

**TP Group Limited** (formerly TP Group plc)  
Company registration number: 03152034

Annual report and consolidated financial statements  
For the year ended 31 December 2022

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**TP Group Limited**  
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**TP Group Limited**

Officers and professional advisers

**Directors**

J Brett

S Cole

**Registered office**

Cale House

Station Road

Wincanton

Somerset

BA9 9FE

**Principal bankers**

HSBC UK

26 Broad Street

Reading

Berkshire

RG1 2BU

**Auditor**

Cooper Parry Group Limited

Chartered Accountants & Statutory Auditor

1 Finsbury Avenue

London

EC2M 2PF

## **TP Group Limited**

### Group strategic report

The directors present their Strategic report on TP Group Limited, formerly TP Group plc (“the Group”) for the year ended 31 December 2022. In preparing the Strategic report the directors have complied with s414c of the Companies Act 2006.

At the reporting date, TP Group Limited was listed on the Alternative Investment Market, a sub-market of the London Stock Exchange. Subsequent to the acquisition by Science Group plc on 26 January 2023, TP Group Limited re-registered as a private limited company, limited by shares and registered in England and Wales. The Group’s registered and principal address is Cale House, Station Road, Wincanton, Somerset, BA9 9FE.

The financial statements for the year ended 31 December 2022 are set out on pages 15 to 71. A profit for the year of £2.8 million (2021: loss of £19.0 million) has been transferred to reserves.

#### **Business review and key performance indicators**

For the year ended 31 December 2022, the Group reported revenue from continuing operations of £48.5 million (2021: £44.2 million). Adjusted operating profit from continuing operations was £5.3 million (2021: adjusted operating loss of £1.6 million). Cash was £6.4 million (2021: £5.4 million).

TP Group comprises two divisions: TPG Services and TPG Maritime, both operating primarily in the aerospace and defence markets. Segmental reporting is provided in note 4 of these financial statements.

During the year the Group continued to execute the strategy set out in its business update on 1 November 2021, this included the disposal of Northstar in April 2022 and Sapienza in July 2022. A conditional agreement to dispose of Westek Technology Limited was announced on 29 December 2022 with the sale completing on 2 February 2023 for consideration of £0.8m.

Significant progress was made by the Maritime division in resolving the issues on legacy contracts. Whilst more positive negotiations continue with a couple of European customers, the contract with the UK customer has been restructured, mitigating future exposure.

The Services division has continued to perform satisfactorily with a continued focus on improving contract margins. The integration of Osprey, initiated over the summer, has progressed well with increasing alignment of strategic, operational and financial objectives.

## TP Group Limited

### Group strategic report (continued)

#### Section 172 statement

The board of directors, acting in accordance with their duties under s172 of the Companies Act 2006, have acted in good faith in a manner which they consider promotes the success of the group for the benefit of its members and by doing so have had regard to a range of matters when making decisions for the long term.

#### Future developments

On 26 January 2023, Science Group plc completed the acquisition of TP Group plc for consideration of £25.4 million. The acquisition was funded through Science Group's organic operating cash flow adding significant scale to the Group and provides a strategic entry into the defence sector, together with synergistic opportunities for growth in the medium term.

Further consideration of the risks and uncertainties facing the Company can be found in the directors' report.

Approved by the Board and signed on its behalf by:

J Brett  
Director

DocuSigned by:  
*Jon Brett*  
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Date: 14 August 2023

**TP Group Limited**

Directors' report

For the year ended 31 December 2022

The directors present their report on the affairs of the Group, together with the audited consolidated financial statements and auditor's report for the year ended 31 December 2022.

**Principal activities**

TP Group is a consulting and engineering business, working to deliver mission, business and safety critical services and solutions across high growth sectors including Defence and Aerospace.

**Future developments**

Future developments have been detailed in the Strategic report on pages 4 and 5 and form part of this report by cross reference.

**Dividends**

The directors do not recommend the payment of a dividend (2021: £nil).

**Charitable and political contributions**

No charitable or political contributions were made during the financial year (2021: £nil).

**Going concern**

The Directors have a reasonable expectation that the Company has adequate resources to continue in operation existence for the foreseeable future. In addition, the Company has received a letter of support from Science Group plc which evidences the intent of the Parent to continue to provide financial support if required.

**Risks and uncertainties**

TP Group's risk management framework, policies and procedures are designed to identify, manage and mitigate risks that may impact upon the execution of the Group's strategy and day-to-day business.

Whilst risk or uncertainty cannot be eliminated, certain risk is mitigated, and the business seeks to ensure that it is only exposed to risks that can be managed effectively in accordance with the Board's risk appetite.

Effective risk management is essential to safeguarding TP Group's ongoing commercial success. Risk is managed through three phases in a structured and controlled framework as follows:

Identify and evaluate	<ul style="list-style-type: none"> <li>• A formal process is in place to identify and manage risks on a continuous basis.</li> <li>• This is reported to the Board and supported by Group Finance through regular risk reviews.</li> <li>• Risks are assessed and prioritised by severity, using a centrally maintained risk register.</li> </ul>
Action plan in place	<ul style="list-style-type: none"> <li>• Risk responses and strategies are prepared and managed by the relevant business owners.</li> <li>• The Board reviews, agrees and monitors the risk response plans.</li> <li>• In some cases, certain areas of risk are further mitigated by external insurance.</li> </ul>
Implement	<ul style="list-style-type: none"> <li>• Local management regularly monitors TP Group's Register of Risks and the mitigation actions.</li> <li>• The continuous review identifies key issues for reporting to the Board.</li> </ul>

## TP Group Limited

Directors' report (continued)

For the year ended 31 December 2022

### Risks and uncertainties (continued)

Having considered all the elements of the risk management framework described here, the Board has concluded that it has taken all reasonable steps to satisfy itself that the risk management framework is effective and has addressed all material risks up to the date of approval of the Annual Report and Accounts 2022.

#### Group Risk Register

Risk	Impact	Mitigation/risk hedging	Change since last reported
The Group is adversely affected by the commercial conditions in its markets.	Delay or loss of customer contracts, risk to expansion of business.	The Group is diversifying through organic growth and partnering into adjacent markets to reduce our exposure to a single market event.	No change
Revenue generated from defence and aerospace industry contracts are impacted by changes in government policies and legislation.	Possible delay or loss in customer contracts.	Defence and aerospace contracts are with long-term customers with whom we have well-established and close working relationships that provide us with good visibility of future programmes and spend. Defence and aerospace policy, in the UK and Europe, has protected the key programmes on which we are active.	No change
Health safety, environmental, privacy and social regulations place greater burden on the business.	Additional cost and oversight added to business processes, along with potential business interruption in extreme circumstances.	These risks are managed by the Group's accreditation under BS EN ISO 14001 (Environmental Management System) and OHSAS 18001 (Occupational Health and Safety Management System). The Group has implemented measures to comply with GDPR and monitors pending regulations closely.	No change
Competitor capabilities may change, or disruptive technologies emerge leading to loss of advantage or market position.	Loss of future customer orders, market share and capability erosion.	The Group's approach is to manage business development primarily through business sector teams that are closely aligned to their propositions and the competitive threats they face. Know-how has been built up over time, and close relationships with customers provide insight into trends in the requirement, which create barriers to entry for competitors.	No change
Key employee knowledge and skill, upon which key functions or initiatives depend, may be lost.	Ability to deliver growth strategy.	The Group seeks to attract and retain suitably skilled and experienced staff to support the business performance. This is achieved through appropriate and competitive remuneration packages, a framework for personal and professional development and working environments that make the Group an attractive place to work. The tightening of the labour market has been mitigated through updated remuneration packages and conditions, coupled with an improved recruitment strategy.	No change

**TP Group Limited**

Directors' report (continued)

For the year ended 31 December 2022

**Risks and uncertainties (continued)**

Group Risk Register (continued)

<b>Risk</b>	<b>Impact</b>	<b>Mitigation/risk hedging</b>	<b>Change since last reported</b>
Loss of performance, reliability and availability of certain key assets and information technology systems impacts delivery execution.	Unable to deliver customer contracts - impacts revenue/profit and cash, however, major impact is loss of future orders and reputation.	The Group has taken steps to avoid single points of failure or capacity constraints. The business has also taken out insurance to mitigate best possible the risk.	No change
Loss of a major customer.	Reduced revenue, profit, cash and reputation.	Focus on operational excellence to avoid loss of customer whilst also expanding the Group's activities with other key accounts to minimise reliance on any single account.	Increasing likelihood of severity of impact
Cybersecurity threats come in a number of forms, posing a risk to sensitive data held in the normal course of business, as well as business interruption risk.	Loss or data, damage to reputation, possible breach of customer contracts.	The Group has implemented Cyber Essentials Plus across its businesses and continuously reviews the quality of its security shields and protocols to mitigate the threat.	No change
Poor execution of material long-term fixed price contracts.	Reduced revenue, profit and cash. Loss of customer.	Measures are taken to ensure new contracts agreed on commercial terms favourable to the business and focus on operational excellence when delivering the contract.	Decreasing likelihood of severity of impact

The Group's exposure to price, credit, liquidity, and cash flow risk is covered in note 22.

**Directors**

The following were directors of the Company during the financial year and up to the date of this report:

D Stroud	- resigned 31 May 2023
P Bertram	- resigned 1 March 2023
M Ratcliffe	- resigned 1 March 2023
D Lindsay	- resigned 26 January 2023
J Brett	- appointed 27 January 2023
S Cole	- appointed 27 January 2023

The Company has arranged qualifying third-party indemnity for all of its directors.

**Events since the reporting date**

Events since the reporting date are disclosed in note 31 to the financial statements.

**Research and development**

The Group incurs expenditure on research and development both on behalf of customers and on its own ventures.

## **TP Group Limited**

Director's report (continued)

For the year ended 31 December 2022

### **Employees**

The success of the Company depends on maintaining a highly qualified and well-motivated workforce. Every effort is made to achieve a common awareness of the financial and economic factors affecting the performance of the Company. Regular communication with all employees is essential and achieved by informal meetings, email updates and internal briefings.

The Company's Equality Policy encourages recruitment, training, career development and promotion on the basis of professional capability and is committed to retaining and retraining as necessary employees who become disabled during the course of their employment.

### **Branches outside the UK**

The Company has no branches outside the UK as defined in section 1046 (3) of the Companies Act 2006.

### **Directors' responsibilities statement**

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 UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 and have elected under Company law to prepare the Parent Company financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 101 "Reduced Disclosure Framework".

The financial statements are required by law and UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 to present fairly the financial performance of the Group. The relevant part of the Companies Act 2006 supports the requirement that the financial statements present a true and fair view with references to their giving a fair presentation.

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 the Parent Company and of the profit or loss of the Group for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- select suitable accounting policies and then apply them consistently.
- make judgements and accounting estimates that are reasonable and prudent.
- state whether they have been prepared in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent 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 Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**TP Group Limited**

Director's report (continued)

For the year ended 31 December 2022

**Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

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

The confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Cooper Parry Group Limited were appointed as the new auditors of the Company on 12 May 2023. Pursuant to section 487 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:

J Brett  
**Director**

DocuSigned by:  
*Jon Brett*  
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Date: 14 August 2023

## **TP Group Limited**

### Independent auditor's report to the members of TP Group Limited

#### **Opinion**

We have audited the financial statements of TP Group Limited ("the parent company") and its subsidiaries ("the group") for the year ended 31 December 2022, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, 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 International Accounting Standards as adopted by the United Kingdom. The financial reporting framework that has been applied in the preparation of the company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

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

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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

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

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

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material

## **TP Group Limited**

### **Independent auditor's report to the members of TP Group Limited (continued)**

#### **Other information (continued)**

misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

#### **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 group 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 group 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 the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the group strategic report or the directors' report.

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

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

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement on pages 7 - 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

## **TP Group Limited**

### Independent auditor's report to the members of TP Group Limited (continued)

#### **Auditor's responsibilities for the audit of the financial statements (continued)**

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

Our assessment focused on key laws and regulations the company has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, International Accounting Standards and relevant tax legislation.

#### **Auditor's responsibilities for the audit of the financial statements (continued)**

We are not responsible for preventing irregularities. Our approach to detecting irregularities included, but was not limited to, the following;

- the senior statutory auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- designing our audit procedures to respond to our risk assessment;
- obtaining an understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework;
- obtaining an understanding of the entity's policies and procedures and how the entity has complied with these, through discussions and sample testing of controls;
- obtaining an understanding of the entity's risk assessment process, including the risk of fraud;
- performed analytical procedures to identify any unusual or unexpected transactions;
- performed review of component auditor's work;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias; and
- performing audit testing 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.

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

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

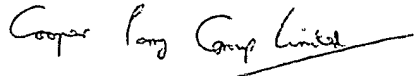
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## **TP Group Limited**

Independent auditor's report to the members of TP Group Limited (continued)

### **Use of our report**

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

A handwritten signature in black ink that reads "Steven Leith" and is underlined.

Steven Leith (Senior Statutory Auditor)  
for and on behalf of  
Cooper Parry Group Limited  
Chartered Accountants  
Statutory Auditor  
1 Finsbury Avenue  
London  
EC2M 2PF

Date: 14 August 2023

**TP Group Limited**Consolidated statement of comprehensive income  
For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
<b>Revenue from continuing operations</b>	5	<b>48,506</b>	<b>44,255</b>
Cost of sales		(35,210)	(37,350)
<b>Gross profit from continuing operations</b>		<b>13,296</b>	<b>6,905</b>
Administrative expenses		(13,715)	(14,405)
<b>Operating loss from continuing operations</b> <sup>1</sup>	6	<b>(419)</b>	<b>(7,500)</b>
Net finance cost	8	(767)	(450)
<b>Loss before taxation from continuing operations</b>		<b>(1,186)</b>	<b>(7,950)</b>
Taxation	9	3,262	59
<b>Profit / (loss) after taxation from continuing operations</b>		<b>2,076</b>	<b>(7,891)</b>
Profit / (loss) for the period from discontinued operations (attributable to equity holders of the company)	3	679	(11,138)
<b>Profit / (loss) for the period</b>		<b>2,755</b>	<b>(19,029)</b>
<b>Profit / (Loss) for the year</b>		<b>2,755</b>	<b>(19,029)</b>
<b>Other comprehensive income/(expense): items that may be subsequently recycled to the income statement:</b>			
Foreign exchange gains on translation of foreign operations		32	481
<b>Total comprehensive income /(expense) for the year</b>		<b>2,787</b>	<b>(19,510)</b>

The notes on pages 22 to 71 form part of these financial statements.

