the subsidiaries and does not engage in any trading activities directly and thus is dependent on the trading activities of its subsidiaries. The Company holds sufficient net current assets as at 31 March 2023 to continue as a going concern.

The Directors are confident that the Company and the Group have sufficient resources to continue in operational existence for at least 12 months from the date of approval of the Financial Statements. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

**Basis of consolidation**

The Group's consolidated Financial Statements consolidate the results of Acal BFi Group Limited and entities controlled by the Company (its subsidiaries).

The consolidated Financial Statements comprise the financial statements of the Group and its subsidiaries for the period from incorporation on 14 October 2021 to 31 March 2023, including trading activity for 13 months from 3 March 2022 to 31 March 2023. Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its control over it. In assessing control, the Group takes into account:

- (i) the power over the investee (i.e. existing rights that give it the current ability to direct its relevant activities);
- (ii) exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) the ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls a subsidiary, if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control and ceases when the Group loses control of the subsidiary. Assets, liabilities, profit and losses of subsidiaries acquired during the period ending 31 March 2023 are included in the consolidated Financial Statements from the date control commences. When necessary, adjustments are made to the Financial Statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full, on consolidation.

**Investments (Company only)**

Investments in subsidiary and associate undertakings are stated initially at cost, being the fair value of the consideration given and including directly attributable transaction costs. The carrying values are reviewed for impairment if events or changes in circumstances indicate the carrying values may not be recoverable.

**Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree.

When the Group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and relevant conditions at the acquisition date.

Any contingent consideration payable to the vendor will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognised in accordance with IFRS 9 'Financial Instruments: Classification and measurement' either in the consolidated Statement of Profit or Loss or in Other Comprehensive Income.

Goodwill is initially measured at cost, being the excess of the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognised for the non-controlling interest over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination. Assets acquired and liabilities assumed in transactions separate to the business combinations, such as the settlement of pre-existing relationships or post-acquisition remuneration arrangements, are accounted for separately from the business combination in accordance with their nature and applicable standard. Identifiable intangible assets, meeting either the contractual-legal or separability criterion are recognised separately from goodwill. Contingent liabilities representing a present obligation are recognised if the acquisition-date fair value can be measured reliably.

**ACAL BFI GROUP LIMITED**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**  
**For the period ended 31 March 2023**

**2. Accounting policies (continued)**

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGUs") that are expected to benefit from the business combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which goodwill is allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and shall not be larger than a reportable operating segment.

**Intangible assets – Other**

Other intangible assets that are separately acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Other intangible assets acquired through a business combination are recognised at fair value at the date of acquisition less accumulated amortisation and impairment losses from the date of acquisition. Amortisation is charged to the consolidated Statement of Profit or Loss within operating costs on a straight-line basis over the useful economic lives of the intangible assets. The estimated useful economic lives are as follows:

- (a) Software (implementation costs of IT systems)      3 to 10 years
- (b) Acquired intangible assets:
  - Customer and supplier relationships      5 to 10 years
  - Trademarks      10 years

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from the Group's development activities is capitalised only if all of the following conditions are met:

- (a) an asset is created that can be identified;
- (b) it is probable that the asset created will generate future economic benefits; and
- (c) the development cost of the asset can be measured reliably.

Internally generated intangible assets are amortised on a straight-line basis over their useful lives between 5 and 10 years and charged to the Statement of Profit or Loss.

The Group only capitalises costs relating to the configuration and customisation of SaaS arrangements as intangible assets where control of the asset exists. Costs that are paid to SaaS suppliers in advance of the service provided are recognised in prepayment and amortised over the service period.

All other development expenditure is written off in the accounting period in which it is incurred.

**Property, plant and equipment**

Items of owned property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost consists of all those elements which are directly attributable to bringing the asset into working condition for its intended use. Where there has been an indication of impairment in value such that the recoverable amount of an asset falls below its net book value, provision is made for such impairment. Wherever possible, individual assets are tested for impairment. However, impairment can often be tested only for groups of assets because the Cash Flows upon which the calculation is based do not arise from the use of a single asset. In these cases, impairment is measured for the smallest group of assets (the cash generating unit) that produces a largely independent income stream.

The cost of property, plant and equipment is charged to the Statement of Profit or Loss on a straight-line basis over the assets estimated useful economic life, taking into account their estimated residual value. The principal annual rates of depreciation are:

Buildings	Freehold property	2% to 4% per annum
	Leasehold buildings	Shorter of lease term and useful life
Leasehold improvements		10% to 20% per annum or over the life of the lease if shorter
Plant and equipment		5% to 33% per annum

**ACAL BFI GROUP LIMITED**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**  
**For the period ended 31 March 2023**

**2. Accounting policies (continued)**

**Impairment of non-financial assets**

The carrying amounts of the Group's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If indicators of impairment exist, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit or Loss.

The recoverable amount of assets is the greater of their net selling price and value-in-use. In assessing value-in-use, the estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. A CGU is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets.

When estimating the future cash flows for the value-in-use calculation, the Group includes projections of cash outflows including central costs that are necessarily incurred to generate the cash inflows and that can be directly attributed or allocated on a reasonable and consistent basis to each CGU.

Impairment losses recognised in respect of CGUs are allocated first against the carrying value of any goodwill allocated to that unit, and then against the carrying values of other assets in the unit, on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

**Financial Instruments**

Financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Unconditional receivables and payables are recognised as assets or liabilities when the entity becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash. However, recognition of financial assets to be acquired and financial liabilities to be incurred as a result of a firm commitment to purchase or sell goods or services, such as trade receivables and trade payables, is usually delayed until at least one of the parties has performed under the agreement and the ordered goods or services have been shipped, delivered or rendered.

A forward contract that is within the scope of IFRS 9, such as a forward foreign exchange contract, is recognised as an asset or a liability on the commitment date when the fair value of the right and obligation are usually equal and the net fair value of the forward contract on initial recognition is zero. If the net fair value of the right and obligation is not zero, the contract is recognised as an asset or liability.

Except for trade receivables without a significant financing component, a financial asset or a financial liability that is not measured through profit or loss (FVTPL) is initially measured at fair value plus or minus transaction costs that are directly attributable to its acquisition. A trade receivable without a significant financing component is initially measured at the transaction price.

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in the Statement of Profit or Loss.

**Offsetting financial instruments**

Financial assets and liabilities are only offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and the liability simultaneously.

**ACAL BFI GROUP LIMITED**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**  
**For the period ended 31 March 2023**

**2. Accounting policies (continued)**

**Allowance for Expected Credit Losses**

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Refer to Note 15 for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

Where consistent with the provisioning horizon, the possible impact of climate risks on the determination of expected credit losses has been integrated.

