

Triosgroup Limited

(Registered Number: 05231558)

Annual Report and Consolidated Financial Statements

30 December 2022

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Triosgroup Limited

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Triosgroup Limited

Officers and advisors

Directors

Christopher Campbell
Philip Emmerson
W6S Directors Limited
Nicholas Alexander

Secretary

Cossey Cosec Services Limited

Independent Auditors

PKF Smith Cooper Audit Limited
Statutory Auditors
158 Edmund Street
Birmingham
B3 2HB

Registered Office

Fourth Floor
24 Old Bond Street
Mayfair
London
England
W1S 4AW

Triosgroup Limited

Strategic Report

For the year ended 30 December 2022

The directors present their strategic report on Triosgroup Limited ("the company" or "parent company") and its subsidiaries (together "the group") for the year ended 30 December 2022.

The principal activity of the group is the provision of UK wide facility and property related services comprising reactive and planned work across secure (doors and windows), fabric, electrical, gas and fire and security disciplines.

The company's principal activity is that of a non-trading holding company.

The focus of the group is on building long-term relationships with our clients, working towards the achievement of mutually agreed goals with an emphasis on quality workmanship, cost-effectiveness and reliability.

Review of the business

The group's consolidated results for the year to 30 December 2022 showed a gross profit of £7,573,000 (2021: £4,390,000 gross profit) with a gross margin of 19.3% (2021: 15.2%). The profit before tax was £1,910,000 (2021: £1,804,000 loss). The 2022 consolidated profit before taxation represents a £1,126,000 improvement on 2021 once the impact of the one off exceptional administrative income relating to the £2,800,000 TGFM Debtco Limited loan write off is removed.

The group reported consolidated net current liabilities of £690,000 as at 30 December 2022 (2021: £290,000 net current assets) with net assets of £156,000 (2021: £1,754,000 net liabilities).

Since the acquisition of Triosgroup Ltd and its subsidiaries (comprising Trios Facilities Management Limited, Trios Secure Limited, Trios Compliance Limited and Trios Skilz Limited) on 20 March 2020, a turnaround strategy for the group was implemented which is yielding improvements notwithstanding the impact of COVID-19 lockdowns, 2022 economic slowdown and the competitive UK facilities management landscape. The group must continue to deliver quality value for money services in order to retain and grow existing long term customer relationships and secure new customers under the reshaped trading proposition. The group continues to develop strategic supply chain structures, continuous improvement programmes and employee training plans to support the needs of their customers.

The directors remain confident that the operational and financial improvements delivered to date and plans for the future coupled with anticipated sales growth and the continual alignment of the group's business to the needs of their customers will generate further improvements in performance in 2023.

The company plans to continue to act as the holding company for the activities of its operating subsidiaries for the foreseeable future.

Trios AMS Limited acquisition

On 1 December 2022 the company acquired 100% of the ordinary shares of Airedale Maintenance Services Limited, a Leeds based facilities management business for £300,000. On 13 March 2023 as part of the Trios business integration the company changed the name of Airedale Maintenance Services Limited to Trios AMS Limited.

Key performance indicators

The group's key measure of its performance is earnings before interest, tax, depreciation and amortisation (EBITDA). Group EBITDA was a profit of £2,268,000 for the year ended 30 December 2022 (2021: £1,516,000 loss).

Triosgroup Limited

Strategic Report (continued) For the year ended 30 December 2022

Principal Risks and Uncertainties

The key group financial and business risks relate to the risks faced by the company's trading subsidiaries. These risks are as follows:

Health and safety

Managing and eliminating risk to our people in the environments they work in continues to be a major part of our responsibility. This is an area in which the group continues to invest.

Demand and execution risk

This key business risk relates to changes to the expenditure plans of public and private sector customers of the group. The directors manage this risk by positioning the group within a wide range of relevant markets to reduce the exposure to adverse economic factors in any individual market sector.

Project execution risk is continually appraised by both operational management teams and the board of directors of the company and the group.

Plant and fleet

Managing our fleet drivers and driver risk together with securing our plant from theft continues to be a risk for the group.

Competition

The loss of business to other companies is a significant threat. The group works closely with customers to achieve and maintain a competitive advantage in securing and delivering work. The group is always looking for ways to improve efficiency and alert to the threats posed by competitors. The group uses its own labour and plant which enables it to have far greater control of its previously outsourced costs. The group actively manages its cost base to ensure that services are delivered as efficiently as possible.

Financial Risk Management

The key financial and business risks of the group are as follows:

Price risk

The group's activities include the procurement and installation of products. Consequently, the group is subject to commodity price and other cost inflationary risks. The group manages these risks by entering into, wherever possible, firm pricing arrangements with its supply chain.

Cash flow risk

The cash flow of the group is exposed to non-payment risk by customers. The group manages this risk by carefully appraising the credit quality of customers prior to entering into contracts, establishing reasonable credit terms and actively managing cash collections.

Triosgroup Limited

Strategic Report (continued) For the year ended 30 December 2022

Financial Risk Management (continued)

Liquidity risk

The directors review the liquidity position on a regular basis and are confident that the group has sufficient cash resources to meet its trading needs.