<sup>1</sup> Please refer to segment reporting in note 4 for bridge to adjusted operating profits from continuing operations

**TP Group Limited**Consolidated statement of comprehensive income  
For the year ended 31 December 2022 (continued)

## Earnings per share:

		<b>2022</b>	<b>2021</b>
Profit / (Loss) per share (pence per share)			
Continuing operations:			
Basic profit / (loss) per share (pence per share)	10	<b>0.27</b>	<b>(1.01)</b>
Diluted profit / (loss) per share (pence per share)	10	<b>0.27</b>	<b>(1.01)</b>
Discontinued operations:			
Basic profit / (loss) per share (pence per share)	10	<b>0.09</b>	<b>(1.43)</b>
Diluted profit / (loss) per share (pence per share)	10	<b>0.09</b>	<b>(1.43)</b>
Total:			
Basic profit / (loss) per share (pence per share)	10	<b>0.35</b>	<b>(2.44)</b>
Diluted profit / (loss) per share (pence per share)	10	<b>0.35</b>	<b>(2.44)</b>

The notes on pages 22 to 71 form part of these financial statements.

**TP Group Limited**

## Consolidated and Parent Company statements of financial position

At 31 December 2022

	Note	Group		Parent Company	
		2022	2021	2022	2021 (Restated)
		£'000	£'000	£'000	£'000
<b>Assets</b>					
<b>Non-current assets</b>					
Goodwill	11	4,240	4,338	-	-
Other intangible assets	12	6,379	7,978	35	74
Property, plant and equipment	13	117	591	31	52
Right-of-use assets	21	2,196	2,485	25	58
Deferred taxation	9	2,326	-	-	-
Investments	14	-	-	17,243	19,707
<b>Total non-current assets</b>		<b>15,258</b>	<b>15,392</b>	<b>17,334</b>	<b>19,891</b>
<b>Current assets</b>					
Inventories	15	80	416	-	-
Trade and other receivables	16	3,404	4,512	199	556
Amounts due from contract customers	5	4,638	5,599	-	-
Taxation recoverable	9	741	258	-	-
Deferred taxation	9	0	-	-	-
Cash and bank balances	17	6,393	5,376	-	193
		<b>15,256</b>	<b>16,161</b>	<b>199</b>	<b>749</b>
Assets held for sale	3	2,156	8,170	1,322	6,792
<b>Total current assets</b>		<b>17,412</b>	<b>24,331</b>	<b>1,521</b>	<b>7,541</b>
<b>Total assets</b>		<b>32,670</b>	<b>39,723</b>	<b>18,855</b>	<b>27,432</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	20	(10,634)	(11,154)	(5,395)	(4,959)
Amounts due to contract customers	5	(2,674)	(5,173)	-	-
Bank borrowings		(5,960)	-	(7,373)	-
Lease liabilities	21	(280)	(424)	(13)	(58)
		<b>(19,548)</b>	<b>(16,751)</b>	<b>(12,781)</b>	<b>(5,017)</b>
Liabilities held for sale	3	(1,400)	(6,326)	(150)	(150)
<b>Total current liabilities</b>		<b>(20,948)</b>	<b>(23,077)</b>	<b>(12,931)</b>	<b>(5,167)</b>
<b>Non-current liabilities</b>					
Deferred taxation	9	(1,061)	(1,403)	-	-
Lease Liabilities	21	(2,466)	(2,752)	(13)	(27)
Bank borrowings		-	(7,000)	-	(7,000)
Provisions	23	(531)	(607)	-	(20)
		<b>(4,058)</b>	<b>(11,762)</b>	<b>(13)</b>	<b>(7,047)</b>
<b>Total liabilities</b>		<b>(25,006)</b>	<b>(34,839)</b>	<b>(12,944)</b>	<b>(12,214)</b>
<b>Net assets</b>		<b>7,664</b>	<b>4,884</b>	<b>5,911</b>	<b>15,218</b>
<b>Equity</b>					
Share capital	24	7,792	7,792	7,792	7,792
Share premium		18,529	18,529	18,529	18,529
Translation reserve		-	(90)	-	(129)
Share-based payments reserve		202	553	202	553
Retained earnings		(18,859)	(21,901)	(20,612)	(11,527)
<b>Total equity due to shareholders</b>		<b>7,664</b>	<b>4,883</b>	<b>5,911</b>	<b>15,218</b>
Non-controlling interest		-	1	-	-
<b>Total equity</b>		<b>7,664</b>	<b>4,884</b>	<b>5,911</b>	<b>15,218</b>

**TP Group Limited**

**Consolidated and Parent Company statements of financial position (continued)**  
**At 31 December 2022**

The Company has taken advantage of the exemption in section 408 of the Companies Act 2006 not to present the Parent Company's income statement. The Parent Company made a loss of £9,429,000 (2021 as restated: £14,271,000) for the year.

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 14 August 2023. The notes on pages 22 to 71 form part of these financial statements.

DocuSigned by:

*Jon Brett*

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J Brett

Director

(Company number: 3152034)

**TP Group Limited**Consolidated statement of changes in equity  
For the year ended 31 December 2022

	Share capital £'000	Share premium £'000	Own shares held by EBT £'000	Share-based payments reserve £'000	Translation reserve £'000	Retained earnings £'000	Non- controlling interest £'000	Total £'000
<b>Balance at 1 January 2021</b>	<b>7,792</b>	<b>18,529</b>	<b>(561)</b>	<b>685</b>	<b>415</b>	<b>(2,631)</b>	<b>1</b>	<b>24,230</b>
Loss for the year	-	-	-	-	-	(19,029)	-	(19,029)
Other comprehensive loss	-	-	-	-	(481)	-	-	(481)
Total comprehensive loss	-	-	-	-	(481)	(19,029)	-	(19,510)
Share-based payments charge (note 26)	-	-	-	164	-	-	-	164
Share-based payments reserves transfer	-	-	-	(296)	-	296	-	-
Forex movement	-	-	-	-	(24)	24	-	-
Release on closure of EBT	-	-	561	-	-	(561)	-	-
<b>Balance at 31 December 2021</b>	<b>7,792</b>	<b>18,529</b>	<b>-</b>	<b>553</b>	<b>(90)</b>	<b>(21,901)</b>	<b>1</b>	<b>4,884</b>
Profit for the year	-	-	-	-	-	2,755	-	2,755
Other comprehensive income	-	-	-	-	32	-	-	32
Total comprehensive income	-	-	-	-	32	2,755	-	2,787
Share-based payments credit (note 26)	-	-	-	(7)	-	-	-	(7)
Share-based payments reserves transfer	-	-	-	(344)	-	344	-	-
Forex movement	-	-	-	-	58	(57)	(1)	-
<b>Balance at 31 December 2022</b>	<b>7,792</b>	<b>18,529</b>	<b>-</b>	<b>202</b>	<b>-</b>	<b>(18,859)</b>	<b>-</b>	<b>7,664</b>

The notes on pages 22 to 71 form part of these financial statements.

**TP Group Limited**Parent Company statement of changes in equity  
For the year ended 31 December 2022

	Share capital £'000	Share premium £'000	Share- based payments reserve £'000	Translation reserve £'000	Retained earnings £'000	Total £'000
<b>Balance at 1 January 2021</b>	<b>7,792</b>	<b>18,529</b>	<b>685</b>	-	<b>2,448</b>	<b>29,454</b>
Total comprehensive loss (as previously stated)	-	-	-	(129)	(15,934)	(16,063)
Adjustment to prior period (note 30)	-	-	-	-	1,663	1,663
Restated Loss for the year	-	-	-	(129)	(14,271)	(14,400)
Share-based payments charge (note 25)	-	-	164	-	-	164
Share-based payments reserves transfer	-	-	(296)	-	296	-
<b>Restated Balance at 31 December 2021</b>	<b>7,792</b>	<b>18,529</b>	<b>553</b>	<b>(129)</b>	<b>(11,527)</b>	<b>15,218</b>
Total comprehensive income	-	-	-	129	(9,429)	(9,300)
Share-based payments credit (note 25)	-	-	(7)	-	-	(7)
Share-based payments reserves transfer	-	-	(344)	-	344	-
<b>Balance at 31 December 2022</b>	<b>7,792</b>	<b>18,529</b>	<b>202</b>	<b>-</b>	<b>(20,612)</b>	<b>5,911</b>

The notes on pages 22 to 71 form part of these financial statements.

**TP Group Limited**Consolidated statement of cash flows  
For the year ended 31 December 2022

	2022	2021
Note	£'000	£'000
<b>Operating activities</b>		
Loss before taxation from continuing operations	(1,186)	(7,950)
Profit / (loss) before taxation from discontinued operations	580	(12,459)
Adjustments for:		
Depreciation, amortisation and impairment	2,683	4,918
Finance cost	811	512
Share-based payment (credit) / expense	(7)	164
Impairment loss on held for sale assets	-	10,572
Loss / (profit) on disposal of assets	377	(129)
Profit on disposal of subsidiary	(1,172)	-
(Increase) / decrease in inventories	(54)	698
Decrease in trade and other receivables	3,632	1,802
(Decrease) / increase in trade and other payables	(3,155)	1,605
(Decrease) / increase in provisions	(307)	421
	2,202	154
Taxation credit	111	77
<b>Net cash generated from operating activities</b>	<b>2,313</b>	<b>231</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(17)	(286)
Purchase of intangible fixed assets	(260)	(964)
Disposal of subsidiary, net of cash disposed of	953	-
Proceeds on disposal of assets	567	135
<b>Net cash generated / (used) in investing activities</b>	<b>1,243</b>	<b>(1,115)</b>
<b>Financing activities</b>		
Interest payable	(811)	(354)
Loan arrangement fees	-	(150)
Repayment of loan	(1,041)	-
Repayment of lease liabilities	21 (578)	(598)
<b>Net cash generated used in financing activities</b>	<b>(2,430)</b>	<b>(1,102)</b>
<b>Effects of exchange rates on cash and cash equivalents</b>	<b>(109)</b>	<b>(10)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,017</b>	<b>(1,996)</b>
Cash and cash equivalents at beginning of year	5,376	7,372
<b>Cash and cash equivalents at end of year</b>	<b>17 6,393</b>	<b>5,376</b>

The notes on pages 22 to 71 form part of these financial statements.

## **TP Group Limited**

Notes to the financial statements

For the year ended 31 December 2022

### **General information**

TP Group Limited (the 'Company') together with its subsidiaries (the 'Group'), is a consulting and engineering business, working to deliver mission, business and safety critical services and solutions across various sectors including Defence and Aerospace.

The Group and Company is incorporated under the Companies Act 2006 and domiciled in the England and Wales. The address of the registered office is Cale House, Station Road, Wincanton, BA9 9FE. The Company's shares were listed on the Alternative Investment Market of the London Stock Exchange at the reporting date. Subsequent to the acquisition by Science Group plc on 26 January 2023, TP Group Limited re-registered as a private limited company, limited by shares and registered in England and Wales.

### **Basis of preparation**

The consolidated financial statements are measured and presented in sterling which is the currency of the primary economic environment in which the Group operates. They have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, or when an impairment is recognised on non-current assets. Figures are presented to the nearest thousand pounds, unless otherwise stated.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the UK in conformity with the requirements of the Companies Act 2006 and have been audited by Cooper Parry Group Limited.

The Parent company financial statements have been prepared in accordance with Financial Reporting Standard ("FRS") 101 Reduced Disclosure Framework and in accordance with applicable accounting standards and the provisions of the Companies Act 2006.

In preparing the Parent Company financial statements, the directors have taken advantage of the following exemptions for disclosures:

- A cash flow statement and related notes as required by IAS 7 'Statement of Cash Flows'
- To disclose related party transactions entered into between two or more members of the Group, provided that the subsidiary is wholly owned, under paragraphs 17 and 18A of IAS 24, and the requirements in IAS 24.

### **Going concern**

At the date of signing these financial statements, the Company is a fully owned subsidiary of Science Group plc, and the cash resources of Science Group plc and its subsidiaries are shared across all subsidiaries enabling each company to be able to meet its financial obligations as they fall due. The Company has received a letter of support from Science Group plc which evidences the intent of the Parent to continue to provide financial support where required.

Science Group plc has a cash balance at 31 December 2022 of £43.6m and assessed forecast future cash flows for the foreseeable future for Science Group plc and thereby, and in turn for the Company.

There are no events or conditions which cast significant doubt on the ability of Science Group plc to continue as a going concern. In support, the Science Group plc revenue and operating profit grew year on year and cash generated from operations was £18.4m during the year ended 31 December 2022.

## TP Group Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

### 1. General information (continued)

#### Going concern (continued)

Science Group plc ended the year with net funds of £29.5m, and with an undrawn Revolving Credit facility ("RCF") of £25.0m. The Directors are satisfied Science Group plc has adequate cash and financing resources to continue in operational existence for the foreseeable future, being a period of at least a year following the approval of the accounts and therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### New accounting standards and interpretations

Standards and IFRICs newly applicable for companies with 31 December 2022 year ends are set out below, together with any noted impact on the Group.

Number	Title	Impact in year
IAS 16 (amendments)	Proceeds before intended use	No material impact
IAS 37 (amendments)	Onerous contracts – Cost of fulfilling a contract	No material impact
IFRS 1, IFRS 9, IFRS 16, IAS 41 (amendments)	Annual Improvements to IFRS Standards 2018-2020 Cycle	No material impact
IFRS 3 (amendments)	Reference to the Conceptual Framework – business combinations	No material impact

#### Standards issued but not yet effective

At the date of authorisation of these Consolidated Financial Statements, several new, but not yet effective Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards nor amendments to existing Standards have been adopted early by the Group.

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 year have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

Number	Title	Impact in year
IAS 12 (amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1-Jan-23
IAS 1 (amendments)	Non-current Liabilities with covenants	1-Jan-24
IFRS 16 (amendments)	Leases on sale and leaseback	1-Jan-24

### 2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all of the years presented, unless otherwise stated.

#### 2.1 Key accounting judgements and sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

## **TP Group Limited**

Notes to the financial statements (continued)

For the year ended 31 December 2022

### **2. Summary of significant accounting policies (continued)**

#### **2.1 Key accounting judgements and sources of estimation uncertainty (continued)**

Management bases its judgements, estimates and assumptions on historical experience and on various other factors, including expectations of future events management believes to be reasonable under the circumstances. The actual outcome may differ from those originally calculated. The judgements, estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### **Accounting judgements**

##### **Alternative performance measures**

The Group uses the alternative (non-Generally Accepted Accounting Practice) performance measure of 'Adjusted operating profit/ (loss)' which is not defined within IFRS. See note 4.