**Credit-impaired financial assets**

At each reporting date the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred, such as a significant change in the credit risk profile of a customer, a debt has become significantly overdue or a contract default.

**Write-down of financial assets**

The gross carrying amount of a financial asset is written down to its recoverable amount when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

**Derivative financial instruments**

The Group uses derivative financial instruments to hedge its exposure to foreign exchange risks arising from operational activities. It principally employs forward foreign exchange contracts to hedge the risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecast transactions.

**Inventories**

Inventories comprise goods held for resale and work in progress and are stated at the lower of cost and net realisable value after making allowance for any obsolete or slow-moving items. Cost comprises direct materials, inward carriage and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

**Cash and cash equivalents**

Cash and cash equivalents in the consolidated Statement of Financial Position comprise cash balances and short-term deposits with an original maturity of three months or less. For the purpose of the consolidated Statement of Cash Flows, cash and cash equivalents comprise cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**Borrowings**

Borrowings are recognised initially at fair value less directly attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Statement of Profit or Loss over the period of the borrowings on an effective interest basis.

**Provisions**

A provision is recognised in the Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect is material, provisions are discounted to present value. The unwinding of the discount is recognised as a finance cost.

A provision for an onerous contract is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

**Leasing**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. An asset can be identified either explicitly or implicitly. If implicitly, the asset is not mentioned in the contract, but the supplier can fulfil the contract only by the use of a particular asset, in which case there may be an identified asset. There is no identified asset if the supplier has a substantive right to substitute the asset.

**ACAL BFI GROUP LIMITED**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**  
**For the period ended 31 March 2023**

**2. Accounting policies (continued)**

▪ **Separating components of a contract**

Contracts usually combine different kinds of obligation of the supplier, which may be formed by lease components or lease and non-lease components, such as maintenance/services. The Group identifies the lease and non-lease components and accounts for those separately, applying the relevant standard to each one. Consideration is allocated to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease component.

▪ **Combination of contracts**

Contracts are accounted together if they are entered into at or near the same time with the same counterparty and in contemplation of another.

▪ **Lease term**

The lease term is the non-cancellable period of the lease plus periods covered by an option to extend or an option to terminate if the lessee is reasonably certain to exercise the extension option or not exercise the termination option.

▪ **Right of use assets**

The Group recognises right of use assets at the commencement date of the lease. Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

▪ **Lease liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date when the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is a combination of government bond yields, used as a proxy for a risk-free rate, calculated over various periods linked to existing lease terms. This rate is adjusted for borrowing costs and risks specific to each entity.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Any adjustment of the lease liability is reflected as an adjustment to the right of use asset. If the carrying amount of the right of use asset has already been reduced to zero, the remaining remeasurement is recognised in profit or loss.

The Group has adopted the practical expedient under IFRS 16 not to recognise right of use assets and lease liabilities for short-term leases, with a lease term of 12 months or less and leases of low value. Lease payments relating to these leases are expensed to the Statement of Profit or Loss on a straight-line basis over the lease term.

**Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred, in accordance with the effective interest rate method.



**ACAL BFI GROUP LIMITED**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**  
**For the period ended 31 March 2023**

**2. Accounting policies (continued)**

**Post-employment benefits and short-term employee benefits**

▪ **Defined contribution plans**

The Group pays fixed contributions into independent entities in relation to several retirement plans and insurances for individual employees. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that related employee services are received.

▪ **Short-term employee benefits**

Short-term employee benefits, including holiday entitlement, are current liabilities included in pension and other employee obligations, measured at the undiscounted amount the Group expects to pay as a result of the unused entitlement.

**Taxation**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

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

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the consolidated Statement of Profit or Loss.

**Foreign currency translation**

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date and gains or losses on translation are included in the consolidated Statement of Profit or Loss.

Currency gains and losses arising from the retranslation of the opening net assets of foreign operations are recorded as a movement on reserves, net of tax. The differences that arise from translating the results of overseas businesses at average rates of exchange, and their assets and liabilities at closing rates, are dealt with in a separate currency translation reserve. All other currency gains and losses are dealt with in the consolidated Statement of Profit or Loss.

**Revenue recognition**

Revenue represents the fair value of the consideration received or receivable for goods, commission and other services provided to third parties, after deducting discounts, VAT and similar taxes levied overseas. Revenue is recognised in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Transaction price is allocated to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract. If a stand-alone selling price is not observable, the Group estimates it. The transaction price may include a discount or a variable amount of consideration that relates entirely to a part of the contract. The Group will review the requirements and specify when the variable amount should be allocated to one or more, but not all, performance obligations in the contract. The transaction price is not adjusted for any significant financing components as the Group expects at inception that the period between the transfer of goods or services to a customer and receiving payment from the customer will be one year or less.

**ACAL BFI GROUP LIMITED**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**  
**For the period ended 31 March 2023**

**2. Accounting policies (continued)**

- Step 1: Identify the contract with a customer;  
Step 2: Identify the performance obligations in the contract;  
Step 3: Determine the transaction price;  
Step 4: Allocate the transaction price to the performance obligations in the contract;  
Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

Control of a good or service is obtained when the customer has the ability to direct the use of and obtain substantially all the benefits from the good or service.

The Group realises revenue from its principal activities through the sale of highly differentiated electronic products to target markets in transport, medical, industrial & connectivity, renewable energy, aerospace & defence and security.

The following are the Group's main revenue streams and criteria for control transfer:

**a. Revenue from the sale of products**

The Group recognises revenue from product sales at a point in time when the goods are delivered to, or accepted by the customer, if later, and control over the goods is transferred.

To determine the point in time at which the control is transferred to the customer, the Group considers whether or not:

- a. The Group has a present right to payment for the asset;
- b. The customer has acquired legal title to the asset;
- c. The Group has transferred physical possession of the asset;
- d. The customer has significant risks and rewards related to the ownership of the asset; and
- e. The customer has accepted the asset.

When another party is involved in providing goods or services to the customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (principal) or to arrange for those goods or services to be provided by the other party (agent) and recognises revenue accordingly.

**b. Revenue from rendering of services**

Product support and maintenance services are recognised over the period of the service delivery as the customer receives the benefit of the service over time. Progress is measured by reference to service periods.

Discounts are allocated proportionately to all performance obligations in the contract, unless the Group can demonstrate that the discount relates to one or more specific performance obligations.

**Receivables**

Receivables billed under the terms of the contract for delivered goods and services and are not conditional on anything other than the passage of time. These assets are classified as Trade Receivables.

**Significant accounting judgements and estimates**

The preparation of Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other applicable factors, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates and any revisions to estimates are recognised prospectively.