Credit Risk

Credit risk is managed by careful review of customers' financial standing and appropriate credit checks on potential customers prior to sale.

Financing and loan covenants

Loan covenants are in place for the invoice finance facility operated by the group. All covenants were met during and subsequent to the reporting period but there is a risk that the covenants will not be met if there is a significant downturn in future trading.

On behalf of the Board



Philip Emmerson

Director

11 July 2023

Triosgroup Limited

Report of the Directors For the year ended 30 December 2022

The directors present their report and the audited financial statements for the year ended 30 December 2022.

Results and Dividend

The group's profit for the financial year was £1,910,000 (2021: £1,804,000 loss). The directors do not recommend payment of a dividend (2021: £nil).

Future Developments

The directors do not anticipate any changes to the activities of the company or group in the foreseeable future.

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below.

Robert Barling (resigned 8 March 2023)
Christopher Campbell
Philip Emmerson
Gold Round Limited (resigned 30 January 2023)
W6S Directors Limited (appointed 30 January 2023)
Nicholas Alexander (appointed 8 March 2023)

Directors' Liability Insurance

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

The company also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

Employees

The group contributes to a defined contributions pension scheme for employees.

The group's policy is to ensure the health, safety and welfare of everyone engaged in, or affected by, its activities. A Health and Safety manual is distributed to all employees and the group provides clearly defined training schedules. Within the limitations of its business, the group's policy is to engage disabled persons and to provide training, career development and promotion opportunities within standard terms of employment. It is also our policy to retain and re-train those employees who have become disabled.

There is communication with group employees by means of regular monthly Town Hall meetings which deal with trading updates, current issues/ emerging areas, forecasts, and strategy. The aim of these communications are to ensure staff are aware of the financial and economic factors that affect the performance of the group. Any other matters which may be of concern to them in their capacity as employees are communicated to staff via written correspondence.

The group consults employees via annual online surveys and with nominated representatives on specific issues, so that the views of employees can be taken into account in making decisions that are likely to affect their interests. To incentivise staff, a bonus is payable annually based upon both the individual and group's performance.

Triosgroup Limited

Report of the Directors (continued) For the year ended 30 December 2022

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

The directors are also responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of Information to auditors

In accordance with Section 418 of the Companies Act 2006, each director in office at the date of the Report of the Directors, confirms that:

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

Matters covered in the strategic report

Items required under Schedule 7 to be disclosed in the annual report are set out in the strategic report, in accordance with s.414C(11) CA 2006. Financial Risk management disclosures per s.414C(4) CA 2006 are also included in the Strategic report.

Triosgroup Limited

Report of the Directors (continued) For the year ended 30 December 2022

Going concern

The directors have undertaken an assessment of the group's and company's financial position, resources and principal risks and their impact on forecast sales, profits and cash flows in determining the basis on which to prepare the accounts. The directors believe that these forecasts in conjunction with the existing external facility headroom and the group's and company's ability to satisfactorily manage financing/ other business risks, means there is a reasonable expectation the group and company will have adequate resources to continue in operation for at least 12 months from the signing date. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

The directors are confident that given the actions taken to turnaround the group including operational and financial improvement actions and focus on being a regional player rather than national player, the group and company has a feasible trading proposition going forward.

Employee involvement

The group endeavours to keep its employees informed on matters affecting them as employees, and on the performance of the group, through formal and informal meetings. Other information is distributed through publications such as the group's annual report and financial statements and the staff handbook which are circulated to all employees.

Independent Auditors

A resolution to reappoint PKF Smith Cooper Audit Limited as auditors to the company will be proposed at the annual general meeting, in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 11 July 2023 and signed on its behalf.



Philip Emmerson
Director

Triosgroup Limited

Independent auditors' report to the members of Triosgroup Limited

Opinion

We have audited the financial statements of Triosgroup Limited (the 'Company') and its subsidiaries (the "Group") for the year ended 30 December 2022, which comprise the Consolidated Statement of Income and Retained earnings, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Company's affairs as at 30 December 2022 and the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusion relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Triosgroup Limited

Independent auditors' report to the members of Triosgroup Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the 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 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. Based on our understanding of the Company, Group and industry, key laws and regulations that we identified included

- Companies Act
- Tax legislation
- Health and safety and employment legislation
- Compliance with relevant regulations relating to certain site works and installations, including Gas Safe and NICEIC.

Triosgroup Limited

Independent auditors' report to the members of Triosgroup Limited (continued)

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

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.

We identified that the principal risk of fraud or non-compliance with laws and regulations related to:

- Management bias in respect of accounting estimates and judgements made;
- Management override of control; and
- Posting of unusual journals or transactions.

We focused on those areas that could give rise to a material misstatement in the Company and Group financial statements.

Our procedures included, but were not limited to:

- Enquiry of management and those charged with governance around actual and potential litigation and claims including instances of non-compliance with laws and regulations and fraud;
- Reviewing legal expenditure in the year to identify instances of non-compliance with laws and regulations and fraud;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias. In particular revenue recognition, WIP valuations and bad debt provisions.