Adjusted operating profit / (loss) is defined as operating result adjusted to add back depreciation of property, plant and equipment and right-of-use assets, amortisation of intangible assets and impairment gains or losses on non-current assets, acquisition consideration accounted for as employment costs owing to ongoing service conditions, any acquisition-related charges, share-based payment charges and exceptional operating costs.

The directors believe this measure is more reflective of the underlying performance of the Group than equivalent Generally Accepted Accounting Practice ('GAAP') measures because it excludes non-recurring exceptional and acquisition costs, non-cash items and is therefore a better proxy for underlying operating cash, providing shareholders and other users of the financial statements with the most representative year-on-year comparison of underlying operational performance attributable to shareholders.

This measure and the separate components remain consistent for all periods presented in these financial statements.

##### **Assets held for sale**

Management has reviewed the Group's non-current assets and associated liabilities in line with IFRS 5. In particular management has assessed the 'held for sale' criteria in IFRS 5 with a view to determining the classification of Westek Technology Limited. Following management's assessment, it was determined that the IFRS 5 held for sale criteria was met.

##### **Discontinued operations**

For operations classified as discontinued operations, management has considered the facts and circumstances of each transaction, with consideration of IFRS 5 as to whether the disposal or ceased activity represents a 'discontinued operation'. In particular the IFRS 5 discontinued operation criteria was considered in respect of Westek Technology Limited, Sapienza Consulting Holdings BV (and its subsidiaries) or NorthStar (the Group's autonomous artificial intelligence technology) and whether these cash generating units met the requirements of a separate major business line. Following the assessment, it was considered that all three met the criteria and have been disclosed as discontinued operations.

##### **The determination of incremental borrowing rates used to measure lease liabilities**

The Group holds leases where the interest rate is not implicit in the lease. In these circumstances an incremental borrowing rate is used. The incremental borrowing rates used by the Group are based on assessment of rates to borrow over similar terms and with similar security to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

## **TP Group Limited**

Notes to the financial statements (continued)  
For the year ended 31 December 2022

### **2. Summary of significant accounting policies (continued)**

#### **Impairment of non-current assets**

Determining whether intangible assets and goodwill are impaired requires an estimation of the value in use of the cash-generating units to which intangible assets and goodwill have been allocated (see note 11). Investment in subsidiaries is based on the estimation of recoverability based on the value in use calculation of the cash-generating unit invested in (see note 15).

The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

#### **Useful economic life of intangible assets**

Given the nature of the operations performed by the Group, the useful life of an asset is determined as the period over which the asset is expected to be available for use by the entity. Estimated useful lives and amortisation method are reviewed by management at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

#### **Assessment of the percentage of completion of long-term contracts**

The Group's revenue recognition policy, which is set out in Note 2.4, requires forecasts to be made of the outcomes of long-term design and manufacture contracts. This requires estimates of labour hours and rates, and material costs to determine forecast costs to completion and therefore revenue recognition on each long-term contract. Where actual costs incurred differ to forecast costs, or where forecast cost estimates change, the assessment of the percentage of completion of long-term contracts will be affected and therefore revenue and profits or losses recognised impacted. Estimates are reviewed regularly throughout the contract life and adjustments are made based on the latest available information.

As at 31 December 2022, the amounts due from contract customers and amounts due to contract customers and contract provisions amounted to £4,638,000, £2,674,000 and £34,000 respectively as set out in Notes 5 and 23. The Group has considered the nature of the estimates involved in deriving these balances and concluded that it is possible that outcomes within the next financial year may be different from the assumptions applied at 31 December 2022, which could require a material adjustment to revenue and profits or losses recognised and the carrying amounts of the related assets and liabilities in the next financial year.

#### **Trade receivables provisioning**

Recoverability of trade debtors are reviewed by management at the end of the reporting period. Trade debtors are impaired when specific knowledge of customers suggests it is appropriate to do so.

### **2.2 Basis of consolidation**

The Consolidated Financial Statements include the Company's financial statements and those of its subsidiary undertakings made up to 31 December 2022. TP Group Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

A subsidiary is an entity controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and is able to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date control ceases.

## **TP Group Limited**

Notes to the financial statements (continued)

For the year ended 31 December 2022

### **2. Summary of significant accounting policies (continued)**

#### **2.2 Basis of consolidation (continued)**

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the Parent.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity of the Group. Losses incurred by the Group are attributed to the owners of the parent and to the non-controlling interest, even if this results in the non-controlling interest having a deficit balance.

When the Group loses control over a subsidiary, it de-recognises the assets, including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

#### **2.3 Segment reporting**

An operating segment, as defined by IFRS 8 'operating segments', is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. The Group has been managed through its two reporting segments, Engineering and Consulting. The Group determines and presents operating segments based on the information that is provided internally to the chief operating decision maker, which has been identified as the Board of Directors of TP Group Limited.

#### **2.4 Revenue**

The Group's operations generate revenues through the design and manufacture of high integrity equipment, provision of services and provision of software.

The Group determines the transaction price based on the consideration to which the Group expects to be entitled in a contract with a customer, excluding amounts collected on behalf of third parties. Where the amount of consideration is variable (e.g., due to trade discounts, late delivery penalties and other similar items) the Group includes the variable consideration in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The Group recognises revenue when it transfers control of a product or service to a customer as more fully explained below.

#### **Design and manufacture of high-integrity equipment**

The Group designs and manufactures mission-critical systems under long-term contracts with customers. The promises in these contracts include the design and manufacture of systems for delivery to the customer and standard assurance warranties. The promises in these contracts are combined as a single performance obligation because the customer cannot benefit from the promises on their own, and they are not separately identifiable in the context of the contract. In some instances, the contract will also include a promise to install the equipment at the customer site. Where installation is included in the contract, this is not generally considered a separate performance obligation as the promise is not separately identifiable in the context of the contract.

## TP Group Limited

Notes to the financial statements (continued)  
For the year ended 31 December 2022

### 2. Summary of significant accounting policies (continued)

#### 2.4 Revenue (continued)

Some contracts will include:

- a promise to store the equipment or an option to purchase storage services at a future date. Storage services are provided in the period between acceptance of the equipment by the customer and shipping. Where storage services are provided, this is considered a separate performance obligation, and/or
- extended service warranties which are a separate performance obligation.

The systems that are designed and manufactured are bespoke for each customer and do not have an alternative use to the Group.

#### - Over time revenue recognition

Where the Group has an enforceable right to payment for performance completed to date, being recovery of costs incurred in satisfying the performance obligation plus a reasonable profit margin, the performance obligation is satisfied over time. The measurement of progress towards complete satisfaction of the performance obligation is measured using the input method, based on costs incurred compared to total contract costs.

Costs are only included in the measurement of progress towards satisfying the performance obligation where there is a direct relationship between the input and the satisfaction of the performance obligation.

For contracts where the Group does not have an enforceable right to payment for performance completed to date, being recovery of costs incurred in satisfying the performance obligation plus a reasonable profit margin, revenue is recognised at a point in time. For these contracts, revenue is recognised at the point of customer delivery (as defined in each specific contract) of the system, as this is the point at which the customer is in control of the deliverable, has the risks and rewards of ownership and the Group has a present right for payment for the deliverable.

For contracts where the Group becomes entitled to invoice customers based on achieving a series of performance-related milestones, at the point a customer is invoiced, any amount previously recognised as amounts due from contract customers is reclassified to trade receivables. If the milestone payment exceeds the revenue recognised to date under the cost-to-cost method, then the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in the design and manufacture of high-integrity equipment with customers as the period between recognition of revenue and milestone payment is always less than one year.

#### - Point in time revenue recognition

For contracts where the Group does not have an enforceable right to payment for performance completed to date, being recovery of costs incurred in satisfying the performance obligation plus a reasonable profit margin, revenue is recognised at a point in time. For these contracts, revenue is recognised at the point of customer delivery (as defined in each specific contract) of the system, as this is the point at which the customer is in control of the deliverable, has the risks and rewards of ownership and the Group has a present right for payment for the deliverable.

## **TP Group Limited**

Notes to the financial statements (continued)

For the year ended 31 December 2022

### **2. Summary of significant accounting policies (continued)**

#### **2.4 Revenue (continued)**

##### **Design and manufacture of high-integrity equipment (continued)**

Some contracts will include:

- a promise to store the equipment or an option to purchase storage services at a future date. Storage services are provided in the period between acceptance of the equipment by the customer and shipping. Where storage services are provided, this is considered a separate performance obligation, and/or
- extended service warranties which are a separate performance obligation.

For storage services, the customer receives and consumes the benefit over the storage period. The performance obligation is satisfied over time. Revenue is recognised on an output basis, based on daily rate for the period of storage.

For extended warranties, the customer receives and consumes the benefit of the warranty over the extended warranty period. The performance obligation is satisfied over time, based on straight line recognition over the period of the warranty, which is used to measure progress towards complete satisfaction of the extended warranty performance obligation.

Payment terms under the contract are typically 30 days.

##### **Parts management**

The Group has a parts management contract, whereby the Group manages the parts supply chain for a customer. This contract contains two performance obligations being asset availability, and supply of consumables.

In terms of asset availability, the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date, being recovery of costs incurred in satisfying the performance obligation plus a reasonable profit margin. The customer also simultaneously receives and consumes the benefits of the asset availability service as the Group performs. Revenue is recognised as a provision of assets are provided and control passes to the customer on the sale of the goods. Where it is concluded that the customer has material rights under the contract for asset availability service then this will be assessed in measuring progress towards complete satisfaction of the performance obligation that depicts the Group's performance in providing the asset availability service to the customer.

The contract price for asset availability includes variable consideration in the form of rebates based on achievement of KPI's within the contract. The expected value approach, which is based on the sum of probability weighted amounts for a range of possible outcomes, has been used to estimate the transaction price. The variable consideration is trued up at the end of each reporting period to reflect changes in the period and conditions that exist at the period end.

For the supply of consumables, the customer receives the benefit of the service on delivery (as defined in the contract) of the consumable. This is the point at which the customer is in control of the deliverable, has the risks and rewards of ownership and the Group has a present right for payment for the deliverable.

Payment terms under the contract are typically 30 days.

## **TP Group Limited**

Notes to the financial statements (continued)

For the year ended 31 December 2022

### **2. Summary of significant accounting policies (continued)**

#### **2.4 Revenue (continued)**

##### **Maintenance of equipment**

The Group has contracts for the maintenance and servicing of customer vessels with a 12-month assurance warranty. These contracts contain a single promise and performance obligation. The assurance warranty is not a separate performance obligation.

The performance of the Group enhances the vessels, which are controlled by the customer, as the Group performs. Revenue is recognised over time. The Group uses an input method, based on labour hours, costs incurred and materials, to measure complete satisfaction of the performance obligation. Costs are only included in the measurement of progress towards satisfying the performance obligation where there is a direct relationship between the input and the satisfaction of the performance obligation.

Payment terms under these contracts are typically 30 days.

##### **Consulting**

The Group provides advisory, technical, project management and development services to customers for specialised business operations and technology-driven solutions.

Performance obligations are identified against each customer contract.

Where the contract is advisory, technical or project management, the customer receives and consumes the benefits of the service as the Group performs. Revenue is recognised overtime, using an input basis, based on costs incurred compared to total contract costs. Costs are only included in the measurement of progress towards satisfying the performance obligation where there is a direct relationship between the input and the satisfaction of the performance obligation.

Where the contract is time and materials, customer receives and consumes the benefits as the Group performs. Revenue is recognised over time, using an input method based on time and materials incurred.

Where the contract is for the provision of specified deliverables to the customer, none of the criteria in IFRS 15.35 are met. Revenue is recognised at a point in time, being the point at which the customer is in control of the specified deliverables under the project. Payment terms under these contracts are typically 30 days.

##### **Provision of software**

The Group sells programme management software, including either basic or extended support, which is either hosted or non-hosted.

The hosted programme management software contains a single performance obligation, as the customer cannot benefit from either the software or the support without the hosting infrastructure. The customer receives and consumes the benefit of the service as the Group performs. Revenue is recognised over time. Revenue is recognised straight line over the life of the contract, as this best depicts the Group's performance in providing the service to the customer.

For non-hosted programme management software, there are two performance obligations in the contract being the provision of software licence and licence keys for the specified modules and then provision of a basic support service.

## **TP Group Limited**

Notes to the financial statements (continued)

For the year ended 31 December 2022

### **2. Summary of significant accounting policies (continued)**

#### **2.4 Revenue (continued)**

##### **Provision of software (continued)**

The software licence grants the customer a right to use the intellectual property as it exists at the point in time at which the licence is granted. Revenue from the software licence is recognised at a point in time on delivery of the software and associated licence keys to access the software.

The basic support service is simultaneously received and consumed by the customer as the Group performs. Revenue is recognised over time. An output method, i.e., straight line over the contract, is used to measure progress towards complete satisfaction of the performance obligation.

For non-hosted contracts, there is a single price in the contract which has been allocated to the two performance obligations based on stand-alone selling prices. The stand-alone selling price for each of the performance obligation is not directly observable so has been determined using an adjusted market assessment approach. It has been concluded by the business that support services obligations equate to 20% of the software license fee.

For non-hosted programme management software, enhanced support services may also be provided which can include onsite services and/or training. Enhanced support services are either provided based for a fixed number of hours or on demand based on time and materials. Where enhanced support is purchased based on a fixed number of hours, the customer receives and consumes the benefits as the Group performs. Revenue is recognised over time as the hours are consumed by the customer. Where enhanced support is purchased on demand, revenue is recognised over time based on an input method i.e., time incurred.

The Group invoices annually for all programme management software contracts (hosted and non-hosted). There is no significant financing component in these contracts as the period between invoicing and recognition of revenue is less than one year. Payment terms under these contracts are typically 30 days.

#### **2.5 Interest**

Interest receivable/payable is credited/charged to the Income Statement using the effective interest method. Where borrowing costs are attributable to the acquisition, construction or production of a qualifying asset, such costs are capitalised as part of the specific asset.

#### **2.6 Taxation**

The tax charge/credit on the profit or loss for the year comprises current and deferred tax.

- Current tax is the expected tax payable for the year, based on the applicable income tax rate for each jurisdiction and using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.
- Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amounts used for tax purposes and is calculated using the enacted or substantively enacted rates that are expected to apply when the asset or liability is settled.

Tax is charged or credited to the Income Statement or Other Comprehensive Income as appropriate, except when it relates to items credited or charged directly to equity in which case the tax is also dealt with in equity.