Information about judgements, assumptions and estimation uncertainties as at 31 March 2023 are as follows:

- **Impairment of non-financial assets (Group only):** Goodwill is tested annually for impairment, in accordance with IAS 36. An entity is required to ensure that its assets are not impaired and are carried at no more than their recoverable amount, measured based on the sum of future cash flows expected to be realised from sale or value-in-use. Assets which do not generate independent cash flows are required to be grouped together into CGU's and tested for impairment. In determining the recoverable amount of an asset or CGU, estimates and assumptions must be made in determining the value of those future cash flows. For a CGU this includes assessment of future revenue, operating profit, discount rates and long-term growth rates. Uncertainty inherent in making judgements and estimates means that there is a risk that the estimated recoverable amount could result in a material adjustment in the future accounting period(s). Note 12 provides more details;

**ACAL BFI GROUP LIMITED**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**  
For the period ended 31 March 2023

**2. Accounting policies (continued)**

- **Fair value of assets acquired in a business combination (Group only):** Estimates are made in assessment of fair value of the consideration and net assets acquired, including the identification and valuation of intangible assets and their useful lives. Estimates used include customer attrition rates, discount rate and trading forecast. Note 9 provides details on business combinations;
- **Value of investments (Company only):** Investments in subsidiaries are reviewed annually for impairment when indicators for impairment are identified. Determining whether the Company's investments in subsidiaries have been impaired requires estimations of the investments' values in use or consideration of the net asset value of the entity. The value-in-use calculations require the Directors to estimate the future cash flows, expected to arise from the investments, using estimates like future revenue, operating profit, discount rates and long-term growth rates to calculate present values;
- **Estimating the incremental borrowing rate (Group only):** Where entities in the Group are required to recognise and measure a leasing liability, as lessee, lease payments should be discounted using the interest rate implicit in the lease, but often this cannot be readily determined from the leasing contract. Instead, the entity must determine its incremental borrowing rate, being the rate that the lessee would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset, in a similar economic environment, considering factors such as the lessee's credit profile, borrowing currency and term of the lease. The process requires judgement in the determination of an appropriate rate;
- **Inventories (Group only):** The carrying amounts of inventories are stated with due allowance for excess, obsolete or slow-moving items. The Directors exercise judgement in assessing net realisable value. Provisions for slow-moving and obsolete inventory are based on management's assessment of the nature and condition of the inventory, including assumptions around future demand and market conditions;
- **Italian leaving indemnity plan (Group only):** The Italian leaving indemnity plan "Trattamento di Fine Rapporto" ("TFR"), are included in pension liabilities as reported by the subsidiary company under local accounting standards. Every three years the Group undertakes an actuarial valuation to confirm that there is no material difference between local accounting standards and IAS19. The latest actuarial valuation carried out in March 2021 identified no material differences. The next review is due to take place for March 2024.

**3. New standards not yet applied**

**Standards, amendments and Interpretations to existing Standards that are not yet effective**

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB or IFRIC. None of these Standards or amendments to existing Standards have been adopted early by the Group and the Company and no Interpretations have been issued that are applicable and need to be taken into consideration by the Group and the Company at the reporting date.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current period have not been disclosed as they are not expected to have a material impact on the Group's and Company's financial statements.

**4. Revenue**

The Group's revenue from external customers based on customer locations by geographical location are detailed below:

	<b>Period ended 31 March 2023</b>
	<b>Revenue from external customers £m</b>
UK	26.0
Europe	186.9
Rest of the world	20.5
	<b>233.4</b>

**ACAL BFI GROUP LIMITED**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**  
**For the period ended 31 March 2023**

**5. Operating profit**

Amounts charged/(credited) to the consolidated Statement of Profit or Loss are as follows:

	<b>Period ended 31 March 2023 £m</b>
Employee costs (note 6)	31.4
Depreciation of property, plant and equipment (note 10)	0.3
Depreciation of right of use assets (note 11)	2.2
Amortisation of other intangible assets (note 13)	2.4
Expected credit losses (note 15)	0.1
Net foreign exchange differences	(2.1)
Inventories:	
Cost of inventories	166.8
Write-down of inventories to net realisable value	0.2
Auditors' remuneration:	
Audit of the Group financial statements (including parent company)	0.2
Audit of local subsidiary financial statements	0.4

There were no non-audit services provided by the auditors in the period.

**Exceptional items charged to the consolidated Statement of Profit or Loss**

Identified separately from administrative expenses is £5.7m for one-off costs incurred in the period in relation to the purchase of the Acal BFi Group of companies from discoverIE Group plc on 3 March 2022. These costs pertain to legal advice and documentation to support the transaction, fees in relation to funding provided to the Group from lending banks, plus financial, tax and legal due diligence fees.

These acquisition related costs are considered exceptional in nature as solely arising from the purchase of the Acal BFi Group of companies and therefore not be expected to recur in subsequent years. Excluding these one-off deal fees of £5.7m, the underlying profit of the Group for the period would be £6.0m.

**6. Employee costs and Directors' emoluments**

	<b>Period ended 31 March 2023 £m</b>
Wages and salaries	25.7
Social security costs	4.7
Other pension costs	1.0
	<b>31.4</b>

The average monthly number of employees (including Executive Directors) during the period was as follows:

	<b>Period ended 31 March 2023</b>
Sales and marketing	257
Direct and indirect service	50
Administration	58
	<b>365</b>

At 31 March 2023 the Group had 369 employees.

**ACAL BFI GROUP LIMITED**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**  
For the period ended 31 March 2023

**6. Employee costs and Directors' emoluments (continued)**

	Period ended 31 March 2023 £m
<b>Directors' emoluments</b>	
Aggregate emoluments in respect of qualifying services	1.3
Aggregate contribution to defined contribution scheme	0.1
	1.4
<b>Highest paid director</b>	
Emoluments in respect of qualifying services	0.4
Pension contributions to the defined contribution scheme	-
	0.4

Retirement benefits are accruing to 3 Directors under a defined contribution pension scheme.

**7. Finance costs**

	Period ended 31 March 2023 £m
Finance costs on bank loans and overdrafts	5.6
Finance costs on preference shares	2.1
Finance costs on lease liabilities	0.1
	7.8

**8. Tax expense**

The major components of the corporation tax expense are summarised below:

	Period ended 31 March 2023 £m
<b>Current taxation:</b>	
UK corporation tax	0.8
Overseas tax	2.8
<b>Total current taxation expense</b>	<b>3.6</b>
<b>Deferred taxation:</b>	
Origination and reversal of temporary differences within the UK	(0.1)
Origination and reversal of temporary differences overseas	0.1
Adjustments in respect of prior periods	0.1
Arising on acquisition of intangible assets	(0.4)
<b>Total deferred taxation credit</b>	<b>(0.3)</b>
<b>Tax expense reported in the consolidated Statement of Profit or Loss</b>	<b>3.3</b>

**ACAL BFI GROUP LIMITED**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**  
**For the period ended 31 March 2023**