It is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

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

Further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Triosgroup Limited

Independent auditors' report to the members of Triosgroup Limited (continued)

Use of our report

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



Stephen Newman (Senior Statutory Auditor)

for and on behalf of

PKF Smith Cooper Audit Limited

Statutory Auditors
158 Edmund Street
Birmingham
B3 2HB
Date: 11 July 2023

Triosgroup Limited

Consolidated statement of income and retained earnings For the year ended 30 December 2022

	Note	2022 £'000	2021 £'000
Revenue	3	39,171	28,915
Cost of sales		<u>(31,598)</u>	<u>(24,525)</u>
Gross profit		7,573	4,390
Other operating income		-	523
Administrative expenses		<u>(7,942)</u>	<u>(6,469)</u>
Exceptional items	6	<u>2,588</u>	<u>2</u>
Net administrative expense		<u>(5,354)</u>	<u>(6,467)</u>
Operating profit/ (loss)	4	<u>2,219</u>	<u>(1,554)</u>
Finance costs	7	<u>(309)</u>	<u>(250)</u>
Profit/ (loss) before taxation		<u>1,910</u>	<u>(1,804)</u>
Tax on profit/ (loss)	8	-	-
Profit/ (loss) for the financial year		<u>1,910</u>	<u>(1,804)</u>
Accumulated losses at 31 December 2021		<u>(3,581)</u>	<u>(1,777)</u>
Accumulated losses at 30 December 2022		<u>(1,671)</u>	<u>(3,581)</u>

There was no other comprehensive income for 2021 or 2022 other than that included within the Consolidated statement of income and retained earnings.

Triosgroup Limited

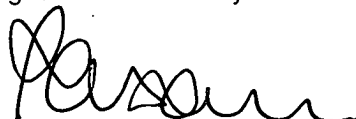
Registered number: 05231558

Consolidated Statement of financial position as at 30 December 2022

	Note	£'000	2022 £'000	£'000	2021 £'000
Fixed assets					
Goodwill	9		182		-
Intangible assets - development costs	10		670		420
Property, plant and equipment	12		188		69
			<u>1,040</u>		<u>489</u>
Current assets					
Stocks	13	40		57	
Debtors	14	10,227		7,543	
Cash at bank and in hand		390		1,363	
		<u>10,657</u>		<u>8,963</u>	
Creditors: amounts falling due within one year	15	(11,347)		(8,673)	
			<u>(690)</u>		<u>290</u>
Net current (liabilities)/ assets					
			<u>350</u>		<u>779</u>
Total assets less current liabilities					
Creditors: amounts falling due after more than one year	16		(30)		(2,311)
Provisions for liabilities and charges	17		(164)		(222)
			<u>156</u>		<u>(1,754)</u>
Net assets/ (liabilities)					
Capital and reserves					
Called up share capital	18, 19		862		862
Share premium account	18		277		277
Capital redemption reserves	18		688		688
Accumulated losses	18		(1,671)		(3,581)
Total equity			<u>156</u>		<u>(1,754)</u>

The notes on pages 17 to 36 form an integral part of these financial statements.

The financial statements on pages 13 to 36 were approved by the board of directors on 11 July 2023 and were signed on its behalf by:



Philip Emmerson
Director

Triosgroup Limited

Registered number: 05231558

Company Statement of financial position as at 30 December 2022

	Note	2022 £'000	2021 £'000
Fixed Assets			
Investments	11	300	-
Current assets			
Debtors	14	2,320	2,320
Cash at bank and in hand		<u>1</u>	<u>1</u>
		2,321	2,321
Creditors: amounts falling due within one year	15	<u>(300)</u>	<u>-</u>
Net current assets		2,021	2,321
Total assets less current liabilities		<u>2,321</u>	<u>2,321</u>
Net assets		<u>2,321</u>	<u>2,321</u>
Capital and reserves			
Called up share capital	18, 19	862	862
Share premium account	18	277	277
Capital redemption reserves	18	688	688
Retained earnings	18	<u>494</u>	<u>494</u>
Total equity		<u>2,321</u>	<u>2,321</u>

The non trading profit for the financial year dealt with in the financial statements of the Company was £nil (2021: £nil).

The financial statements on pages 13 to 36 were approved by the board of directors on 11 July 2023 and were signed on its behalf by:



Philip Emmerson
Director

Triosgroup Limited

Consolidated cash flow statement For the year ended 30 December 2022

	Note	2022 £'000	2021 £'000
Net cash (outflow)/ inflow from operating activities before tax and interest	20	(933)	620
Tax payment		-	-
Net cash (outflow)/ inflow from operating activities		(933)	620
Cash flows from investing activities			
Cash paid for business acquisition		(300)	-
Cash acquired through business combinations		187	-
Payments for intangible fixed assets		(250)	(369)
Payments for tangible fixed assets		(159)	-
Net cash outflow from investing activities		(522)	(369)
Cash flows from financing activities			
Interest paid		(32)	(2)
Advances on Invoice financing		514	213
Net cash inflow/ (outflow) from financing activities		482	211
Net increase/ (decrease) in cash and cash equivalents		(973)	462
		2022 £'000	2021 £'000
Cash and cash equivalents at 31 December 2021		1,363	901
Net (decrease)/ increase in cash and cash equivalents		(973)	462
Cash and cash equivalents at 30 December 2022		390	1,363

	31 December 2021 £'000	Cash flow £'000	On acquisition £'000	Non cash £'000	30 December 2022 £'000
Cash at bank and in hand	1,363	(1,160)	187	-	390
Debt due within 1 year	(213)	(514)	(6)	-	(733)
Debt due after 1 year	(2,311)	-	(30)	2,311	(30)
	(1,161)	(1,674)	151	2,311	(373)

Included within Debt due within 1 year is £727,000 (2021: £213,000) of Invoice Finance cash advances included in other creditors.