## **TP Group Limited**

Notes to the financial statements (continued)

For the year ended 31 December 2022

### **2. Summary of significant accounting policies (continued)**

#### **2.6 Taxation (continued)**

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interest in subsidiaries or associates, and the timing of the reversal can be controlled and is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

#### **R&D tax credits**

Companies within the Group have made claims for R&D tax credits under the large company Research and Development Expenditure Credit (RDEC) Scheme.

The income tax recoverable in respect of R&D cash tax credits is based upon management estimates, judgements and assumptions considered reasonable at the time but the actual income tax recoverable may differ from those estimates.

#### **2.7 Foreign currency translation**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates ('the functional currency'). The consolidated financial statements are presented in British pounds sterling, which is the Group's presentation currency.

Transactions denominated in currencies other than the functional currency of the transacting Group undertaking are translated into the functional currency at the average monthly exchange rate when the transaction occurs. Monetary assets and liabilities denominated in foreign currencies are translated into the relevant functional currency at the rate prevailing at the end of the financial year. Exchange differences arising on foreign exchange transactions and the retranslation of assets and liabilities into functional currencies at the rate prevailing at the end of the financial year are included in profit before taxation.

## **TP Group Limited**

Notes to the financial statements (continued)

For the year ended 31 December 2022

### **2. Summary of significant accounting policies (continued)**

#### **2.7 Foreign currency translation (continued)**

The trading results of Group undertakings are translated into pounds sterling on a monthly basis at the average monthly exchange rate. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates prevailing at the transaction date or date of valuation. Exchange adjustments arising from the retranslation of the opening net assets, and from the translation of the profits or losses at average rates, are recognised in other comprehensive income.

#### **2.8 Financial instruments**

Financial assets and liabilities are recognised in the Statement of Financial Position when a member of the Group becomes party to the contractual provisions of the instrument.

##### **Financial assets**

Financial assets are classified according to the business model within which the asset is held and the contractual cash-flow characteristics of the asset.

All financial assets are classified at amortised cost.

##### **Financial assets at amortised cost**

The Group's financial assets at amortised cost comprise trade receivables, loans, other receivables and cash and cash equivalents.

Financial assets at amortised cost are initially recognised at fair value including any directly attributable costs. They are subsequently measured at amortised cost using the effective interest method, less any impairment. No interest income is recognised on financial assets measured at amortised cost, with the exception of cash and cash equivalents, as all financial assets at amortised cost are short-term receivables and the recognition of interest would be immaterial. Financial assets are derecognised when the contractual right to the cash flows from the asset expire.

##### **Trade and other receivables**

Trade and other receivables are initially recorded at the fair value of the amount receivable and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Other receivables also represent client money required to meet settlement obligations.

##### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, on demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables are considered on an individual basis due to the differing nature of complexity and scope of the contracts the Group enters into with its customers. Where balances are unpaid, the Group will engage with customers to understand the circumstances, and where these are considered unlikely to be resolved, will consider the debt to be in default.

The carrying amount of the financial assets is reduced by the use of a provision. When a trade receivable is considered uncollectable, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited against the provision. Changes in the carrying amount of the provision are recognised in the income statement.

## **TP Group Limited**

Notes to the financial statements (continued)

For the year ended 31 December 2022

### **2. Summary of significant accounting policies (continued)**

#### **Cash and cash equivalents (continued)**

The Group has chosen to take advantage of the practical expedient in IFRS 9 when assessing default rates over its portfolio of trade receivables and contract assets, to estimate the expected credit loss ("ECL") based on historical default rates specific to groups of customers by type of service offering. Each individual trading entity within the Group has a unique service offering and as such are considered separate to each other.

At each reporting date, factors considered as part of the assessment of the expected credit loss provision for each entity include historical default rates, current and expected future economic conditions at the time of assessment and changes in announced Government funding; changes in credit risk, as well as review of cash receipts received post period end. Changes in the ECL provision are recognised in profit or loss.

Entities within the Group do not have a history of significant credit losses and as such generalised loss rates are not applied to each entity. To assess potential credit losses, the Group assesses each entity individually and recognises expected credit losses where specific knowledge of particular customers suggests it is appropriate to do so. Given the low levels of credit losses which have been historically incurred, the Group does not define customer default based on debtors reaching a defined level of ageing. Instead, regular communication with customers and consideration of the various factors mentioned above will drive the Group's assessment of whether default is likely, and an expected credit loss should be recognised.

Reviews for specific expected credit losses are assessed at each reporting date and recognised when the Group definition of default has been met.

The same approach as outlined above is also applied to ad hoc other receivables as they arise.

#### **Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

### **2.9 Business combinations and goodwill**

The acquisition method of accounting is used for business combinations.

The consideration transferred for an acquisition is the sum of the acquisition date fair values of the assets transferred, value of goodwill and any contingent consideration, less the amount of non-controlling interest in the acquiree.

On acquisition, the financial assets acquired, and liabilities assumed have been assessed for appropriate classification and designation in accordance with the contractual terms, economic conditions, in addition to assessment of the acquiree's operating or accounting policies and other pertinent conditions in existence at the acquisition date.

For each business combination which includes non-controlling interest in the acquiree, is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

Where the business combination is achieved in stages, the consolidated entity re-measures its previously held equity interest in the acquiree and the difference between the revised fair value and the previous carrying amount is recognised in profit or loss.

## **TP Group Limited**

Notes to the financial statements (continued)

For the year ended 31 December 2022

### **2. Summary of significant accounting policies (continued)**

#### **2.9 Business combinations and goodwill (continued)**

Contingent consideration to be paid by the acquirer is recognised at the acquisition-date at fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity.

Where additional consideration may be payable in cash on delivery by the vendors of certain transition activities within specified timeframes following completion of the acquisition, this amount is considered to be a financial instrument and is expensed in the Group's income statement over the specified timeframe, in line with IFRS 3 (paragraph 58).

The difference between the acquisition date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and recognises additional assets or liabilities during the measurement period based on new information obtained about the facts and circumstances that existed at the acquisition date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition, or (ii) when the acquirer receives all the information possible to determine fair value.

Goodwill arising on a business combination is carried at cost as established on the date of acquisition less accumulated impairment losses, if any.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

#### **2.10 Research and development**

Expenditure incurred on research and development is distinguished as relating either to a research phase or to a development phase. All research phase expenditure is charged to the Income Statement. Development expenditure is recognised as an internally generated intangible asset only if it meets strict criteria, relating in particular to technical feasibility and generation of future economic benefits.

More specifically, development costs are capitalised from the point at which all of the following conditions have been met:

- the technical feasibility of completing the programme and the intention and ability (availability of technical, financial and other resources) to complete the programme asset and use or sell it.
- the probability that future economic benefits will flow from the programme asset.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the programme asset; and
- the ability to measure reliably the expenditure attributable to the programme asset during its development.

## TP Group Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

### 2. Summary of significant accounting policies (continued)

#### 2.10 Research and development (continued)

Capitalisation continues until the point at which the asset meets its originally contracted technical specification. This is defined internally as the point at which the asset is capable of operating in the manner intended by management.

Subsequent expenditure is capitalised where it enhances the functionality of the asset and demonstrates an enhanced economic benefit to the Group. All other subsequent expenditure on assets is expensed as incurred.

Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5-years.

#### 2.11 Software

Software that is not specific to an item of property, plant and equipment is classified as an intangible asset, recognised at its acquisition cost and amortised on a straight-line basis of between 3 and 5 years.

#### 2.12 Other intangible assets

These principally include intangible assets arising on acquisition of business. Amortisation of intangible assets is on a straight-line basis over their useful economic lives, determined as follows

Technical know-how and intellectual property rights	10-20 years
Capitalised development	5 years
Customer relationships	8-12 years
Trade name	10-16 years
Order backlog	2-3 years
Computer software	3 years
Internally developed software	5 years

Estimated useful lives and amortisation method are reviewed by management at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

#### 2.13 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and any provision for impairment in value. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of overheads and, where appropriate, interest.

Depreciation is provided on a straight-line basis to write off the cost, less the estimated residual value, of property, plant and equipment over their estimated useful lives. No depreciation is recorded on assets in the course of construction. Estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

Computer equipment	33% per annum
Office furniture and fittings	20% per annum
Plant and machinery	10% to 20% per annum
Motor Vehicles	25% per annum

## **TP Group Limited**

Notes to the financial statements (continued)

For the year ended 31 December 2022

### **2. Summary of significant accounting policies (continued)**

#### **2.13 Property, plant and equipment (continued)**

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

#### **2.14 Impairment of non-financial assets**

Goodwill has an indefinite useful life and is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

#### **2.15 Leases**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset either explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset.
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

This policy is applied to contracts entered into, or changed, on an ongoing basis.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset, less any lease incentive received.

The Group was not able to determine the interest rate implicit in the leases, and so has been determined based on research into external borrowing rates attached to available financing for similar asset purchases.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of less than 12 months and leases of low value assets. Instead, the Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Where extension options are available, these are accounted for as part of the recognition of a right of use asset and lease liability if it is reasonably certain that the extension will be taken up at time of assessment, and the extension term is defined. Otherwise, any extension subsequently taken up is treated as a new lease when it is exercised.

## **TP Group Limited**

Notes to the financial statements (continued)

For the year ended 31 December 2022

### **2. Summary of significant accounting policies (continued)**

#### **2.15 Leases (continued)**

Depreciation on right-of-use lease assets is charged on a straight-line basis over the shorter of the term of the lease and useful economic life and is recognised in profit or loss.

Interest expense on the lease liability is recognised in profit or loss within finance costs.

#### **2.16 Inventories**

Inventories and work in progress are valued at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those direct overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling prices less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

#### **2.17 Cash and cash equivalents**

Cash and cash equivalents include cash at bank and in hand, investments in money-market funds. The Group considers overdrafts (repayable on demand) to be an integral part of its cash management activities, and these are included in cash and cash equivalents for the purposes of the cash flow statement.

#### **2.18 Borrowings**

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Subsequent recognition will be net of any cash payments made to settle in part or in full in line with the original agreement with the lender.

Finance charges, including premiums payable on settlement or redemption and direct issues costs are accounted for on an accruals basis in the income statement using the effective interest rate method and are disclosed within accruals to the extent they are not settled in the period.

#### **2.19 Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

#### **2.20 Retirement benefit obligations**

The Group operates a defined contribution stakeholder pension scheme for employees. Payments to the defined contribution retirement benefit plans are recognised as an expense when the employees have rendered service entitling them to contributions.

## **TP Group Limited**

Notes to the financial statements (continued)

For the year ended 31 December 2022

### **2. Summary of significant accounting policies (continued)**

#### **2.21 Share-based payments**

The Group provides share-based payment arrangements to certain employees. These are equity-settled arrangements and are measured at fair value at the date of grant.

Fair value is determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at the grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that determine whether the Group receives the services that entitle the employees to receive payment.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of the modification.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

#### **2.22 Assets held for sale**

Assets held for sale are assets previously classified as non-current which are expected to be sold rather than held for continuing use. These have principally arisen as part of the Group's review of its structure and strategy.

Assets held for sale have not been sold at the reporting date but are being actively marketed for sale, with a high probability of completion within twelve months of their classification as held for sale.

#### **2.23 Discontinued operations**

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations.
- is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

## **TP Group Limited**

Notes to the financial statements (continued)

For the year ended 31 December 2022

### **2. Summary of significant accounting policies (continued)**

#### **2.24 Equity**

Equity comprises the following:

- 'Share capital' represents the nominal value of equity shares.
- 'Share premium' represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- 'Own shares held by EBT' represents Company shares purchased directly by the Group to satisfy obligations under the employee share plan.
- 'Share-based payment reserve' represents equity-settled share-based employee remuneration until such share options are exercised or lapse.
- 'Translation reserve' represents the foreign currency differences arising on translating foreign operations into the presentational currency of the Group.
- 'Retained earnings' represents retained profits.
- 'Non-controlling interest' represents the proportionate share of the identifiable net assets on acquisition and subsequent share of result following this of any subsidiary where the shareholding held by the Parent Company is less than 100%.

### **3. Discontinued operations**

Discontinued operations includes the business activity of Sapienza Consulting Holdings BV, including its subsidiaries ('Sapienza') and the Group's NorthStar operations prior to their disposal as noted below.

Also included in discontinued operations is the business activity of Westek Technology Limited where the Group had entered into a conditional agreement to dispose of the entire issued share capital of Westek Technology Limited to Roda Computer GmbH on 29 December 2022, for cash consideration of £0.8 m. At the reporting date completion of the disposal was subject to regulatory clearance in the UK which was received in Jan-23. The sale completed on 3<sup>rd</sup> February 2023.

The sale of the Group's NorthStar autonomous navigation software to QinetiQ Limited, a subsidiary of QinetiQ Group PLC was completed on 31 March 2022, for cash consideration of c£0.6m. The disposal resulted in the NorthStar software, and its development team being transferred to QinetiQ PLC effective 1 April 2022.

On 12 July 2022 the Group announced the disposal of the entire issued share capital of Sapienza Consulting Holdings BV to Serco Holdings Limited (a wholly owned subsidiary of Serco Group plc) for a cash consideration of c €3.2m.