**8. Tax expense (continued)**

The effective rate of taxation for the period is higher than the standard rate of taxation in the UK of 19%. A reconciliation of the tax expense applicable to the profit before tax, at the statutory tax rate, to the actual tax expense at the Group's effective tax rate for the period ended 31 March 2023 is presented below:

	Period ended 31 March 2023 £m
Profit before tax	3.6
Profit before taxation multiplied by standard rate of corporation tax in the UK (19%) or at local rate	0.7
Effect of:	
Different tax rates in overseas companies	0.8
Income not taxable for tax purposes	-
Non-deductible expenses	1.8
<b>Total tax reported in the consolidated Statement of Profit or Loss</b>	<b>3.3</b>

	Period ended 31 March 2023 £m
Deferred tax liabilities	
Fixed asset timing differences	0.2
Intangibles	(4.6)
<b>Gross deferred tax liabilities</b>	<b>(4.4)</b>

£0.6m of deferred tax liabilities are expected to be recovered or settled no more than twelve months after the reporting period.  
£3.8m of deferred tax liabilities are expected to be recovered or settled more than twelve months after the reporting period.

	Fixed asset timing differences	Intangibles	Pensions	Tax losses	Share based payments	Other temporary differences	Total
Charged to profit and loss	-	0.4	-	-	-	-	0.4
Acquisition-related movements	-	(4.8)	-	-	-	-	(4.8)
<b>At 31 March 2023</b>	-	<b>(4.4)</b>	-	-	-	-	<b>(4.4)</b>

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remain at 19%, as previously enacted). This was substantively enacted on 24 May 2021 and hence deferred tax assets have been calculated at a rate of 25%. The directors do not believe a change in rate would have a material impact on the financial statements.

**ACAL BFI GROUP LIMITED**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**  
For the period ended 31 March 2023

**9. Business Combinations**

On 3 March 2022 the Group completed the acquisition of the Acal BFi businesses to enable it to begin its trade, which comprised the following entities via the purchase of 100% of the share capital and voting interests:

- Acal BFi Netherlands BV
- Acal BFi UK Limited
- Acal BFi Italy Srl
- Acal BFi France SAS
- Acal BFi Belgium NV/SA
- Acal BFi Nordic AB
- Acal BFi Germany GmbH
- Acal BFi Central Procurement UK Limited

The purpose of the acquisition was to bring the existing Acal BFi trading businesses into a group under the new entity Acal BFi Group Limited.

The Enterprise Value agreed for the Acal BFi trading businesses acquired was £50.0m with a fair value of the identifiable assets and liabilities of the Acal BFi business of £42.6m at the date of acquisition comprised of the below:

	Fair value recognised at acquisition
	£m
Intangible assets – other	20.5
Right of use assets	5.7
Property, plant and equipment	1.2
Inventories	19.0
Trade and other receivables	36.9
Net cash	6.9
Trade and other payables	(42.6)
Provisions	(1.1)
Lease liabilities	(5.9)
Deferred tax liabilities	(4.9)
<b>Total identifiable net assets</b>	<b>35.7</b>
Goodwill arising on acquisition	6.9
<b>Total investment</b>	<b>42.6</b>
<i>Discharged by</i>	
Initial cash consideration	37.6
Deferred consideration (Vendor Loan Note)	5.0
	<b>42.6</b>

**ACAL BFI GROUP LIMITED**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**  
For the period ended 31 March 2023

**9. Business Combinations (continued)**

Net cash outflows in respect of the acquisition comprise:

	<b>Total £m</b>
Fair value cash consideration	37.6
Net cash acquired	(6.9)
	30.7
Transaction costs of the acquisition (included in operating cash flows)	5.7
	<b>36.4</b>

Included in the cash flow from investing activities is the fair value cash consideration of £37.6m net of cash acquired (£6.9m) totaling £30.7m.

Transaction costs of the acquisition are included in the consolidated statements of profit and loss in exceptional costs.

From the date of acquisition to 31 March 2023, Acal BFi trading entities contributed £233.4m to revenue and £0.3m to profit after tax of the Group. If the business combination had taken place at the beginning of the period from 14 October 2021, the consolidated revenue for the Group would have been £302.3m and the consolidated profit after tax for the Group would have been £4.4m.

Included in the £6.9m of goodwill recognised above are certain intangible assets that cannot be individually separated and reliably measured from the acquirees, due to their nature. The unrecognised intangible assets comprise assembled and trained workforce.

All the acquired receivables are expected to be collected.

**10. Property, plant and equipment**

				<b>£m</b>
	<b>Buildings</b>	<b>Leasehold improvements</b>	<b>Plant and equipment</b>	<b>Total</b>
<b>Cost</b>				
Acquisition of subsidiaries	0.3	0.4	0.5	1.2
Additions	-	0.6	0.4	1.0
Exchange adjustments	-	-	-	-
<b>At 31 March 2023</b>	<b>0.3</b>	<b>1.0</b>	<b>0.9</b>	<b>2.2</b>
<b>Accumulated depreciation</b>				
Charge for the period	-	0.1	0.2	0.3
Exchange adjustments	-	-	-	-
<b>At 31 March 2023</b>	<b>-</b>	<b>0.1</b>	<b>0.2</b>	<b>0.3</b>
<b>Net book value at 31 March 2023</b>	<b>0.3</b>	<b>0.9</b>	<b>0.7</b>	<b>1.9</b>

At 31 March 2023 the Group had no non-contractual capital expenditure commitments for plant and equipment and leasehold improvements.

**11. Leases**

**11.1 Leasing arrangements**

The Group leases manufacturing and warehousing facilities, offices and various items of plant, machinery, equipment and vehicles.

Manufacturing and warehouse facilities generally have lease terms between 3 and 10 years. Lease contracts generally include extension and termination options and variable lease payments.



**ACAL BFI GROUP LIMITED**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**  
For the period ended 31 March 2023

**11. Leases (continued)**

**11.2 Carrying value of right of use assets**

Set out below are the carrying amounts of right of use assets recognised and movements during the period:

	Land and buildings	Plant and machinery	£m Total
Acquisition of subsidiaries	4.6	1.1	5.7
Additions / modifications	1.6	1.0	2.6
Depreciation charge	(1.4)	(0.8)	(2.2)
Exchange adjustments	0.2	-	0.2
<b>At 31 March 2023</b>	<b>5.0</b>	<b>1.3</b>	<b>6.3</b>

**11.3 Carrying value of lease liabilities**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Land and buildings	Plant and machinery	£m Total
Acquisition of subsidiaries	4.8	1.1	5.9
Additions / modifications	1.7	0.9	2.6
Interest for the period	0.1	-	0.1
Lease payments	(1.6)	(0.8)	(2.4)
Exchange adjustments	0.3	-	0.3
<b>At 31 March 2023</b>	<b>5.3</b>	<b>1.2</b>	<b>6.5</b>

Set out below are the outstanding lease liabilities as at the 31 March 2023:

	£m
Current liabilities	1.9
Non-current liabilities	4.6
	<b>6.5</b>

Payment of lease liabilities are shown under Financing Activities in the consolidated Statement of Cash Flows.