Triosgroup Limited

Notes to the consolidated Financial Statements For the year ended 30 December 2022

1 General information

Triosgroup Limited ('the company') is a private company limited by shares and it is incorporated in England. The address of its registered office is Fourth Floor, 24 Old Bond Street, Mayfair, London, W1S 4AW. The principal place of business is George House, 395 George Road, Erdington, Birmingham, B23 7RZ. The company's registered number is 05231558.

The principal activity of the company is acting as the holding company to a number of subsidiaries providing a range of reactive and preventative facility and property related services throughout the UK.

2 Accounting Policies

2.1 Basis of preparation and statement of compliance

The group and company financial statements of Triosgroup Limited have been prepared on a going concern basis, under the historical cost convention, in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.21.

The trading results represent the year to 30 December 2022 with comparatives relating to the year ended 30 December 2021. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated:

2.2 Going concern

The directors have undertaken an assessment of the group's and company's financial position, resources and principal risks and their impact on forecast sales, profits and cash flows in determining the basis on which to prepare the accounts. The directors believe that these forecasts in conjunction with the existing external facility headroom and the group's and company's ability to satisfactorily manage financing/ other business risks, means there is a reasonable expectation the group and company will have adequate resources to continue in operation for at least 12 months from the signing date. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

The directors are confident that given the actions taken to turnaround the group including operational and financial improvement actions and focus on being a regional player rather than national player, the group and company has a feasible trading proposition going forward.

Triosgroup Limited

Notes to the consolidated Financial Statements For the year ended 30 December 2022

2.3 Consolidated financial statements

Consolidated financial statements of the company have been prepared for the year ended 30 December 2022 and year ended 30 December 2021 on the basis that as at 30 December 2022 Triosgroup Limited is the ultimate parent company of the Trios group of companies.

The consolidated financial statements present the results of the group and its subsidiaries ("the group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.4 Revenue

Revenue from the provision of services by the group is recognised as soon as the amount can be reliably estimated and work in progress (WIP) recorded in the balance sheet under Prepayments and accrued income. The outcome of a transaction can be estimated reliably when all the following conditions are met:

- the amount of revenue from ordinary activities can be measured reliably;
- it is probable that the economic benefits will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably;
- the costs incurred for the transaction and the costs to complete the transaction can be measured.

When the outcome of a transaction involving the provision of services can be estimated reliably, the income from ordinary activities associated with the transaction must be recognised by reference to the stage of completion of the transaction at the reporting date.

The stage of completion is measured by reference to the proportion that costs incurred to date bear to the estimated total costs. Profit is not recognised if the stage of completion of the contract cannot be estimated reliably.

In the event that a loss on completion of a contract is forecast, a provision for losses to contract completion is recognised irrespective of the stage of completion of the contract, by reference to the best estimate of the forecast results measured on a reasonable basis. Provisions for losses on contract completion are presented within prepayments and accrued income in the statement of financial position.

Payments on account received in excess of costs incurred and attributable profit are included within accruals and deferred income. Foreseeable losses, if any, in excess of costs incurred less related payments on account are included in provisions as appropriate.

2.5 Non-recurring items

Non-recurring items are items that are unusual because of their size, nature or incidence and which the company's management consider should be disclosed separately to facilitate a full understanding of the group's results.

Triosgroup Limited

Notes to the consolidated Financial Statements For the year ended 30 December 2022

2.6 Employee benefits

The group provides a range of benefits to employees, including benefits in kind, termination costs, bonus, paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits including holiday pay and other similar non-monetary benefits, are recognised as an expense in the year in which the service is received. Annual leave is recognised as an expense and liability in the years of which it relates. Holiday pay is accrued for weekly staff, but monthly staff have a policy to utilise leave by the end of the year.

(ii) Defined contribution pension plans

Employee benefits comprise of defined contribution schemes only. Defined contribution schemes are post employment benefit schemes under the terms of which the company pays defined contributions to various institutions. The contributions are paid in return for services rendered by the employees during the year. They are recognised as expenses of the year in which they are incurred since the group has no legal or constructive obligation to pay additional contributions in the event the scheme has insufficient assets.