**TP Group Limited**

Notes to the financial statements (continued)

For the year ended 31 December 2022

**3. Discontinued operations** (continued)

The financial performance and cash flow information for these discontinued operations:

	<b>2022</b>	2021
	<b>£'000</b>	£'000
<b>Revenue</b>	<b>10,661</b>	<b>18,674</b>
Cost of sales	<b>(8,214)</b>	(15,500)
<b>Gross profit</b>	<b>2,447</b>	<b>3,174</b>
Administrative expenses	<b>(2,995)</b>	(4,998)
Impairment	-	(10,572)
<b>Operating loss</b>	<b>(548)</b>	<b>(12,396)</b>
Net finance cost	<b>(44)</b>	(63)
<b>Loss before taxation</b>	<b>(592)</b>	<b>(12,459)</b>
Taxation credit	<b>99</b>	1,321
<b>Loss after taxation for the year from discontinued operations</b>	<b>(493)</b>	<b>(11,138)</b>
Profit on disposal of discontinued operations	<b>1,172</b>	-
<b>Profit / (Loss) for the period from discontinued operations (attributable to equity holders of the company)</b>	<b>679</b>	<b>(11,138)</b>
Loss per share from discontinued operations (pence per share):		
Basic profit / (loss) per share (pence per share)	<b>0.09</b>	<b>(1.43)</b>
Diluted profit / (loss) per share (pence per share)	<b>0.09</b>	<b>(1.43)</b>
<b>Cash flows from / (used in) discontinued operations:</b>		
Net cash flows from operating activities	1,280	(1,120)
Net cash flows from investing activities	(260)	(546)
Net cash flows from financing activities	(132)	(217)
Effects of exchange rates on cash and cash equivalents	(109)	(10)
<b>Net increase / (decrease) in cash generated by discontinued operations</b>	<b>779</b>	<b>(1,893)</b>

## TP Group Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

### 3. Discontinued operations (continued)

The following assets and liabilities were classified as held for sale in relation to the discontinued operations as at 31 December 2022:

#### Group

	2022 £'000
<b>Assets classified as held for sale</b>	
Property, plant and equipment	35
Right-of-use assets	78
Deferred tax asset	43
Inventory	533
Trade receivables	790
Amounts due from contract customers	677
<b>Total assets of disposal group held for sale</b>	<b>2,156</b>
<b>Liabilities directly associated with assets classified as held for sale</b>	
Trade creditors	594
Other creditors and accruals	226
Amounts due to contract customers	324
Lease liabilities	91
Provisions	165
<b>Total liabilities of disposal group held for sale</b>	<b>1,400</b>

#### Parent

	2022 £'000
<b>Assets classified as held for sale</b>	
Investments	800
Intercompany receivables	522
<b>Total assets of disposal group held for sale</b>	<b>1,322</b>
<b>Liabilities directly associated with assets classified as held for sale</b>	
Intercompany payables	150
<b>Total liabilities of disposal group held for sale</b>	<b>150</b>

## TP Group Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

### 3. Discontinued operations (continued)

The post-tax gain/loss on disposal of the Group's NorthStar operations and Sapienza Consulting Holdings BV, including its subsidiaries operations was determined as follows:

	£'000
Cash consideration received	2,574
<b>Total consideration received</b>	<b>2,574</b>
Cash disposed of	(1,622)
Fees on disposal	(533)
<b>Net cash inflow on disposal of discontinued operations</b>	<b>419</b>
<b>Net Assets disposed of (other than cash)</b>	
Intangibles	1,208
Plant, property and equipment	54
Right of use assets	317
Trade and other receivables	2,716
Trade and other payables	(4,916)
Corporation tax	(20)
Deferred Tax	(243)
	<b>1,303</b>
FX on translation	(131)
<b>Profit on disposal of discontinued operations</b>	<b>1,172</b>

### 4. Segmental information

The Group's segmental reporting shows the performance of each operating businesses separately from the central costs that remain unallocated.

- TPG Maritime. This segment now only includes TPG Maritime Limited, with Westek Technology Limited ('Westek') classified as an asset held for sale and being reported as a discontinued operation.
- The TPG Services business segment provides specialist services to enable our clients to transform their enterprise and evolve their systems and services.

Financial information is provided to the chief operating decision maker ('CODM') in line with this structure.

The segmental analysis is reviewed to operating profit. Other resources are shared across the Group.

**TP Group Limited**

Notes to the financial statements (continued)

For the year ended 31 December 2022

**4. Segmental information** (continued)

	2022	2021
	£'000	£'000
<b>Continuing Operations:</b>		
<b>Revenue</b>		
TPG Maritime	21,036	18,459
TPG Services	27,470	25,796
<b>Group revenue</b>	<b>48,506</b>	44,255
<b>Operating result</b>		
TPG Maritime	1,305	(4,393)
TPG Services	2,323	1,354
Central unallocated costs	(4,047)	(4,461)
<b>Group loss from operations</b>	<b>(419)</b>	(7,500)
Finance cost	(767)	(450)
<b>Loss before tax</b>	<b>(1,186)</b>	(7,950)
Taxation credit	3,262	59
<b>Profit / (Loss) after tax</b>	<b>2,076</b>	(7,891)

Revenue reported above represents revenue generated from external customers.

	TPG Maritime	TPG Services	Central unallocated costs	Group
	£'000	£'000	£'000	£'000
<b>Continuing Operations:</b>				
<b>2022</b>				
<b>Operating result</b>	1,305	2,323	(4,047)	(419)
Depreciation, amortisation and impairment	656	164	1,555	2,375
Exceptional operating costs	309	117	2,940	3,366
Management charges	1,173	1,346	(2,519)	
Share based payments credit	-	-	(7)	(7)
<b>Adjusted operating profit / (loss)</b>	<b>3,443</b>	<b>3,950</b>	<b>(2,078)</b>	<b>5,315</b>

	TPG Maritime	TPG Services	Central unallocated costs	Group
	£'000	£'000	£'000	£'000
<b>Continuing Operations:</b>				
<b>2021</b>				
<b>Operating result</b>	(4,393)	1,354	(4,461)	(7,500)
Depreciation, amortisation and impairment	1,840	1,008	281	3,129
Acquisition-related costs	-	-	(40)	(40)
Exceptional operating costs	86	-	1,789	1,875
Gain on disposal of assets	-	(23)	-	(23)
Share based payments	-	-	164	164
Movement in expected earn-out payments	-	-	830	830
<b>Movement in expected earn-out payments</b>	<b>(2,467)</b>	<b>2,339</b>	<b>(1,437)</b>	<b>(1,565)</b>

**TP Group Limited**

Notes to the financial statements (continued)

For the year ended 31 December 2022

**4. Segmental information** (continued)**Geographical analysis**

All non-current assets are held in the United Kingdom.

**5. Revenue**

The Group's main revenue streams are disclosed in note 4 above.

For the purposes of the analysis of revenue, geographical markets are defined as the country or area in which the client is based.

**5.1 Primary geographic markets**

	2022	2021
	£'000	£'000
United Kingdom	<b>44,328</b>	41,326
Europe	<b>1,158</b>	524
Rest of the World	<b>3,020</b>	2,405
<b>Total revenue</b>	<b>48,506</b>	44,255

**5.2 Analysis by industry**

	2022	2021
	£'000	£'000
<b>Continuing operations</b>		
<b>Revenue</b>		
Defence	<b>41,085</b>	35,818
Aerospace	<b>7,299</b>	7,540
Energy	<b>122</b>	897
<b>Total revenue</b>	<b>48,506</b>	44,255

**5.3 Information about major customers**

Revenue includes sales from customers who contributed 10% or more to the Group's revenue:

	2022	2021
	£'000	£'000
Customer 1	<b>18,886</b>	19,426
Customer 2	<b>5,516</b>	5,115
Customer 3	<b>6,163</b>	3,565
<b>Total revenue</b>	<b>30,565</b>	28,106

## TP Group Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

### 5. Revenue (continued)

#### 5.4 Contract balances

Changes in the contract assets and liability balances during the period are as follows:

Group	2022 £'000	2021 £'000
<b>Contract assets</b>		
Brought forward at 1 January	5,599	7,391
Contract asset reclassified as a receivable	(4,817)	(4,003)
Revenue recognised as contract assets	3,739	5,158
Classified as held for sale	-	(2,371)
Effect of changes in measurement of progress/estimate of transaction price/contract modification	117	(576)
Carried forward at 31 December	4,638	5,599
<b>Contract liabilities</b>		
Brought forward at 1 January	5,173	5,554
Revenue recognised in the year and included in opening balance	(3,089)	(1,355)
New cash received/revenue deferred	2,347	1,341
Classified as held for sale	-	(3,393)
Effect of changes in measurement of progress/estimate of transaction price/contract modification	(1,757)	3,026
Carried forward at 31 December	2,674	5,173

The nature of the business activities of the Group requires contracts with customers with terms spanning several years and as such either cash is received in advance or revenue accrued based on milestones being met based on contract terms in place. More applicable to the TPG Maritime business, adjustments may be made depending on reassessment of project progress during the year which may result in the timeframe to achieve particular milestones of a particular project being moved back or forward in agreement with the customer. The nature of the work required as part of the contract may be changed after work is commenced and so may impact on the agreed pricing and timing of invoices to be raised, which will also have an effect.

The nature of the TPG Services business where contracts are generally shorter in nature, and invoices are raised on a regular basis in line with contractual terms results in high levels of amounts due from customers brought forward being converted into invoices raised during the first month of the following financial period.

Amounts brought forward at the start of the financial period may be carried forward into the following financial period depending on the progress achieved during the current reporting period, in line with timeframes agreed with the customer concerned.

Amounts due to contract customers of £2,674,000 above reflects the aggregate amount of revenue allocated to performance obligations that are unsatisfied or partly unsatisfied at the year end. The full amount is expected to be recognised as revenue within the 2022 financial year.

## TP Group Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

### 6. Operating expenses

#### 6.1 Operating loss

The Group operating loss for continuing operations for the year is stated after charging the following:

	2022	2021
	£'000	£'000
Cost of inventories recognised as an expense in Cost of Sales (note 15)	<b>10,201</b>	13,019
Amortisation of intangible assets (note 12)	<b>1,589</b>	1,683
Impairment of intangible assets	-	571
Depreciation of property, plant and equipment and right-of-use assets (notes 13 and 21)	<b>632</b>	883
Impairment of trade receivables (note 16)	<b>205</b>	333
Share-based payment (credit) / expense <sup>1</sup>	<b>(7)</b>	164
Net losses on foreign currency translation	<b>(1)</b>	(20)

<sup>1</sup> Share-based payment expense arises from transactions accounted for as equity-settled share-based payment transactions and are non-cash in nature.

#### 6.2 Auditor's remuneration

	2022	2021
	£'000	£'000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<b>70</b>	179
Fees payable to the Company's auditor for the audit of the Company's subsidiaries (2021 includes £242,000 in respect of the prior year audit)	-	413
<b>Total fees payable for audit services</b>	<b>70</b>	592
Fees payable to the Company's auditor for other services:		
Corporation tax compliance services	-	7
Audit related assurance services	-	4
Tax advisory services	-	25
<b>Total fees payable to the Company's auditor</b>	<b>70</b>	628

#### 6.3 Research and development

	2022	2021
	£'000	£'000
Expenditure in year	-	192
Capitalised as intangible assets - software	-	(142)
Impairment of intangible assets	-	571
Amortisation of capitalised costs	-	51
Net cost recognised in the income statement	-	672

## TP Group Limited

Notes to the financial statements (continued)  
For the year ended 31 December 2022

### 7. Employee information

#### 7.1 Employment costs (Group)

	2022	2021
	£'000	£'000
Wages and salaries	<b>15,870</b>	21,138
Social security costs	<b>1,803</b>	2,583
Other pension costs	<b>1,096</b>	2,071
Employment related contingent consideration	-	830
Share-based payments	<b>(7)</b>	164
<b>Group employment costs</b>	<b>18,762</b>	26,786

	2022	2021
	Number	Number
Engineering	<b>211</b>	334
Business development	<b>8</b>	16
Administration	<b>65</b>	100
<b>Average number of employees</b>	<b>284</b>	450

#### Retirement benefits

The Group operates a defined contribution retirement benefit plans for all qualifying employees of the Group. The assets of these plans are held separately from those of the Group in separately administered funds.

The total expense recognised in profit or loss of £1,096,000 (2021: £2,071,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at 31 December 2022, contributions of £137,000 (2021: £101,000) due in respect of the 2022 reporting period remained outstanding. The amounts were paid subsequent to the end of the reporting period.

#### 7.2 Employment costs (Parent company)

	2022	2021
	£'000	£'000
Wages, salaries and benefits	<b>1,531</b>	2,666
Social security costs	<b>193</b>	332
Other pension costs	<b>72</b>	257
Share-based payments	<b>(7)</b>	164
<b>Parent Company employment costs</b>	<b>1,789</b>	3,419

	Number	Number
Business development	-	2
Administration	<b>13</b>	24
<b>Average number of employees</b>	<b>13</b>	26

## TP Group Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

### 7. Employee information (continued)

#### Retirement benefits

The Parent Company is covered by the Group's defined contribution retirement benefit plans for all qualifying employees. The assets of these plans are held separately from those of the Parent Company in separately administered funds.

The total expense recognised in profit or loss of £72,000 (2021: £257,000) represents contributions payable to these plans by the Parent Company at rates specified in the rules of the plans. As at December 2022, contributions of £9,000 (2021: £14,000) due in respect of the 2022 reporting period remained outstanding. The amounts were paid subsequent to the end of the reporting period.

#### 7.3 Key management personnel

Disclosure of the remuneration of the Group's key management personnel, who are considered to be the directors, as required by IAS 24, is detailed below.

	2022	2021
	£'000	£'000
Wages and salaries	457	650
Pay in lieu of notice	366	641
Contributions to defined contribution pension schemes	23	27
Social Security costs	108	118
Other benefits	14	44
Share-based payments	1	19
<b>Total key management remuneration</b>	<b>969</b>	<b>1,499</b>

### 8. Net finance cost

	2022	2021
<b>Group</b>	£'000	£'000
Interest recognised on lease contracts	<b>(108)</b>	(127)
Bank interest paid	<b>(395)</b>	(163)
Other interest paid	<b>(264)</b>	(10)
Loan arrangement fees	-	(150)
<b>Finance expense</b>	<b>(767)</b>	(450)
<b>Net finance expense</b>	<b>(767)</b>	(450)

## TP Group Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

### 9. Taxation

#### 9.1 Tax charge

The tax charge / (credit) comprises:

	2022	2021
<b>Group</b>	<b>£'000</b>	<b>£'000</b>
Current tax credit for the year	-	(25)
Adjustments in respect to prior year	(593)	(3)
<b>Current tax</b>	<b>(593)</b>	<b>(28)</b>
Deferred tax arising on amortisation of acquired intangibles	(332)	(31)
Origination and reversal of timing difference	(1,830)	-
Effect of tax rate change on opening balance	(507)	-
<b>Deferred tax</b>	<b>(2,669)</b>	<b>(31)</b>
<b>Tax credit from continuing operations</b>	<b>(3,262)</b>	<b>(59)</b>
<b>Tax credit from discontinued operations</b>	<b>(99)</b>	<b>(1,321)</b>

#### 9.2 Tax reconciliation

The tax credit for the period is lower than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained as follows:

	2022	2021
<b>Group</b>	<b>£'000</b>	<b>£'000</b>
Loss on ordinary activities before tax including discontinued operations	(606)	(20,409)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19% (2020: 19%)	(115)	(3,878)
Effects of:		
Expenses not deductible for tax purposes	1,080	2,619
Income not taxable	(810)	(37)
Other timing differences	(1)	(1,724)
Adjustment to deferred tax in respect to change in tax rates	(606)	374
Deferred tax not recognised	(1,700)	1,123
Additional deduction for R&D expenditure	(584)	-
Adjustment in respect of prior years	(625)	143
<b>Tax credit for the year</b>	<b>(3,361)</b>	<b>(1,380)</b>

**TP Group Limited**

Notes to the financial statements (continued)

For the year ended 31 December 2022

**9.3 Deferred tax**

	Tax losses	Other temporary differences	Acquisition related intangibles	Total
<b>Group</b>	£'000	£'000	£'000	£'000
At 1 January 2021	-	129	2,872	3,001
Credit to comprehensive income	-	(93)	(1,260)	(1,353)
Classified as held-for-sale	-	(26)	(244)	(270)
Effect of movements in exchange rates	-	-	25	25
<b>At 31 December 2021</b>	<b>-</b>	<b>10</b>	<b>1,393</b>	<b>1,403</b>
Arising on business combination	-	-	(332)	(332)
Credit to the Income statement	(2,001)	(112)	-	(2,113)
<b>At 31 December 2022</b>	<b>(2,001)</b>	<b>(102)</b>	<b>1,061</b>	<b>(1,042)</b>

At 31 December 2022, the Group had £30.0m (2021: 26.7m) of tax losses of which £17.9m (2021: £17.9m) related to losses in TPG Design and Technology Limited. These losses were generated through a trade that is no longer being pursued and as losses can only be utilised against the same trade, management do not expect there to be sufficient trade to recover these losses against future taxable profit. There are no expiry dates on these unrelieved tax losses. No deferred tax asset has been recognised in respect of these losses.