**11.4 Amounts Recognised in the consolidated Statement of Profit or Loss**

	Period ended 31 March 2023 £m
Depreciation of right of use assets	2.2
Interest expense (included in finance costs)	0.1
	<b>2.3</b>

**11.5 Extension and termination options**

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts.

Variable lease payments based upon an index or rate are accounted for once rental amounts are changed.

The extension and termination options available do not have a significant impact on the Group's lease arrangements.

**ACAL BFI GROUP LIMITED**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**  
For the period ended 31 March 2023

**12. Intangible assets – goodwill**

	£m
<b>Cost</b>	
Acquisition of subsidiaries	6.9
Exchange adjustments	-
<b>At 31 March 2023</b>	<b>6.9</b>
<b>Impairment</b>	
At 31 March 2023	-
<b>Net book value at 31 March 2023</b>	<b>6.9</b>

*Impairment testing of goodwill*

Goodwill acquired through business combinations is allocated to cash-generating units ("CGUs") and tested annually for impairment. Newly acquired entities might be a single CGU until such time they can be integrated.

The Group's operations are recognised into one CGU.

**Key assumptions**

The key assumptions used in the impairment testing of goodwill relate to future revenue, operating margins, discount rates and long term growth rates. Cash flow forecasts for the five-year period from the reporting date are based on FY2023/FY2024 board approved budget and management projections thereon. Prudent estimates of 1.4% revenue growth and 0.05% margin growth have been applied. Cash Flow projections included in the impairment review models include management's view of the impact of climate change, including costs related to the effects of climate change, as well as the future costs of the Group's commitment to achieve its environmental aims as outlined in the strategic report. The potential increased costs, less any benefits that may occur to meet these commitments are not expected to be material and therefore resulted in no impairments during 2023.

Long term growth rate beyond the five year period of 1.4% have been applied. Discount rates reflect the current market assessment of the risks. The discount rate was estimated based on the average percentage of a weighted average cost of debt for the company. The risk adjusted pre-tax discount rate applied to the cash flow projects was considered in a range between 2% and 12%.

**Sensitivity Analysis**

The Group's forecast is based on a range of assumptions to determine the value of expected future cash flows. Deviation against those plans and assumptions in terms of revenue and margin projections, operating and capital costs and successful achievement of strategic objectives are all inherently uncertain. Headroom in the impairment test has been tested for sensitivity to adverse changes in forecast cash flows, discount rates and growth rate. Overall, adequate headroom is available against material impairment risk.

It has been demonstrated that under reasonable downside sensitivity there remains sufficient headroom in the recoverable amount of the goodwill balance.

**13. Intangible assets – other**

	Acquired intangibles			£m
	Software & Development	Customer/ Supplier Relationships	Trademarks	
				Total
<b>Cost</b>				
Acquisition of subsidiaries	1.0	17.6	1.9	20.5
Additions	-	-	-	-
Exchange adjustment	-	-	-	-
<b>At 31 March 2023</b>	<b>1.0</b>	<b>17.6</b>	<b>1.9</b>	<b>20.5</b>
<b>Accumulated amortisation</b>				
Charge for the period	0.4	1.8	0.2	2.4
Exchange adjustment	-	-	-	-
<b>At 31 March 2023</b>	<b>0.4</b>	<b>1.8</b>	<b>0.2</b>	<b>2.4</b>
<b>Net book value at 31 March 2023</b>	<b>0.6</b>	<b>15.8</b>	<b>1.7</b>	<b>18.1</b>

**ACAL BFI GROUP LIMITED**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**  
**For the period ended 31 March 2023**

**14. Inventories**

	<b>2023</b>
	<b>£m</b>
Finished goods and goods for resale	20.2

As at 31 March 2023, the provision recognised against total inventories was £4.7m. As at 31 March 2023 £3.7m of inventories were pledged as security against the Asset Based Lending facility (Note 17).

**15. Trade and other receivables**

<b>Current</b>	
	<b>2023</b>
	<b>£m</b>
Trade receivables	38.4
Other receivables	3.8
Prepayments	0.7
<b>Trade and other receivables</b>	<b>42.9</b>

Trade receivables are non-interest bearing; are generally on 30 to 60 days' terms and are shown net of expected credit losses.

All of the Group's trade and other receivables are regularly reviewed for indicators of impairment. The credit risk exposure inherent in the Group's trade receivables is measured and recognised as an impairment provision on initial recognition, based on the Expected Credit Loss method, as required by IFRS 9. Specific provision for impairment may also be required where a specific increase in credit risk is identified, or a credit event has occurred. Provisions for general credit risk exposure is measured with reference to the age of a receivable as debts which are overdue present a specific impairment risk indicator regarding recoverability.

In total, the Group has recognised impairment provisions of £0.7m, against trade receivables. This provision is entirely due to expected credit losses. No specific impairments have been recognised. Across the Group general expected credit loss risk has been assessed to be low due to the size, nature and diversification of customers across the business.

The movements in the impairment provisions for trade receivables during the period were as follows:

	<b>2023</b>
	<b>£m</b>
Acquisition of subsidiaries	(0.7)
Charge for the period	(0.1)
Amounts written off in the period	0.1
Unused amounts reversed in the period	0.1
Exchange adjustments	(0.1)
	<b>(0.7)</b>

Details of the net trade receivables ageing are set out below:

	<b>Total</b>	<b>Not due</b>	<b>&lt;30</b>	<b>30–60</b>	<b>60–90</b>	<b>90–120</b>
			<b>days</b>	<b>days</b>	<b>days</b>	<b>days</b>
At 31 March 2023	38.4	34.6	3.1	0.5	0.1	0.1

**16. Cash and cash equivalents**

	<b>2023</b>
	<b>£m</b>
Cash at bank and in hand	7.6

Cash at bank earns interest at floating rates, based on daily bank deposit rates. The Group only deposits cash surpluses with major banks of high credit standing (£6.5m with HSBC; credit rating AA-, £1.1m with Danske Bank, credit rating A+) in line with its treasury policy. The fair value of cash and cash equivalents is £7.6m.