(iii) Annual bonus plan

The group operates a number of annual bonus plans for employees. An expense is recognised in the profit and loss account when the group has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

2.7 Government grants

Grants are accounted for under the accruals model as permitted by FRS102. Grants of a revenue nature are recognised in the Consolidated income statement in the same period as the related expenditure

2.8 Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting year. Tax is recognised in the Consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Triosgroup Limited

Notes to the consolidated Financial Statements For the year ended 30 December 2022

2 Accounting Policies (continued)

2.8 Taxation (continued)

(ii) *Deferred taxation*

Deferred tax arises from timing differences that are differences between taxable profits and profits as stated in the Consolidated income statement in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in years different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

2.9 Intangible assets

Computer software

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses and includes software development costs in relation to the group's operational systems. Software is amortised from when it comes into operational use over its estimated useful life, of five years, on a straight line basis.

Where factors such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

The carrying value of costs capitalised in developing Company's operational systems will be reviewed at each period end, taking into account the improved efficiency and effectiveness delivered by the software resulting in reduced operating costs, improved operational KPIs as well as incremental existing and new customer sales.

Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

Contingent consideration is initially recognised at estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measurable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life which is estimated to be ten years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. No reversals of impairment are recognised.

Triosgroup Limited

Notes to the consolidated Financial Statements For the year ended 30 December 2022

2 Accounting Policies (continued)

2.10 Property, plant and equipment

Property, plant and equipment are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is charged once assets are available for use and is provided at rates calculated to write off the cost of property, plant and equipment by equal annual instalments over their expected useful lives, having regard to their residual values. The carrying amounts of property, plant and equipment are also subject to an impairment review at each reporting date. The annual depreciation rates applicable are as follows:

Equipment	-	6-10 years on a straight line basis
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Leasehold property and improvements are depreciated over the length of the lease. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. The effect of any change is accounted for prospectively. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Consolidated income statement during the financial year in which they are incurred.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating (losses)/gains'.

2.11 Leasing

At inception the group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i) *Operating leased assets*

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Rentals under operating leases are charged to the Consolidated income statement on a straight-line basis over the lease term.

(ii) *Lease incentives*

Incentives received to enter into an operating lease are credited to the Consolidated income statement, to reduce the lease expense, on a straight-line basis over the period of the lease.

Triosgroup Limited

Notes to the consolidated Financial Statements For the year ended 30 December 2022

2 Accounting Policies (continued)

2.12 Impairment of non-financial assets

At each reporting date, non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Consolidated income statement, unless the asset has been revalued when the amount is recognised in the Consolidated statement of other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the Consolidated income statement.

2.13 Fixed asset investments

Fixed asset investments are valued at cost less impairment provisions. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future cash flows of the business or disposal value if higher.

2.14 Debtors

Short-term debtors are measured at transaction price, less any impairment.

2.15 Stocks

Stocks are stated at the lower of cost and estimated selling price less cost to complete and sell. Cost is determined on the first-in, first-out (FIFO) method. Provision is made for obsolete, slow moving and defective stock.

2.16 Cash and cash equivalents

Cash and cash equivalent includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

2.17 Provisions

Provisions are made for liabilities where, in the directors' opinion, present obligations exist and it is probable that an outflow of funds will be required to settle the financial liabilities in the future and the amounts can be estimated reliably. Where material, future cash flows are discounted in arriving at the amounts to be provided.

Contingent liabilities are potential obligations that arise from past events and whose existence will be confirmed only by the occurrence of uncertain future events but which have not been recognized either because an outflow of resources is unlikely to be required to extinguish the obligation or because the amount cannot be measured with sufficient reliability. Contingent liabilities are disclosed in the notes to the financial statements.

Triosgroup Limited

Notes to the consolidated Financial Statements For the year ended 30 December 2022

2 Accounting Policies (continued)

2.18 Financial instruments

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities, such as trade and other debtors and creditors, accruals and deferred income and loans from third parties.

The group is applying section 11 and 12 of FRS 102. Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitutes a financing transaction, like the payment of a trade debt deferred beyond the normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially at the present value of future cash flow discounted at a market rate of interest for similar debt instruments and subsequently amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is identified, an impairment loss is recognised in the Consolidated Income Statement.

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

2.19 Creditors

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

2.20 Related party transactions

The company and group has taken advantage of the exemptions as provided by section 33.1A of FRS 102 from disclosing related party transactions with wholly owned entities that are part of the Triosgroup Limited group. The company and group discloses transactions with related parties which are not wholly owned with the same group in note 21.

2.21 Critical accounting judgements and key source of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying

Triosgroup Limited

Notes to the consolidated Financial Statements For the year ended 30 December 2022

2.21 Critical accounting judgements and key source of estimation uncertainty (continued)

amounts of assets and liabilities within the next financial year are addressed below:

(i) *Revenue, WIP and profit recognition*

Revenue, WIP and profit from contracts is assessed on an individual basis based on the stage of completion of the contract which is estimated using a combination of the milestones in the contract and the time spent to date compared to the total time expected to be required to undertake the contract. Estimates of the total time required to undertake the contract are made on a regular basis and subject to management review and impact revenue, WIP and profit recognised. These estimates may differ from the actual results due to a variety of factors such as efficiency of working, accuracy of assessment of progress to date and client decision making.

(ii) *Trade debtors and prepayments and accrued income*

The carrying value of trade debtors as well as WIP recorded within prepayments and accrued income is dependent on the recoverability of the balances from customers which is reliant on their assessed financial position/ viability.