From 1 April 2023 the UK corporation tax rate will increase from 19% to 25%. Deferred tax assets and liabilities were calculated at the substantively enacted corporation tax rate in the respective jurisdictions, taking into account the impact of any known future changes.

**10. Earnings per share**

The calculation of basic earnings per share for the year ended 31 December 2022 is based upon a profit after tax of £2,828,000 (2021: loss after tax of £19,029,000) and a weighted average number of shares of 779,178,719 (2021: 779,178,719). Further split between continued and discontinued operations is shown in the table below.

	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	2022	2022	2022	2021	2021	2021
<b>Numerator</b>	£'000	£'000	£'000	£'000	£'000	£'000
Profit / (loss) for the year used in basic EPS	2,076	679	<b>2,755</b>	(7,891)	(11,138)	<b>(19,029)</b>
Profit / (loss) for the year used in diluted EPS	2,076	679	<b>2,755</b>	(7,891)	(11,138)	<b>(19,029)</b>
<b>Denominator</b>	'000	'000	'000	'000	'000	'000
Weighted average number of shares used in basic EPS	779,179	779,179	<b>779,179</b>	779,179	779,179	<b>779,179</b>
Weighted average number of shares used in diluted EPS	779,179	779,179	<b>779,179</b>	779,179	779,179	<b>779,179</b>

The issue of additional shares on exercise of employee share options would increase the basic loss per share and there is therefore no dilutive effect of employee share options.

## TP Group Limited

Notes to the financial statements (continued)  
For the year ended 31 December 2022

### 11. Goodwill

Group	£'000
<i>Cost and net book value</i>	
At 1 January 2021	8,091
Impairment	(3,567)
Effect of movements in exchange rates	(186)
At 31 December 2021	4,338
Impairment	(98)
<b>At 31 December 2022</b>	<b>4,240</b>

Goodwill recognised arose from acquisitions during 2012, 2017 and 2020.

Management has assessed TPG Maritime Limited ('Maritime'), combined TPG Services Limited and Polaris Consulting (Holdings) and Osprey Consulting Services Limited ('Services') as identifiable Cash Generating Units ('CGUs'). The discount rates used for goodwill impairment reviews and the carrying amount of goodwill is allocated as follows:

	2022		2021	
	Pre-tax discount rate	£'000	Pre-tax discount rate	£'000
Maritime	13.8%	3,316	10.7%	3,316
Services	14.5%	924	10.7%	1,022
<b>At 31 December</b>		<b>4,240</b>		<b>4,338</b>

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The recoverable amount of the CGUs is determined from value in use. The key assumptions for the value in use calculations are those regarding the discount rates and growth or decline rates of revenue and costs.

The Group has prepared the cash flow forecasts based on the 2023 budget which has been approved by the Board and extrapolates cash thereafter based on forecast rates. Management has used past experience and actual results, combined with expectations of future performance using knowledge of, inter alia, confirmed order books and known customer contracts and anticipated costs associated with those contracts.

**TP Group Limited**

Notes to the financial statements (continued)

For the year ended 31 December 2022

**11. Goodwill** (continued)**Impairment testing for the Maritime CGU**

A review of the forecast future cash flows of the Maritime division, based on value in use estimated discounted cash flows, indicated there was no impairment.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant markets and have been based on historical data from internal sources.

<b>Maritime CGU</b>	<b>2022</b>	2021
Rate of growth in revenue (average of next 5 years)	<b>2.0%</b>	2.0%
Rate of growth in operating costs (average of next 5 years)	<b>5.0%</b>	5.0%
Terminal value growth rate	<b>1.5%</b>	1.5%

A sensitivity analysis using reasonably possible changes in key assumptions has been performed. None of these changes result in the value of goodwill allocated to Maritime being in excess of its recoverable amount and therefore no sensitivity analysis is presented.

**Impairment testing for the Services CGU**

A review of the forecast future cash flows of the Maritime division, based on value in use estimated discounted cash flows, indicated there was no impairment.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant markets and have been based on historical data from internal sources.

<b>Services CGU</b>	<b>2022</b>	2021
Rate of growth in revenue (average of next 5 years)	<b>2.0%</b>	2.0%
Rate of growth in operating costs (average of next 5 years)	<b>5.0%</b>	5.0%
Terminal value growth rate	<b>1.5%</b>	1.5%

A sensitivity analysis using reasonably possible changes in key assumptions has been performed. None of these changes result in the value of goodwill allocated to Service being in excess of its recoverable amount and therefore no sensitivity analysis is presented.

## TP Group Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

### 12. Other intangible assets

Group	Technical know-how and intellectual property rights £'000	Capitalised development £'000	Customer relationships £'000	Trade name £'000	Order backlog £'000	Computer software £'000	Internally developed software £'000	Total £'000
<b>Cost</b>								
At 1 January 2021	12,472	610	12,761	947	1,541	567	2,746	31,644
Additions	-	142	-	-	-	-	822	964
Re-classified as held for sale	(731)	(130)	(6,979)	(504)	(924)	-	(3,405)	(12,673)
Disposal	-	-	-	-	-	(320)	(20)	(340)
Effect of movements in exchange rates	-	-	(388)	(35)	(65)	-	(143)	(631)
At 31 December 2021	11,741	622	5,394	408	552	247	-	18,964
Disposal	-	-	-	-	-	(32)	-	(32)
<b>At 31 December 2022</b>	<b>11,741</b>	<b>622</b>	<b>5,394</b>	<b>408</b>	<b>552</b>	<b>215</b>	<b>-</b>	<b>18,932</b>
<b>Accumulated amortisation</b>								
At 1 January 2021	7,003	-	2,796	147	886	360	819	12,011
Charge for year	856	78	1,283	95	349	80	484	3,225
Impairment	421	571	5,045	533	-	-	1,004	7,574
Re-classified as held for sale	(652)	(27)	(6,979)	(504)	(924)	-	(2,261)	(11,347)
Disposal	-	-	-	-	-	(275)	-	(275)
Effect of movements in exchange rates	-	-	(82)	(9)	(65)	-	(46)	(202)
At 31 December 2021	7,628	622	2,063	262	246	165	-	10,986
Charge for year	783	-	568	17	184	37	-	1,589
Disposal	-	-	-	-	-	(22)	-	(22)
<b>At 31 December 2022</b>	<b>8,411</b>	<b>622</b>	<b>2,631</b>	<b>279</b>	<b>430</b>	<b>180</b>	<b>-</b>	<b>12,553</b>
<b>Net Book Value</b>								
At 31 December 2021	4,113	-	3,331	146	306	82	-	7,978
<b>At 31 December 2022</b>	<b>3,330</b>	<b>-</b>	<b>2,763</b>	<b>129</b>	<b>122</b>	<b>35</b>	<b>-</b>	<b>6,379</b>

Technical know-how and intellectual property rights includes £11,741,000 initial cost which arose on the acquisition of TPG Maritime Limited (previously known as Atmosphere Control International Limited). This represents the company's proprietary expertise and experience of atmosphere management techniques in the defence environment. At 31 December 2022, this technical know-how had a net book value of £3,330,000, and a remaining useful life of 11 years.

**TP Group Limited**

Notes to the financial statements (continued)

For the year ended 31 December 2022

**12. Other intangible assets** (continued)

Intangible assets consisting of customer relationships brought-forward as at 1 January 2022 also include those arising from the acquisition of ALS Technologies Limited (now TPG Services Limited) and Flexible Solutions Software Limited on 6 February 2017, Polaris Consulting (Holdings) Limited on 12 December 2017 and Osprey Consulting Services Limited on 25 August 2020. These assets are amortised on a straight-line basis over their useful life of ten years.

Computer software represents externally acquired computer software licenses and associated installation costs. Prior to being classified as held-for-sale, internally developed software was amortised on a straight-line basis over its useful life of five years. Externally acquired computer software is amortised on a straight-line basis over its useful life of three years. When the software is available for its intended use, these costs are amortised in equal annual amounts over the estimated useful life of the software.

<b>Parent Company</b>	Computer software £'000	Total £'000
<i>Cost</i>		
At 1 January 2021	499	499
Disposals	(320)	(320)
At 31 December 2021	179	179
Disposals	(22)	(22)
<b>At 31 December 2022</b>	<b>157</b>	<b>157</b>
<i>Accumulated amortisation</i>		
At 1 January 2021	314	314
Charge for year	66	66
Elimination on disposal	(275)	(275)
At 31 December 2021	105	105
Charge for year	34	34
Elimination on disposal	(17)	(17)
<b>At 31 December 2022</b>	<b>122</b>	<b>122</b>
<i>Net book value</i>		
At 1 January 2021	185	185
At 31 December 2021	74	74
<b>At 31 December 2022</b>	<b>35</b>	<b>35</b>

**TP Group Limited**

Notes to the financial statements (continued)

For the year ended 31 December 2022

**13. Property, plant and equipment**

<b>Group</b>	Computer equipment £'000	Office furniture and fittings £'000	Plant and machinery and motor vehicles £'000	Total £'000
<i>Cost</i>				
At 1 January 2021	925	730	385	2,040
Additions	122	117	47	286
Disposals	(309)	(69)	-	(378)
Classified as held for sale	(162)	(170)	(16)	(348)
Effect of movements in exchange rates	(7)	(6)	-	(13)
<b>At 31 December 2021</b>	<b>569</b>	<b>602</b>	<b>416</b>	<b>1,587</b>
Additions	49	-	5	54
Disposals	(458)	(522)	(276)	(1,256)
<b>At 31 December 2022</b>	<b>160</b>	<b>80</b>	<b>145</b>	<b>385</b>
<i>Accumulated depreciation</i>				
At 1 January 2021	471	363	244	1,078
Charge for year	259	124	41	424
Disposals	(230)	(51)	-	(281)
Classified as held for sale	(120)	(85)	(14)	(219)
Effect of movements in exchange rates	(3)	(3)	-	(6)
<b>At 31 December 2021</b>	<b>377</b>	<b>348</b>	<b>271</b>	<b>996</b>
Charge for year	66	28	27	121
Disposals	(332)	(314)	(203)	(849)
<b>At 31 December 2022</b>	<b>111</b>	<b>62</b>	<b>95</b>	<b>268</b>
<i>Net book value</i>				
At 1 January 2021	454	367	141	962
<b>At 31 December 2021</b>	<b>192</b>	<b>254</b>	<b>145</b>	<b>591</b>
<b>At 31 December 2022</b>	<b>49</b>	<b>18</b>	<b>50</b>	<b>117</b>

**TP Group Limited**

Notes to the financial statements (continued)

For the year ended 31 December 2022

**13. Property, plant and equipment** (continued)

<b>Parent Company</b>	Computer equipment £'000	Office furniture and fittings £'000	Total £'000
<i>Cost</i>			
At 1 January 2021	194	120	314
Additions	14	-	14
Disposals	(61)	-	(61)
At 31 December 2021	147	120	267
Additions	36	-	36
Disposals	(138)	(120)	(258)
<b>At 31 December 2022</b>	<b>45</b>	<b>-</b>	<b>45</b>
<i>Accumulated depreciation</i>			
At 1 January 2021	130	68	198
Charge for year	38	40	78
Elimination on disposal	(61)	-	(61)
At 31 December 2021	107	108	215
Charge for year	12	-	12
Elimination on disposal	(105)	(108)	(213)
<b>At 31 December 2022</b>	<b>14</b>	<b>-</b>	<b>14</b>
<i>Net book value</i>			
At 1 January 2021	64	52	116
At 31 December 2021	40	12	52
<b>At 31 December 2022</b>	<b>31</b>	<b>-</b>	<b>31</b>

**15. Investments**

The Parent Company's investments comprise interests in group undertakings, details of which are listed below.

<b>Parent Company</b>	2022 £'000	2021 £'000
At 1 January	<b>19,707</b>	33,013
Investment in shares in group undertakings	-	-
Impairment charge during the year	<b>(2,464)</b>	(9,644)
Classified as held for sale	-	(3,662)
At 31 December	<b>17,243</b>	19,707

## TP Group Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

### 14. Investments (continued)

Name of undertaking	Registered office note	Country of incorporation	Description of shares held	Proportion of nominal value of shares held by the Parent Company		Principal activity
				2022	2021	
TPG Maritime Limited	1	United Kingdom	£1.00 ordinary shares	100%	100%	1
TPG Design & Technology Limited	1	United Kingdom	£1.00 ordinary shares	100%	100%	Dormant
TPG Services Limited	1	United Kingdom	£0.01 ordinary shares	100%	100%	2
Polaris Consulting (Holdings) Limited	1	United Kingdom	£1.00 ordinary shares	100%	100%	2
Polaris Consulting Limited	1	United Kingdom	£1.00 ordinary shares	100%	100%	2
Westek Technology Limited	1	United Kingdom	£1.00 ordinary shares	100%	100%	3
Atmosphere Control International Limited	1	United Kingdom	£1.00 ordinary shares	100%	100%	Dormant
Sapienza Balkans Holdings B.V. <sup>1&amp;2</sup>	2	Netherlands	€1.00 ordinary shares	65%	65%	4
Sapienza Balkans Skopje	3	North Macedonia	€20,000 ordinary share	100%	100%	4
Osprey Consulting Services Limited	4	United Kingdom	£0.001 ordinary shares	100%	100%	5

<sup>1</sup> On 26<sup>th</sup> April 2022 the parent of Sapienza Balkans Holdings B.V., AI Recruiting BV, acquired the remaining 35% shareholding from the minority interest for €15,000.