**ACAL BFI GROUP LIMITED**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**  
For the period ended 31 March 2023

**17. Other financial liabilities**

				2023 £m
	Effective interest rate %	Maturity	Current	Non-current
Unsecured bank loans	Variable	2 years	-	10.5
Deferred Consideration (Vendor Loan Note)	Fixed	2 years	-	5.3
Asset Based Lending Facility ("ABL")	Variable		-	17.7
Bank Loans & Facilities				<b>33.5</b>
Preference Shares	Fixed	9 years	-	18.7
<b>Total other financial liabilities</b>			-	<b>52.2</b>
Lease liabilities			1.9	4.6
Trade and other payables			36.2	-
<b>Total</b>			<b>38.1</b>	<b>56.8</b>

Included in unsecured bank loans are loans of £10.5m carrying floating interest rates linked to SONIA and loans of £5.3m carrying fixed interest rates of 5.0% and deferred rate of 6.25%.

Included in the cash flows from financing activities is the cash received from unsecured bank loans of £14.7m and the ABL balance of £17.7m, net of the deferred consideration of £5.0m, totaling £27.4m. At 31 March 2023, the ABL drawdowns of £17.7m were denominated in Euros which bear interest based on EURIBOR plus a facility margin.

The preference shares carry a fixed interest rate of 12.5%. The principal amount of preference shares issued is £16.5m.

Trade and other payables above include only contractual obligations.

The maturity of the gross contractual financial liabilities is as follows:

	Within 1 year	2–5 years	>5 years	2023 £m
				Total
Fixed and floating rate	-	33.5	18.7	52.2
Lease liabilities	1.9	3.7	0.9	6.5
Trade and other payables	36.2	-	-	36.2
	<b>38.1</b>	<b>37.2</b>	<b>19.6</b>	<b>94.9</b>

The carrying amount of the Group's other financial liabilities excluding lease liabilities is denominated in the following currencies:

	2023 £m
Sterling	39.3
Euro	29.3
US dollar	18.8
Other currencies	1.0
	<b>88.4</b>

**18. Movements in cash and net debt**

	Opening balance	Cash flow	Non cash changes	2023 £m Total
Cash and cash equivalents	-	7.3	0.3	7.6
Bank overdrafts	-	-	-	-
<b>Net cash</b>	-	<b>7.3</b>	<b>0.3</b>	<b>7.6</b>
Bank loans under one year	-	-	-	-
Bank loans over one year	-	33.5	-	33.5
Preference shares	-	16.5	2.2	18.7
<b>Total loan capital</b>	-	<b>50.0</b>	<b>2.2</b>	<b>52.2</b>
<b>Net debt</b>	-	<b>(42.7)</b>	<b>(1.9)</b>	<b>(44.6)</b>

Bank loans over one year above include £17.7m drawn down against the Group's Asset Based Lending facility.

**ACAL BFI GROUP LIMITED**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**  
For the period ended 31 March 2023

**19. Provisions**

			<b>2023 £m</b>
	<b>Pension</b>	<b>Other</b>	<b>Total</b>
Acquisition of subsidiaries	1.0	0.1	1.1
Arising during the period	1.0	0.2	1.2
Utilised	(0.9)	-	(0.9)
Exchange difference	0.1	-	0.1
<b>At 31 March 2023</b>	<b>1.2</b>	<b>0.3</b>	<b>1.5</b>
<b>Analysis of total provisions:</b>			
Current	1.2	0.3	1.5
Non-Current	-	-	-

**Pension**

The pension provision relates to the expected amounts owed to fund potential pension liabilities in the Italian subsidiaries. This scheme is still classified as a defined contribution scheme. For further detail on the pension schemes operated by the Group, please refer to Notes 2 and 24.

**Other**

Other provisions relate primarily to warranty provisions £0.1m, and other provisions of £0.2m.

**20. Financial risk controls**

**Management of financial risk**

The main financial risks faced by the Group are credit risk, liquidity risk and market risk, which include interest rate risk and currency risk. The Board regularly reviews these risks and has approved written policies covering the use of financial instruments to manage these risks. The Group Finance Director retains the overall responsibility and management of financial risk for the Group. Most of the Group's financing and interest rate and foreign currency risk management is carried out centrally at Group head office. The Board approves policies and procedures setting out permissible funding and hedging instruments, exposure limits and a system of authorities for the approval of transactions.

**Management of interest rate risk**

The Group has exposure to interest rate risk arising principally from changes in Sterling and Euro interest rates. The Group does not have any hedges in place at the period end against exposure to interest rate risk. Based on the Group's debt position at the period end, excluding lease liabilities, a 1% increase in interest rates would decrease the Group's profit before tax by approximately £0.4m.

**Management of foreign exchange risk**

The Group's shareholders' equity, earnings and cash flows are exposed to foreign exchange risks, due to the mismatch between the currencies in which it purchases stock and the final currency of sale to its customers. It is Group policy to hedge identified significant foreign exchange exposure on its committed operating cash flows. This is carried out centrally based on forecast orders and sales. The following tables demonstrate the sensitivity to a reasonably possible change in EUR and USD exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

	<b>Euro currency impact</b>	<b>Other currency impact</b>	<b>Total GBP currency impact</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Profit before tax – gain/(loss)			
10% appreciation	0.5	0.2	0.7
10% depreciation	(0.5)	(0.2)	(0.7)

**ACAL BFI GROUP LIMITED**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**  
**For the period ended 31 March 2023**

**20. Financial risk controls (continued)**

**Management of credit risk**

Credit risk exists in relation to customers, banks and insurers. Exposure to credit risk is mitigated by maintaining credit control procedures across a wide customer base.

The Group is exposed to credit risk that is primarily attributable to its trade and other receivables. This is minimised by dealing with recognised creditworthy third parties who have been through a credit verification process. The maximum exposure to credit risk is limited to the carrying value of trade and other receivables.

As well as credit risk exposures inherent within the Group's outstanding receivables, the Group is exposed to counterparty credit risk arising from the placing of deposits and entering into derivative financial instrument contracts with banks and financial institutions. The Group manages exposure to this credit risk by entering into financial instrument contracts only with highly credit-rated authorised counterparties which are reviewed and approved annually by the Board.

Counterparties' positions are monitored on a regular basis to ensure that they are within the approved limits and that there are no significant concentrations of credit risks. The Group's largest customer is approximately 4% of Group sales.

**Management of liquidity risk**

The Group manages its exposure to liquidity risk and maximises its flexibility in meeting changing business needs through the cash generation of its operations, combined with bank borrowings and access to long-term debt. In its funding strategy, the Group's objective is to maintain a balance between the continuity of funding and flexibility through the use of overdrafts, bank loans and facilities.

At 31 March 2023, the Group had net cash of £7.6m. The Group had total working capital facilities available of £31.7m with a number of major UK and overseas banks, of which £31.7m were committed facilities. The Group had drawn £17.7m against total facilities at 31 March 2023. The facilities are subject to certain financial covenants, which had significant headroom at 31 March 2023.

**Management of capital**

In order to maintain or adjust the capital structure, the Group increase bank borrowings, issue new shares or change the amount of dividends paid to shareholders.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 17, cash and cash equivalents and equity attributable to shareholders.