3 Revenue

	2022 £'000	2021 £'000
Provision of services	<u>39,171</u>	<u>28,915</u>

All revenue is attributable to the principal activity of the group and represents services provided in the United Kingdom. The group operates in one class of business, being the provision of property maintenance services.

Triosgroup Limited

Notes to the consolidated Financial Statements For the year ended 30 December 2022

4 Operating profit/ (loss)

Group operating profit/ (loss) is stated after charging/ (crediting):

	2022	2021
	£'000	£'000
Auditors' remuneration		
Audit of the company and consolidated financial statements	4	4
Audit of subsidiaries	31	26
Depreciation	49	38
Other operating income – Government grant income (CJRS)	-	(523)
Defined contribution plan expense	218	256
Operating lease payments		
Equipment and vehicles	5	170
Land and buildings	182	145
Hire of vehicles	675	537
Hire of plant and machinery	6	6

Company operating profit

The company is a holding company and did not generate any revenue during the year (2021: £nil). The company had no employees during the year (2021: nil) other than the directors.

Audit fees paid to PKF Smith Cooper Audit Limited for the audit of Triosgroup Limited the company and the consolidation totalled £4,200 (2021: £4,000) and was paid for by Trios Facilities Management Limited. Auditors' remuneration for non-audit services totalled £nil (2021: £nil).

The company's net result for the year to 30 December 2022 was a profit of £nil (2021: £nil).

Triosgroup Limited

Notes to the consolidated Financial Statements For the year ended 30 December 2022

5 Directors and Employees

Staff costs, including directors, were as follows:

	2022 £'000	2021 £'000
Wages and salaries	8,100	8,380
Social security costs	829	835
Other pension costs	218	256
Total staff costs	9,147	9,471

The monthly average number of employees (including directors) during the year, analysed by category, was as follows:

	2022 Number	2021 Number
Technical and management	80	90
Administration	140	161
Total employees	220	251

Directors' remuneration

There were 4 directors who served during the year (2021: 4). One of these directors is paid by Trios Facilities Management Limited but an accurate apportionment of the director's costs between subsidiaries is not possible. Details regarding the director's remuneration are disclosed in the financial statements of Trios Facilities Management Limited. No other director is remunerated for their services to the group or company (2021: £nil).

6 Exceptional items

Exceptional net administrative income of £2,588,0000 was generated in the year ended 30 December 2022 as a consequence of the write off of the £2,800,000 (nominal value) TGFM Debtco Limited loan on 21 December 2022 in order to recapitalise the group's Balance sheet. See note 16.

During 2021 £2,000 of accruals in respect of the 2020 exceptional restructuring costs were released to the profit and loss account as they were no longer required.

7 Finance costs

	2022 £'000	2021 £'000
Interest on other loans	277	248
Bank interest payable	32	2
	309	250

Triosgroup Limited

Notes to the consolidated Financial Statements For the year ended 30 December 2022

8 Tax on profit/ (loss)

	2022 £'000	2021 £'000
Total current taxation	-	-

Factors affecting the tax for the current year

The assessed tax for the year is lower (2021: higher) than the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £'000	2021 £'000
Profit/ (loss) before taxation	1,910	(1,803)
Profit/ (loss) before taxation multiplied by standard rate of taxation in the UK at 19% (2021: 19%)	363	(343)
Expenses not deductible for taxation purposes	65	60
Utilisation of b/fwd losses - exceptional admin income	(492)	-
Depreciation lower than capital allowances	(30)	(32)
Deferred tax not recognised	94	315
Adjustment in respect of prior years	-	-
Income tax	-	-

Deferred tax

The group has no liability for deferred tax. The total group deferred tax asset not recognised at 30 December 2022 is £5,044,000 (2021: £5,442,000)

Factors that may affect future tax charges

From 1 April 2023 the rate of corporation tax will increase from 19% to 25%. This change in corporation tax rate is expected to impact on future tax charges for the group.

Triosgroup Limited

Notes to the consolidated Financial Statements For the year ended 30 December 2022

9 Goodwill

On 30 November 2022 the company acquired 100% of the ordinary shares of Airedale Maintenance Services Limited, a Leeds based facilities management business for £300,000 generating goodwill of £182,000 (see notes 11 and 25). On 13 March 2023 Airedale Maintenance Services Limited changed its name to Trios AMS Limited.

	Goodwill £'000
Cost	
At 31 December 2021	-
Additions	182
At 30 December 2022	182
Accumulated amortisation	
At 31 December 2021 and 30 December 2022	-
Net book value	
At 30 December 2022	182
At 30 December 2021	-

10 Intangible assets

	Software £'000
Cost	
At 31 December 2021	420
Additions	250
At 30 December 2022	670
Accumulated amortisation	
At 31 December 2021 and 30 December 2022	-
Net book value	
At 30 December 2022	670
At 30 December 2021	420

Software development costs at 30 December 2022 comprises costs incurred in the development of a new operational engineering platform and updated helpdesk platform scheduled to be launched in 2023. Both software developments are anticipated to be amortised over their five year estimated useful economic lives.