<sup>2</sup> On 12<sup>th</sup> July 2022 TPG Design and Technology acquired the entire share capital of Sapienza Balkans Holdings B.V. from AI Recruiting BV for €43,000.

#### Principal activities:

1. Provision of air purification equipment for submarines including oxygen/hydrogen generation and purification, air handling and distribution systems.
2. The provision of software and services including technical project management, systems engineering, design, software development, artificial intelligence and assurance.
3. The provision of high-performance computer servers and ancillary equipment for the defence and commercial sectors.
4. A provider of workforce, engineering services and IT solutions to the space and defence sectors.
5. The provision of consultancy services including safety and mission critical air space management, and regulation services in the defence, space and urban air mobility markets.

#### Registered office addresses

- 1) Cale House, Station Road, Wincanton, England, BA9 9FE, United Kingdom
- 2) Kapteynstraat 1, 2201 BB Noordwijk, Netherlands.
- 3) Bul. Partizanski Odredi 15a/2-11, 1000 Skopje, North Macedonia.
- 4) Suite 10, The Hub, Fowler Avenue, Farnborough Business Park, Farnborough, Hampshire, GU14 7JP, United Kingdom

**TP Group Limited**

Notes to the financial statements (continued)

For the year ended 31 December 2022

**15. Inventories**

<b>Group</b>	2022	2021
	£'000	£'000
Raw materials	<b>80</b>	170
Work in progress	-	246
	<b>80</b>	416

The cost of inventories recognised as an expense during the year in respect of continuing operations was £10,201,000 (2021: £13,019,000). The cost of inventories recognised as an expense during the year in respect of discontinued operations (note 3) was £1,693,000 (2021: £1,056,000). This represents the expense recognised by Westek Technology Limited which is held for sale at the 31 December 2022. The cost of inventories recognised at the reporting date is not materially different to the replacement cost.

**16. Trade receivables and other assets**

	Group		Parent Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
<b>Current assets:</b>				
Trade receivables	<b>2,963</b>	3,814	-	-
Less: provision for impairment	<b>(205)</b>	(333)	-	-
<b>Trade receivables – net</b>	<b>2,758</b>	3,481	-	-
Other receivables	<b>29</b>	460	<b>18</b>	131
Amounts owed by subsidiary undertakings	-	-	-	220
Prepayments	<b>617</b>	571	<b>181</b>	205
	<b>3,404</b>	4,512	<b>199</b>	556

The carrying value of trade and other receivables is considered a reasonable approximation of fair value due to their short-term nature.

The ageing of past due but not impaired receivables is:

	Group		Parent Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
0-30 days	<b>305</b>	459	-	-
31-60 days	<b>72</b>	101	-	-
61-90 days	-	485	-	-
>90 days	<b>2</b>	-	-	-
	<b>379</b>	1,045	-	-

The Group's customers are predominantly government agencies and ministries, or blue-chip companies many of whose underlying customers are also government agencies. Management's assessment of the 12 month expected credit losses on trade receivables from these customers is based on past experience and future expectations of credit losses.

## TP Group Limited

Notes to the financial statements (continued)  
For the year ended 31 December 2022

### 16. Trade receivables and other assets (continued)

To assess potential credit losses, the Group has assessed each entity individually and recognised expected credit losses where specific knowledge of particular customers suggests it is appropriate to do so. Given the low levels of credit losses which have been historically incurred, the Group does not define customer default based on debtors reaching a defined level of ageing.

Instead, regular communication with customers and consideration of the various factors mentioned above will drive the Group's assessment of whether default is likely, and an expected credit loss should be recognised.

At each reporting date, factors considered as part of the assessment of the expected credit loss provision for each entity include historical default rates, current and expected future economic conditions at the time of assessment, changes in credit risk, as well as review of cash receipts received post period end. Changes in the expected credit loss provision are recognised in profit or loss.

The movement in the expected credit loss provision is shown in the following table:

	2022	2021
<b>Group</b>	<b>£'000</b>	<b>£'000</b>
Opening balance	<b>333</b>	21
New provision recognised, expensed to income statement	<b>124</b>	333
Provision reversed, credited to income statement	<b>(252)</b>	(21)
Provision utilised	-	-
Closing Balance	<b>205</b>	333

In 2022 rent deposits of £48,000 (2021: £48,000) due after more than one year are included within other debtors.

Trade receivables disclosed above are classified as assets measured at amortised cost. Credit terms are negotiated as part of each individual contract. No interest is charged on the receivables from the date of the invoice. The Group does not hold any collateral or other credit enhancements over any of its trade receivables nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

The amounts due by subsidiary undertakings to the Parent Company do not give rise to any material expected credit loss.

### 17. Cash and cash equivalents

The funds were placed on floating interest rate deposit as follows:

	Group		Parent Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Cash and bank balances	<b>6,393</b>	5,376	-	193
Cash and cash equivalents	<b>6,393</b>	5,376	-	193

**TP Group Limited**

Notes to the financial statements (continued)

For the year ended 31 December 2022

**18. Borrowings**

Group	Current		Non-current		Total	
	2022	2021	2022	2021	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Secured:						
Lease liabilities <sup>1</sup>	<b>280</b>	424	<b>2,466</b>	2,752	<b>2,746</b>	3,176
Bank Loan	<b>5,960</b>	-	-	7,000	<b>5,960</b>	7,000
	<b>6,240</b>	424	<b>2,466</b>	9,752	<b>8,706</b>	10,176

<sup>1</sup> The lease liabilities are fixed with repayment periods from 5 to 25 years. All leases are secured on the asset under lease.

The carrying value of all borrowings approximates to the fair value.

Parent	Current		Non-current		Total	
	2022	2021	2022	2021	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Secured:						
Lease liabilities	<b>13</b>	58	<b>13</b>	27	<b>26</b>	85
Bank overdraft	<b>1,413</b>	-	-	-	<b>1,413</b>	-
Bank Loan	<b>5,960</b>	-	-	7,000	<b>5,960</b>	7,000
	<b>7,386</b>	58	<b>13</b>	7,027	<b>7,399</b>	7,085

In March 2020, the Group entered into a £7.0 million revolving loan facility (the "Facility Agreement") with HSBC UK Bank plc.

In December 2021 and in conjunction with the Group securing a £5m loan facility from Science Group Plc (refer below), the term on this credit facility was extended to September 2023 to be co-terminus with the Science Group loan. Furthermore, the leverage covenant was increased to 3.75 times EBITDA from 2.0 times for the 12-month period through to December 2022. As a consequence, a cash flow covenant for the same period was introduced, which requires the Group to have at least £3m of cash headroom at each month end including any undrawn HSBC Bank or Science Group Plc loan facility. In addition, the margin was increased to 3%, up from a variable margin of between 2.25% and 2.75% dependent on the amount of leverage. The interest cover covenant remained the same i.e., EBITDA must be at least 4 times the net finance charges. The impact of IFRS 16 is excluded for the purposes of calculating leverage and finance charges.

The Group's loan facility is secured by way of an all-assets debenture, which contains fixed and floating charges over the assets of the Group.

The loan was partly repaid in July 2022, using proceeds from the disposal of Sapienza Consulting Holdings BV. At the reporting date, £5,960,000 remained outstanding and was settled on 26<sup>th</sup> January 2023. The Group has been compliant with the facility agreement, including the covenants, throughout the financial period.

On 16 December 2021 the Company entered into a standby credit facility with its major shareholder Science Group plc. The facility takes the form of a Revolving Credit facility of a sum up to £5 million for a period to 30 September 2023. The terms of the facility, which reflect the unsecured standby revolving nature of the arrangement, include a set-up fee of 3%, interest rate on drawn amounts of 1% per month and a rate of 0.4% per month of any undrawn amount, both subject to the Sterling Overnight Index

## TP Group Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

### 18. Borrowings (continued)

Average remaining below 1%. The facility can be cancelled or refinanced by TP Group at any time and without penalty or early termination charges. The full £5m was undrawn at 31 December 2022.

### 19. Notes supporting statement of cash flows

Movements in items recognised in financing activities of the cash flow statement

Group	Borrowings (note 10) <sup>1</sup> £'000	Lease liabilities (note 21) £'000	Total £'000
<b>Continuing Operations:</b>			
<b>Liability at 1 January 2022</b>	<b>7,000</b>	<b>3,176</b>	<b>10,176</b>
<b>Cash flows</b>	<b>(1,040)</b>	<b>(490)</b>	<b>(1,530)</b>
Non-cash flows:			
- Interest recognised	-	108	108
- Early termination adjustment	-	(48)	(48)
<b>Liability at 31 December 2022</b>	<b>5,960</b>	<b>2,746</b>	<b>8,706</b>
<b>Liability at 1 January 2021</b>	<b>7,000</b>	<b>4,688</b>	<b>11,688</b>
<b>Cash flows</b>	<b>-</b>	<b>(769)</b>	<b>(769)</b>
Non-cash flows:			
- Interest recognised	-	171	171
- New lease liabilities	-	206	206
- Early termination adjustment	-	(421)	(421)
- Classified as held-for-sale	-	(663)	(663)
- Effect of movements in exchange rates	-	(36)	(36)
<b>Liability at 31 December 2021</b>	<b>7,000</b>	<b>3,176</b>	<b>10,176</b>

<sup>1</sup> Movements on borrowings for both 2021 and 2022 are the same for the parent company.

### 20. Trade payables and other liabilities

Group	2022 £'000	2021 £'000
Trade payables	4,711	6,007
Accruals & deferred income	4,592	3,009
Other taxation and social security	1,191	1,620
Contingent consideration	-	402
Other creditors	140	116
	<b>10,634</b>	<b>11,154</b>

Parent	2022 £'000	2021 (Restated) £'000
Trade payables	529	525
Amounts owed to subsidiary undertakings	2,335	2,060
Accruals & deferred income	2,499	1,249
Other taxation and social security	23	708
Contingent consideration	-	402
Other creditors	9	15
	<b>5,395</b>	<b>4,959</b>

**TP Group Limited**

Notes to the financial statements (continued)

For the year ended 31 December 2022

**20. Trade payables and other liabilities** (continued)

The carrying values of trade and other payables are a reasonable estimate of their fair values.

	Group		Parent	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade and other payables are analysed as:				
Financial instruments	<b>9,443</b>	9,534	<b>5,372</b>	4,251
Non-financial instruments	<b>1,191</b>	1,620	<b>23</b>	708
	<b>10,634</b>	11,154	<b>5,395</b>	4,959

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 27 days (2021: 27 days). For most suppliers no interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are settled.

**21. Leases****21.1 Right-of-use assets:**

Group	Property, plant, machinery and motor vehicles	Total
	£'000	£'000
<i>Cost</i>		
At 1 January 2021	5,342	5,342
Additions	215	215
Disposals	(529)	(529)
Classification as held for sale	(997)	(997)
Effect of movements in exchange rates	(17)	(17)
At 31 December 2021	4,014	4,014
Additions	230	230
Disposals	(637)	(637)
<b>At 31 December 2022</b>	<b>3,607</b>	<b>3,607</b>
<i>Accumulated depreciation</i>		
At 1 January 2021	1,501	1,501
Charge for year	668	668
Disposals	(272)	(272)
Classification as held for sale	(385)	(385)
Effect of movements in exchange rates	17	17
At 31 December 2021	1,529	1,529
Charge for year	511	511
Disposals	(629)	(629)
<b>At 31 December 2022</b>	<b>1,411</b>	<b>1,411</b>
<i>Net book value</i>		
At 1 January 2021	3,841	3,841
At 31 December 2021	2,485	2,485
<b>At 31 December 2022</b>	<b>2,196</b>	<b>2,196</b>

**TP Group Limited**

Notes to the financial statements (continued)

For the year ended 31 December 2022

**21. Leases** (continued)**21.1 Right of use assets** (continued)

<b>Parent Company</b>	Property, plant and machinery £'000	Total £'000
<i>Cost</i>		
At 1 January 2021	536	536
Additions	9	9
Disposal	(129)	(129)
Early termination adjustment	(131)	(131)
At 31 December 2021	285	285
Disposal	(229)	(229)
<b>At 31 December 2022</b>	<b>56</b>	<b>56</b>
<i>Accumulated depreciation</i>		
At 1 January 2021	234	234
Charge for year	115	115
Disposal	(122)	(122)
At 31 December 2021	227	227
Charge for year	32	32
Disposal	(228)	(228)
At 31 December 2022	<b>31</b>	<b>31</b>
<i>Net book value</i>		
At 1 January 2021	302	302
At 31 December 2021	58	58
At 31 December 2022	<b>25</b>	<b>25</b>

The depreciation charges in the tables above are included within administrative expenses in the income statement.

Right-of-use assets brought forward comprise property leases at Apex Plaza, Reading for a period of five years. The Company has exited Apex Plaza, Reading, exercising the break clause on the lease which terminated in March 2022.

**TP Group Limited**

Notes to the financial statements (continued)

For the year ended 31 December 2022

**21. Leases (continued)****21.2 Lease liabilities**

The Group uses leases to acquire plant, property and machinery. Future minimum lease payments for all equipment and property are as follows:

	Property		Motor Vehicles		Other Equipment		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Future minimum payments due:								
Not later than one year	355	461	-	9	14	17	369	487
After one year but not more than five years	1,309	1,346	-	1	13	32	1,322	1,379
After five years	1,544	1,896	-	-	-	-	1,544	1,896
Less finance charges allocated to future periods	(488)	(583)	-	-	(1)	(3)	(489)	(586)
Present value of minimum lease payments	2,720	3,120	-	10	26	46	2,746	3,176

The present value of minimum lease payments is analysed as follows:

Not later than one year	267	400	-	9	13	15	280	424
After one year but not more than five years	995	1,028	-	1	13	31	1,008	1,060
After five years	1,458	1,692	-	-	-	-	1,458	1,692
	2,720	3,120	-	10	26	46	2,746	3,176

The average lease term is 5 years. For the year ended 31 December 2022, the average effective borrowing rate was 4.52% (2021: 4.52%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
<b>Effects of leases on financial performance:</b>				
Depreciation charge for the year included in 'administrative expenses' for right-of-use assets:				
Property, plant, machinery and motor vehicles	511	668	32	115
Total depreciation charge on leased assets	511	668	32	115
Interest expense for the year on lease liabilities recognised in 'finance costs'	108	171	1	5
<b>Effect of leases on cash flows:</b>				
Total cash outflow for leases in the year	619	769	33	113

Both the Group and the Parent Company did not incur any costs within administrative expenses relating to short-term leases, leases of low value or variable lease payments not already included within the measurement of the lease liability.