**21. Financial assets and liabilities**

**Fair values**

The Group's principal non-derivative financial instruments comprise bank loans and overdrafts, cash and short term borrowings. The Group also holds other financial instruments such as trade receivables and trade payables that arise directly from the Group's trading operations.

Derivative financial instruments are represented by short-term foreign currency forward contracts placed by the Group with external banks as part of the Group's cash management and foreign currency risk management activities. The fair value of derivative foreign exchange instruments is determined on initial recognition at forward market exchange rates at inception of the contract and subsequently remeasured based on forward market exchange rates at the balance sheet date. As at 31 March 2023, the fair value of derivatives was £nil.

The carrying value of the Group's trade and other receivables and trade payables are disclosed in Notes 15 and 22. The carrying value of these items approximates book value due to the short maturity of these instruments. The carrying value of the Group's other financial assets and financial liabilities are set out below by category. Carrying values for all financial assets and liabilities are equivalent to fair values.

**ACAL BFI GROUP LIMITED**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**  
For the period ended 31 March 2023

**21. Financial assets and liabilities (continued)**

	Carrying amount £m	Fair value £m
<b>Financial assets</b>		
Cash at bank and in hand	7.6	7.6
<b>Financial liabilities at amortised cost</b>		
Interest-bearing loans and borrowings:	(52.2)	(52.2)
Lease liabilities	(6.5)	(6.5)

The methods and assumptions used to determine the fair value of financial assets and liabilities are set out below. All material changes in fair value of financial instruments as at the balance sheet date have been taken to the Statement of Profit or Loss. Impairment reviews did not identify any material impairment of financial assets from carrying values as reported at the balance sheet date and, as such, no material impairments are included in the Statement of Profit or Loss.

**Fair Value Methods and Assumptions**

Forward foreign exchange contracts (forwards) - the fair value of forward foreign currency contracts is determined with reference to observable yield curves and foreign exchange rates at the reporting date. The foreign exchange contracts outstanding with banks at the year-end had a maturity of two years or less.

Loans and borrowings - the fair value of loans and borrowings has been calculated by discounting future cash flows, where material, at prevailing market interest rates.

**Fair Value Hierarchy**

For financial assets and financial liabilities measured at fair value, as set out in the tables above, the fair value measurement techniques are based upon applying unadjusted, quoted market rates or prices or inputs other than quoted prices that are observable for the assets or liability either directly or indirectly.

IFRS 13 'Financial Instruments: Disclosures' requires financial instruments measured at fair value to be analysed into a fair value hierarchy based upon the valuation technique used to determine fair value. The highest level in this hierarchy is Level 3 within which inputs that are not based on observable market data for the asset or liability are applied.

The valuation techniques used by the Group for the measurement of derivative financial instruments and loans are considered to be within Level 2, which includes inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.

**22. Trade and other payables**

	2023 £m
<b>Current</b>	
Trade payables	23.2
Other payables	7.8
Accrued expenses	5.2
<b>Trade and other payables</b>	<b>36.2</b>

Trade payables are non-interest bearing and are settled in accordance with credit terms. Other payables are non-interest bearing and are settled throughout the period. Accrued expenses are non-interest bearing and are settled throughout the period. Included in current year other payables is VAT, social security, PAYE and other employee payables.

**ACAL BFI GROUP LIMITED**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**  
For the period ended 31 March 2023

**23. Share Capital**

	2023	2023
	Number	£
Authorised, allotted, called up and fully paid		
Ordinary A shares of 1p each	8,348	83
Ordinary B shares of 1p each	152	2
Ordinary C shares of 1p each	1,500	15
	<b>10,000</b>	<b>100</b>
Preference shares at 100p each	16,472,689	16,472,689

The Company was incorporated on 14 October 2021 with one share at 100p.

On 3 March 2022 there was a subdivision of shares to 100 shares at 1p each with these shares subsequently being reclassified as Ordinary A shares.

On 3 March 2022 8,248 Ordinary A shares were issued for consideration of £1 per share, 152 B Ordinary shares were issued for consideration of £1.06 per share, 1,500 Ordinary C shares were issued for £1 per share. Ordinary A, B and C shares carrying full voting rights and rank pari-passu.

On 3 March 2022 16,472,689 redeemable preference shares were issued for consideration of £1 per share; these carry no voting rights. Further details on the preference shares can be found in Note 17.

**24. Pensions**

**Defined contribution schemes**

The Group operates several defined contributions pension schemes. The expenses recognised in the period ended in relation to these contributions amount to £1.0m. The amount outstanding to be paid in relation to these contributions as at 31 March 2023 is £1.2m.

**25. Related party disclosures**

As at 31 March 2023 the Group's subsidiaries are set out in Note 26 below. Unless otherwise stated, the Group holds (directly or indirectly) 100% of the total voting rights of all subsidiaries.

*Remuneration of key management personnel*

The Group considers key management personnel as defined in IAS 24 'Related Party Disclosures' only to be the directors of the Group. The remuneration of the directors is set out in Note 6.

*Terms and conditions of transactions with related parties*

All transactions with related parties were on an arm's length basis. Outstanding balances at the period end are unsecured and settlement occurs in cash.

*Transactions with other related parties*

The Group incurred £0.3m in administrative expenses in relation to a monitoring fees and £0.6m in exceptional costs in relation to the acquisition of the Acac BFi Group during the period from Cooperatief H2 Equity Partners Fund V U.A. As at 31 March 2023 £0.1m was outstanding and included in trade and other payables.

*Immediate and ultimate parent company*

There is no single immediate or ultimate controlling entity of the Group.



**ACAL BFI GROUP LIMITED**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**  
For the period ended 31 March 2023

**26. Group information**

The subsidiary companies of Acal BFi Group limited are as follows:

Name	Registered address	Country of incorporation	% equity interest	
			Direct	Indirect
Acal BFi Midco 1 Limited	3 The Business Centre, Molly Millars Lane, Wokingham, Berkshire, RG41 2EY	United Kingdom	100%	-
Acal BFi Midco 2 Limited	3 The Business Centre, Molly Millars Lane, Wokingham, Berkshire, RG41 2EY	United Kingdom	-	100%
Acal BFi Holdings Limited	3 The Business Centre, Molly Millars Lane, Wokingham, Berkshire, RG41 2EY	United Kingdom	-	100%
Acal BFi Germany Holdings GmbH	Assar-Gabrielsson-Straße 1 63128 Dietzenbach	Germany	-	100%
<i>Acquired from discoverIE Group plc on 3 March 2022:</i>				
Acal BFi Netherlands BV	Luchthavenweg 53, 5657 EA Eindhoven	Netherlands	-	100%
Acal BFi UK Limited	3 The Business Centre, Molly Millars Lane, Wokingham, Berkshire, RG41 2EY	United Kingdom	-	100%
Acal BFi Italy Srl	Via Cascina Venina n.20 20057 Assago, Assago (MI)	Italy	-	100%
Acal BFi France SAS	1 allée de la Chartreuse, 91080 Évry-Courcouronnes	France	-	100%
Acal BFi Belgium NV/SA	Lozenberg 4, 1932 Zaventem	Belgium	-	100%
Acal BFi Nordic AB	Gigstadsvei 24, 3511 Hønefoss	Sweden	-	100%
Acal BFi Germany GmbH	Assar-Gabrielsson-Straße 1 63128 Dietzenbach	Germany	-	100%
Acal BFi Central Procurement UK Limited	3 The Business Centre, Molly Millars Lane, Wokingham, Berkshire, RG41 2EY	United Kingdom	-	100%

The principal activities of the subsidiaries are the sale of highly differentiated electronic products in target markets in transport, medical, industrial & connectivity, renewable energy, aerospace & defence and security.