Triosgroup Limited

Notes to the consolidated Financial Statements For the year ended 30 December 2022

11 Investments

	Subsidiary £'000
Cost	
At 31 December 2021	1,978
Addition	300
At 30 December 2022	2,278
Accumulated Impairment	
At 31 December 2021 and 30 December 2022	(1,978)
Carrying amount	
At 30 December 2022	300
At 30 December 2021	-

The directors have undertaken a review of the carrying value of the investments in subsidiaries and have prudently decided to leave previously fully impaired investments unchanged despite the business turnaround progress achieved. The carrying value of investments will be reviewed subsequently once the business turnaround is complete and trading has fully returned to normalised levels.

Details of subsidiaries are as follows:

Name of Company	Country of incorporation	Type and number of shares held	Proportion held	Nature of business	Registered office
Trios Facilities Management Limited	UK	1,133,397 ordinary shares of £1 each	100% Direct	Property maintenance	
Trios Skilz Limited	UK	150,000 ordinary shares of £1 each	100% Indirect	Property maintenance	
Trios Secure Limited	UK	100 ordinary shares of £1 each	100% Indirect	Window & door security maintenance	Fourth Floor, 24 Old Bond Street, Mayfair, London, W1S 4AW
Trios Compliance Limited	UK	1 ordinary share of £1	100% Direct	Property maintenance	
Trios Facilities Limited	UK	1 ordinary share of £1	100% Direct	Dormant	
Trios AMS Limited	UK	9,000 ordinary shares of £1 each	100% Direct	Property maintenance	

Triosgroup Limited

Notes to the consolidated Financial Statements For the year ended 30 December 2022

12 Property, plant and equipment

	Leasehold improvements £'000	Equipment £'000	Total £'000
Cost			
At 31 December 2021	45	86	131
Additions	159	-	159
Business combinations	-	9	9
Disposals	-	-	-
At 30 December 2022	204	95	299
Accumulated depreciation			
At 31 December 2021	24	38	62
Charge for the year	20	29	49
Disposals	-	-	-
At 30 December 2022	44	67	111
Net book value			
30 December 2022	160	28	188
30 December 2021	21	48	69

13 Stocks

	2022 £'000	2021 £'000
Raw materials and consumables	40	57

Stock is stated net of a provision of £20,000 (2021: £20,000). At the year ended 30 December 2022 there is no material difference between the carrying amount of stock and the replacement cost.

Triosgroup Limited

Notes to the consolidated Financial Statements For the year ended 30 December 2022

14 Debtors

Group	2022 £'000	2021 £'000
Trade debtors	6,269	5,026
Other debtors	10	-
Prepayments and accrued income	3,948	2,517
	<u>10,227</u>	<u>7,543</u>

Trade debtors are stated net of a provision of £249,000 (2021: £144,000).

Company	2022 £'000	2021 £'000
Amounts owed by group undertakings	<u>2,320</u>	<u>2,320</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

15 Creditors: amounts falling due within one year

Group	2022 £'000	2021 £'000
Trade creditors	2,834	2,848
Taxation and social security	1,668	1,255
Other creditors	898	215
Accruals and deferred income	5,947	4,355
	<u>11,347</u>	<u>8,673</u>

Included in other creditors is £727,000 (2021: £213,000) in respect of the group's invoice financing facility which is secured by way of fixed and floating charges over the assets of the group.

Company	2022 £'000	2021 £'000
Amounts owed to group undertakings	<u>300</u>	<u>-</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Triosgroup Limited

Notes to the consolidated Financial Statements For the year ended 30 December 2022

16 Creditors: amounts falling due after more than one year

Group	2022 £'000	2021 £'000
Loans	<u>30</u>	<u>2,311</u>

On 16 October 2020 TGFM Debtco Limited provided a £2,800,000 interest free loan to Trios Facilities Management Limited repayable on 15 October 2023, unless a default in the loan term occurs, where the loan is immediately repayable. The loan is secured over the assets of Trios Facilities Management Limited and by way of cross guarantees with other fellow subsidiaries in the Triosgroup Limited group and the company. As required under FRS 102, the interest free loan is discounted and recognised under the amortised cost method using an implicit interest rate of 12%.

On 21 December 2022 TGFM Debtco Limited agreed to write off the loan in order to recapitalise the group's Balance sheet.

17 Provisions for liabilities and charges

Group	Dilapidations £'000	Legal £'000	Total £'000
At 31 December 2021	85	137	222
Charged to profit and loss	22	-	22
Utilised		(80)	(80)
At 30 December 2022	<u>107</u>	<u>57</u>	<u>164</u>

Dilapidations provisions are expected to be utilised in 5 years. Legal provisions will unwind over the next year.

18 Reserves

Called up share capital

The called up share capital comprises the total nominal value of issued share capital.

Share premium account

The share premium account comprises the total amount received in excess of the nominal value for issued share capital.

Capital redemption reserve

The capital redemption reserve records the nominal value of shares repurchased by the company.

Accumulated losses

The accumulated losses comprises of the company's accumulated profits and losses, after deducting any distributions made to the company's shareholders.