## TP Group Limited

Notes to the financial statements (continued)  
For the year ended 31 December 2022

### 21. Leases (continued)

#### 21.2 Lease liabilities (continued)

Both the Group and the Parent Company did not receive any rent concessions on any of leases active during the 12 months to 31 December 2022.

Lease payments made in the year contained 100% (2021: 100%) fixed and 0% (2021: 0%) variable proportions.

### 22. Financial instruments

#### 22.1 Carrying values and fair values of financial instruments

The carrying amounts presented in the consolidated and Parent Company Statement of Financial Position relate to the following categories of assets and liabilities:

Group	Note	2022			2021		
		Amortised cost £'000	Financial liabilities £'000	Carrying value £'000	Amortised cost £'000	Financial liabilities £'000	Carrying value £'000
Financial assets:							
Trade receivables	16	2,758	-	2,758	3,481	-	3,481
Other receivables	16	29	-	29	460	-	460
Cash and cash equivalents	17	6,393	-	6,393	5,376	-	5,376
		<b>9,180</b>	<b>-</b>	<b>9,180</b>	<b>9,317</b>	<b>-</b>	<b>9,317</b>
Financial liabilities:							
Trade and other payables	20	-	9,443	9,443	-	9,534	9,534
Lease liabilities	21	-	2,746	2,746	-	3,176	3,176
Bank loan		-	5,960	5,960	-	7,000	7,000
		<b>-</b>	<b>18,149</b>	<b>18,149</b>	<b>-</b>	<b>19,710</b>	<b>19,710</b>

The carrying amount of all financial assets and liabilities approximate to their fair value due to their short-term nature.

#### 22.2 Financial risk factors

##### (a) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Liquidity needs are monitored on a weekly and monthly basis. The Group maintains a level of cash and cash equivalents, bank and other finance servicing facilities deemed adequate by management to ensure as far as possible, that the Group will have sufficient liquidity to meet its liabilities when they fall due.

The Group's financial obligations consist of trade and other payables, lease liabilities and the bank loan which are set out in notes 17, 20 and 21.

**TP Group Limited**

Notes to the financial statements (continued)

For the year ended 31 December 2022

**22. Financial instruments (continued)****22.2 Financial risk factors (continued)**

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

Group	Note	2022			2021		
		Within 1 year	Between 1 and 5 years	Over 5 years	Within 1 year	Between 1 and 5 years	Over 5 years
		£'000	£'000	£'000	£'000	£'000	£'000
Trade and other payables	20	<b>9,443</b>	-	-	9,534	-	-
Amounts due to contract customers	5	<b>2,674</b>	-	-	5,173	-	-
Lease liabilities	21	<b>369</b>	<b>1,322</b>	<b>1,544</b>	487	1,379	1,896
Loans and borrowings	18	<b>5,960</b>	-	-	151	7,000	-

Parent	Note	2022			2021 (Restated)		
		Within 1 year	Between 1 and 5 years	Over 5 years	Within 1 year	Between 1 and 5 years	Over 5 years
		£'000	£'000	£'000	£'000	£'000	£'000
Trade and other payables	20	<b>5,372</b>	-	-	4,251	-	-
Lease liabilities	21	<b>13</b>	<b>13</b>	-	58	27	-
Loans and borrowings	18	<b>7,373</b>	-	-	151	7,000	-

**(b) Credit risk**

The Group's exposure to credit risk is attributable to its trade receivables and its amounts recoverable on contracts. The amounts presented in the balance sheet are net of impairment, estimated by the Group's management in line with principles set out in IFRS 9. Impairment loss recognised against trade receivables for the financial period was £205,000 (2021: £333,000).

**(c) Interest rate risk**

The directors consider the principal element of risk directly arising from changes in interest rates relates to the level of interest income earned on bank deposits. Funds are invested to maintain a balance between accessibility of funds and competitive rates of return whilst investing funds safely. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The Group is exposed to interest rate risk under the terms of the Facility Agreement. The Group will pay interest at a rate of 3% over SONIA on the amount drawn down from December 2021 to September 2023, when the Facility Agreement ends. A 1% rise or fall in the interest rate would not have a material impact on the profit for the financial period (2021: £nil).

The Group is also exposed to interest rate risk under the terms of the Science Group loan. The Group will pay interest at a rate of 12% per annum fixed unless the SONIA rate gets above 1% per annum, on the amount drawn down and at a rate of 40% of the 12% per annum on any undrawn amount, from December 2021 to September 2023, when the loan agreement ends. If the SONIA rate increases above 1% per annum, Science Group can pass this increase onto TP Group.

In aggregation, a 1% per annum increase in the SONIA rate on the Facility Agreement and the Science

## TP Group Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

### 22. Financial instruments (continued)

#### 22.2 Financial risk factors (continued)

Group loan will incur an additional £120k interest per annum assuming the Science Group loan was fully drawn so does not have a material impact on the profit for any financial period.

#### (d) Foreign currency risk

The Group undertakes contracts denominated in foreign currencies (principally Euro and US dollar) leading to an exposure in exchange rate movements for both sales and purchase transactions. Where they cannot be offset, forward exchange contracts are utilised to minimise the risk.

Foreign currency monetary assets and liabilities in respect of continuing operations at the reporting date are shown below:

	USD	Euro	Total
	£'000	£'000	£'000
<b>2022</b>			
<b>Financial assets</b>	-	-	-
<b>Financial liabilities</b>	<b>2,206</b>	-	<b>2,206</b>
	USD	Euro	Total
	£'000	£'000	£'000
<b>2021</b>			
Financial assets	59	523	582
Financial liabilities	798	-	451

All foreign currency denominated financial assets and liabilities are classified as current.

#### 22.3 Capital management

The primary objective of the Group's capital management actions is to ensure that it maintains sufficient capital to support the on-going expenditure requirements of the business with a view to future commercial success from these activities in order to maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of working capital requirements. To adjust the capital structure, the Group may issue new shares or raise debt capital.

### 23. Provisions for liabilities and charges

	Warranty	Contract	Onerous contract provision	Legal provision	Property	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Group</b>						
At 1 January 2022	-	33	292	200	82	607
Utilised	-	-	-	-	(20)	(20)
Released to income statement	-	-	(258)	(200)	(50)	(508)
Charged to income statement	87	67	-	40	258	452
<b>At 31 December 2022</b>	<b>87</b>	<b>100</b>	<b>34</b>	<b>40</b>	<b>270</b>	<b>531</b>

The contract provision relates to potential costs which are required to be met by the Group as part of contracts, which have been substantially completed, but could arise in the next couple of years.

## TP Group Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

### 23. Provisions for liabilities and charges (continued)

Onerous contract provisions have been recognised where forecast costs to complete estimate losses, the majority of which is expected to be recognised in the next one to three years.

The property provision recognises future costs of building dilapidations arising under the terms of property leases expiring over the next 11 years.

### 24. Share capital

	2022	2021	2022	2021
	Number	Number	£'000	£'000
Issued and fully paid:				
Ordinary shares of 1 pence each	<b>779,178,719</b>	779,178,719	<b>7,792</b>	7,792

In accordance with the Articles of Association for the Parent Company adopted on 19 May 2011, the share capital of the Parent Company at the start of the year consisted of an unlimited number of ordinary shares of nominal value 1 pence each.

All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of TP Group Limited. None of the Parent Company shares are held by any company in the Group.

### 25. Share-based payments

All of the Group's existing share option schemes had expired by the end of 2020. The remaining granted options remain live until they are either cancelled or lapse in line with the rules of the scheme. Share options have been granted by the Parent Company. The share options granted by the Employee Benefit Trust have no dilutive effect on the Parent Company's share capital.

Number of options	Unapproved scheme number	EMI scheme number	Total Number
At 1 January 2022	28,799,201	3,985,312	32,784,513
Lapsed during the year	(711,533)	(880,952)	(1,592,485)
Cancelled during the year	(3,500,000)	(2,500,000)	(6,000,000)
At 31 December 2022	<b>24,587,668</b>	<b>604,360</b>	<b>25,192,028</b>

The exercise of options granted during 2014 and those granted to the directors during 2017 are subject to the satisfaction of the applicable performance conditions. At 31 December 2022, performance conditions not satisfied relate to the market price of the ordinary shares of the Parent Company as quoted on AIM. Options vest over a three-year period and generally will lapse on cessation of employment or ten years from issue.

## TP Group Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

### 25. Share-based payments (continued)

The movement on the Group's share option scheme is summarised in the table below:

	2022 Weighted average exercise price (pence)	2022 Number of options	2021 Weighted average exercise price (pence)	2021 Number of options
At 1 January	<b>6.17</b>	<b>32,784,513</b>	7.06	23,766,245
Lapsed during the year	<b>7.31</b>	<b>(1,592,485)</b>	7.00	(9,188,608)
Cancelled during the year	<b>6.76</b>	<b>(6,000,000)</b>	7.05	(5,168,485)
Granted during the year	-	-	5.80	23,375,361
At 31 December	<b>5.96</b>	<b>25,192,028</b>	6.17	32,784,513
Exercisable at 31 December	<b>5.96</b>	<b>25,192,028</b>	6.14	30,809,243

On 30<sup>th</sup> September 2021, the Company issued a warrant for 23,375,361 shares to Cenkos Securities Plc as consideration for professional services. The fair value of the warrant has been estimated in line with the cost of similar services provided to the business.

No share options were exercised during the year (2021: none). The options outstanding at 31 December 2022 had exercise prices as shown in the following table and a weighted average remaining contractual life of 5.07 years.

At 31 December 2022 options over ordinary 1p shares together with the fair value per option granted and the assumptions used in the calculation of fair value for awards made after 7 November 2002, are set out in the table below.

The closing market price of the Parent Company's shares at 31 December 2022 was 2.17 pence and the range during the year was between 0.78 pence and 4.70 pence.

Expected volatility is a measure of the amount by which a share price is expected to fluctuate during a period. For options issued after 2009, expected volatility was based on the volatility of the Parent Company's shares during the previous 12 months.

The risk-free rate is the yield to maturity on the date of grant of a UK Gilt Strip, with term to maturity equal to the expected life of the option.

The Group recognised total credit of £7,000 and £164,000 related to equity-settled share-based payment transactions in 2022 and 2021 respectively. The expense recognised in respect of the warrant issued has been calculated in line with the fair value of the services provided, had they been settled in cash.

**TP Group Limited**

Notes to the financial statements (continued)

For the year ended 31 December 2022

**25. Share-based payments** (continued)

Date of grant	Number	Option price per share pence	Closing share price at grant pence	Expected Volatility %	Risk-free interest rate %	Fair value per share Pence
2014	666,667	10.00	9.75	19.57	0.53	0.99
2017	150,000	7.00	7.25	56.89	0.66	3.57
2019	1,000,000	6.70	6.70	56.89	0.66	3.57
2021	23,375,361	5.80	5.35	48.30	0.70	3.23
	25,192,028					

Options granted up to and including 2021 expire 10 years after the date of grant. The warrants issued in 2021 expire 5 years after the date of grant.

The dividend yield of 0% in all cases reflects the absence of dividends and of a clear dividend policy statement at the relevant dates of grant.

**26. Contingent liabilities**

At 31 December 2022 there were no contingent liabilities. At 31 December 2021 as part of the Group's long-term contract trading activities, £366,000 of performance and warranty bonds were in issue to two customers. Of this amount £nil was cash backed by the Group's cash resources and this balance sat within prepayments and other debtors.

**27. Related party transactions**

During the year there were no material transactions or balances between the Group and its key management personnel or members of their close families, other than the remuneration of the individual directors which is provided note 7.

Martyn Ratcliffe is the largest shareholder in Science Group plc with 20.73%. Peter Bertram is a non-executive director of Science Group plc.

As at the year end, Science Group plc is the largest shareholder in TP Group plc with a shareholding of 29.21%.

On 16 December 2021 the Company entered into a standby credit facility with its major shareholder Science Group plc. Martyn Ratcliff and Peter Bertram recused themselves from this process due to a conflict of interest. The facility takes the form of a Revolving Credit facility of a sum up to £5 million for a period to 30 September 2023. The terms of the facility, which reflect the unsecured standby revolving nature of the arrangement, include a set-up fee of 3%, interest rate on drawn amounts of 1% per month and a rate of 0.4% per month of any undrawn amount, both subject to the Sterling Overnight Index

## TP Group Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

### 27. Related party transactions (continued)

Average remaining below 1%. The facility can be cancelled or refinanced by TP Group at any time and without penalty or early termination charges. The full £5m remains undrawn at 31 December 2022.

An interim management support service agreement was entered into with Science Group plc on 14<sup>th</sup> February 2022. Costs for the services provided are £50,000 per quarter.

The Parent Company applies the exemptions provided for under FRS 101 not to disclose transactions with wholly owned subsidiaries during the 2022 financial year.

Transactions between the Parent Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed.

### 28. Exchange rates

The following exchange rates have been used as part of the acquisition and consolidation accounting contained within these financial statements:

	2022	2021
<b>Average Exchange Rate for the year <sup>1</sup></b>		
Euro	<b>1.15</b>	1.16
<b>Closing rate on 31 December <sup>1</sup></b>		
Euro	<b>1.13</b>	1.19

<sup>1</sup> Average rates are used to translate the income statement and cash flow statement. Closing rates are used to translate the balance sheet. Only the most significant currencies are shown.

### 29. Controlling parties

In the opinion of the directors, there is no single ultimate controlling party.

### 30. Prior period adjustment

During the year it was noted that there were management fee recharge adjustments included in the prior year statutory accounts of some of the subsidiaries of the company that had not been reflected in the 2021 consolidated statutory accounts. A prior year adjustment has been reflected in the comparatives of these financial statements in order to correctly reflect these adjustments. There is no impact upon the consolidated results of the group but the previously reported loss for the year and retained deficit for TP Group Limited has decreased by £1,663,000 as a result.

### 31. Subsequent events

On 26 January 2023, Science Group plc completed the acquisition of TP Group plc for consideration of £25.4 million.

Polaris Consulting (Holdings) Limited and Polaris Consulting Limited appointed a voluntary liquidator on 24 January 2023 and the liquidations are expected to be dissolved in August 2023.

The sale of the entire issued share capital of Westek Technology Limited to Roda Computer GmbH completed on 2 February 2023, for a cash consideration of £0.8m.