**27. Exchange rates**

The Statement of Profit or Loss of overseas subsidiaries are translated into sterling at average rates of exchange for the period and Statements of Financial Position are translated at period end rates. The main currencies are the Euro, the US Dollar and the Swedish Krona. Details of the exchange rates used are as follows:

Currencies	Average Rate	Closing Rate
Euro	1.1606	1.1374
US Dollar	1.2139	1.2369
Swedish Krona	12.5069	12.8304

**ACAL BFI GROUP LIMITED**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**  
**For the period ended 31 March 2023**

**28. Events after the reporting date**

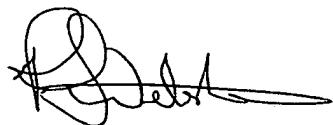
There were no matters arising, between the Statement of Financial Position date and the date on which these financial statements were approved by the Board of Directors, requiring adjustment in accordance with IAS 10, Events after the reporting period.

**ACAL BFI GROUP LIMITED**  
**COMPANY STATEMENT OF FINANCIAL POSITION**  
**As at 31 March 2023**

	Note	2023 £m
<b>Non-current assets</b>		
Investments in subsidiaries	5	0.0
Other receivables	6	18.7
<b>Total Assets</b>		<b>18.7</b>
<b>Non-current liabilities</b>		
Other financial liabilities	7	18.7
<b>Net assets</b>		<b>0.0</b>
Equity		0.0
Share capital	8	0.0
Share premium	8	0.0
Retained earnings		-
<b>Total equity</b>		<b>0.0</b>

The profit of the Company for the period ended 31 March 2023 was £nil.

These financial statements on pages 43 to 46 were approved by the Board of Directors on 13 July 2023 and signed on its behalf by:



P G Webster  
 Director

**ACAL BFI GROUP LIMITED**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
For the period ended 31 March 2023

	Share capital	Share premium	Retained earnings	Total equity
	£m	£m	£m	£m
Issue of ordinary shares	0.0	0.0	-	0.0
Profit for the period	-	-	-	-
<b>At 31 March 2023</b>	<b>0.0</b>	<b>0.0</b>	<b>-</b>	<b>0.0</b>

**ACAL BFI GROUP LIMITED**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**For the period ended 31 March 2023**

**1. Basis of preparation**

The separate Financial Statements of the Company have been prepared for all periods presented, in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and in accordance with the Companies Act 2006. These Financial Statements are prepared on the going concern basis and under the historical cost convention modified for fair values, as described in Note 2 to the Group consolidated Financial Statements.

**2. Summary of significant accounting policies**

The summary of significant accounting policies for the Company is described in Note 2 to the Group consolidated Financial Statements.

**3. Profit of the company**

The profit of the company for the period ended 31 March 2023 was £nil. By virtue of section 408(3) of the Companies Act 2006, the Company is exempt from presenting a separate Statement of Profit or Loss.

**4. Employees**

The Directors also provide services to other Group undertakings and received remuneration from fellow Group undertaking, Acal BFi Group Limited in respect of services to the Group. Directors' Emoluments are shown in Note 6 to the consolidated Financial Statements.

**5. Investments in subsidiaries**

**2023**  
**£'000**

Investment in shares of Acal BFi Midco 1 Limited:

At 31 March 2023 10

The investment in Acal BFi Midco 1 Limited as at 31 March 2023 is £10,012.

Details of all direct and indirect holdings in subsidiaries are provided in Note 26 of the consolidated Financial Statements.

Equity investments in subsidiary undertakings are reviewed annually for indicators of impairment of the carrying value, measured at cost less accumulated impairment losses. Where the net assets of a subsidiary fall below the carrying amount of the investment an impairment test is performed. The impairment test compares the carrying amount to the estimated recoverable amount, calculated based on value in use of the forecast business cash flows, discounted at the Company's pre-tax discount rate.

The results of this review have not identified any impairment of carrying value at the current reporting date of 31 March 2023.

**6. Other receivables**

**2023**  
**£m**

Receivables from Acal BFi Midco 1 Limited 18.7

**7. Other financial liabilities**

**2023**  
**£m**

Preference shares 18.7

**ACAL BFI GROUP LIMITED**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**For the period ended 31 March 2023**

**8. Share capital**

	2023	2023
<b>Allotted, called up and fully paid</b>	<b>Number</b>	<b>£</b>
Ordinary A shares of 1p each	8,348	83
Ordinary B shares of 1p each	152	2
Ordinary C shares of 1p each	1,500	15
	<b>10,000</b>	<b>100</b>
Preference shares at 100p each	16,472,689	16,472,689

The Company was incorporated on 14 October 2021 with one share at 100p.

On 3 March 2022 there was a subdivision of shares to 100 shares at 1p each with these shares subsequently being reclassified as Ordinary A shares.

On 3 March 2022 8,248 Ordinary A shares were issued for consideration of £1 per share, 152 B Ordinary shares were issued for consideration of £1.06 per share, 1,500 Ordinary C shares were issued for £1 per share. Ordinary A, B and C shares carrying full voting rights and rank pari-passu.

On 3 March 2022 16,472,689 redeemable preference shares were issued for consideration of £1 per share; these carry no voting rights. Further details on the preference shares can be found in Note 17 in the consolidated financial statements.

**9. Related Parties**

The Company is exempt under the terms of FRS 101 from disclosing related party transactions with wholly owned entities that are part of the Group as these transactions are fully eliminated on consolidation.

*Immediate and ultimate parent company*

There is no single immediate or ultimate controlling entity of the Company.

The lowest level at which Consolidated IFRS Financial statements are prepared is Acac BFi Group Limited.

**10. Post balance sheet events**

There were no matters arising, between the statement of financial position date and the date on which these financial statements were approved by the Board of Directors, requiring adjustment in accordance with IAS 10, Events after the reporting period.