Triosgroup Limited

Notes to the consolidated Financial Statements For the year ended 30 December 2022

19 Called up share capital

	2022 £'000	2021 £'000
Allotted, issued and fully paid		
750,210 (2021: 750,210) A ordinary (voting) shares of £1 each	750	750
112,100 (2021: 112,100) B ordinary (non-voting) shares of £1 each	112	112
	<u>862</u>	<u>862</u>

The "A" ordinary shares entitle the holders to vote at general meetings of the company, rank pari passu on dissolution and have no restrictions on the distributions of dividends and the repayment of capital.

The "B" ordinary shares are non voting but have no restrictions on the distribution of dividends. The only restriction on the repayment of capital is that the holders of the "B" ordinary shares require the written consent of the majority A shareholder on disposal or transfer.

20 Cash flow statement

	2022 £'000	2021 £'000
Profit/ (loss) for the year	1,910	(1,804)
<i>Adjustments to arrive at operating profit</i>		
Interest payable	309	250
Loss on disposal of fixed assets	-	-
Provisions	(58)	222
Loan w/off	(2,588)	-
Taxation	-	-
Operating loss	<u>(427)</u>	<u>(1,332)</u>
<i>Adjustments for:</i>		
Depreciation	48	38
(Increase)/ decrease in debtors	(2,040)	2,782
Decrease/ (increase) in stock	13	(17)
Increase/ (decrease) in creditors	1,473	(851)
Cash (outflow)/ inflow from operating activities before interest and tax	<u>(933)</u>	<u>620</u>

Triosgroup Limited

Notes to the consolidated Financial Statements For the year ended 30 December 2022

21 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows:

	2022 £'000	2021 £'000
Aggregate compensation	<u>1,025</u>	<u>1,108</u>

During the year, the group purchased management and advisory services from a company under common control totalling £240,429 (2021: £240,385). As at 30 December 2022, the group owed £24,000 to the entity under common control (2021: £24,000).

During the year, the group purchased management and advisory services from a company under common control totalling £26,493 (2021: £26,550). As at 30 December 2022, the group owed £4,425 to the entity under common control (2021: £4,800).

During the year, the group purchased project management and construction services from a company under common control totalling £413,290 (2021: £260,395). As at 30 December 2022, the group owed £79,691 to the entity under common control (2021: £261,474).

At the balance sheet date, the group owed £nil (2021: £2,311,000) in loans and accrued interest of £nil (2021: £323,000) to an entity under common control (note 16). Fellow subsidiary undertakings had provided guarantees of borrowing in respect of the £2,800,000 (2021: £2,800,000) nominal value of this long term loan held by the group before it was written off on 21 December 2022.

22 Operating lease commitments

The group had the following future minimum lease payment under non-cancellable operating leases for each of the following periods:

	2022 Land and buildings £'000	2022 Other £'000	2021 Land and buildings £'000	2021 Other £'000
Amounts falling due:				
Within one year	231	29	80	30
Later than 1 year and not later than 5 years	675	17	269	2
Later than 5 years	<u>84</u>	<u>-</u>	<u>152</u>	<u>-</u>
	<u>990</u>	<u>46</u>	<u>501</u>	<u>32</u>

Triosgroup Limited

Notes to the consolidated Financial Statements For the year ended 30 December 2022

23 Pension commitments

The group operates a defined contribution scheme. The assets of the scheme are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the fund and during the year to 30 December 2022 amounted to £218,000 (2021: £256,000). At the year ended 30 December 2022 contributions totalling £42,000 (2021: £34,000) were payable to the funds.

24 Contingent liabilities

The company and group has pledged its assets as security against a £6.0m (2021: £6.0m) group funding facility that was entered into in October 2020.

25 Business combination

On 30 November 2022 the company acquired 100% of the ordinary shares of Airedale Maintenance Services Limited, a Leeds based facilities management business for consideration of £282,000 plus £18,000 transaction costs. Based on the fair value of net assets acquired of £118,000, acquired goodwill of £182,000 was recognised.

Per the terms of the acquisition additional (deferred) consideration may become due subject to the acquired business achieving certain profitability targets in the years to 31 March 2023 and 31 March 2024. In the year to 31 March 2023 the earn out profitability targets were not achieved.

	Book values	Adjustments	Fair value
	£'000	£'000	£'000
Tangible fixed assets	9	-	9
Stocks	4	-	4
Debtors	650	(6)	644
Cash at bank and in hand	187	-	187
Creditors < 1 year	(687)	(8)	(695)
Creditors > 1 year	(31)	-	(31)
Provisions for liabilities and charges	(5)	5	-
Net assets	127	(9)	118
Consideration			282
Acquisition costs			18
			300
Goodwill			182

Since acquisition Airedale Maintenance Services Limited (now renamed Trios AMS Limited) generated £221,000 of revenue and incurred a £2,000 loss.

Triosgroup Limited

Notes to the consolidated Financial Statements For the year ended 30 December 2022

26 Ultimate parent and controlling party

In the Directors' opinion the ultimate controlling party is Jamie Constable by virtue of his share interest in Triosgroup Limited.