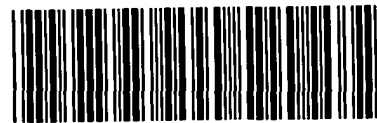


Company registration number 10506713 (England and Wales)

HKA GLOBAL LTD.
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

MONDAY



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COMPANIES HOUSE

HKA GLOBAL LTD.

COMPANY INFORMATION

| | |
|--------------------------|---|
| Directors | A Patel R Borhan T Hunt |
| Secretary | Jeremy Sampson |
| Company number | 10506713 |
| Registered office | 3200 Daresbury Park Daresbury Warrington Cheshire WA4 4BU |
| Auditor | BDO LLP 3 Hardman Street Manchester UK M3 3AT |

HKA GLOBAL LTD.

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HKA GLOBAL LTD.

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their Strategic Report and audited Financial Statements for the year ended 31 December 2022.

Fair review of the business

HKA is one of the world's leading consultancies of choice for multi-disciplinary expert and specialist services in risk mitigation and dispute resolution within the capital projects and infrastructure sector. HKA also has particular experience advising clients on the economic impact of commercial and investment treaty disputes and in forensic accounting matters. For the year ended 31 December 2022, the Company delivered revenue of £37.6m (2021: £40.0m) and reported an operating profit of £3.3m (2021: £6.4m).

The Company's key financial performance indicators during the year were as follows:

- Revenue £37.6m (2021: £40.0m)
- Gross Profit ("GP") £13.3m (2021: £14.3m)
- GP% 35% (2021: 36%)
- Operating profit ("OP") £3.3m (2021: £6.4m)
- OP% 9% (2021: 16%)

The decrease in operating profit was driven by a combination of one-off acquisition related expenses, loss of revenue, and one-off costs, due to the Russia-Ukraine conflict and a weakening of the British pound.

The Company's performance in terms of revenue, operating profit and operating profit margin were in line with expectations.

The Company has net assets of £6.3m (2021: £4.8m) and maintains a focus on having a strong balance sheet.

On 31 December 2022, HKA Global Ltd acquired the trade and assets of GMR Aviation Limited for a consideration of £528,650. See note 23 for further details.

HKA GLOBAL LTD.

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties

The Company's risks and uncertainties are reviewed as part of the overall Group and the Company is therefore affected by the same principal risks and uncertainties that effect the 'HKA Group'.

As a people business, loss of key managers could result in a lack of necessary experience or continuity to execute the Group's strategy. In addition, an inability to attract and retain sufficient high-calibre employees could become a barrier to the continued success and growth of the Company. This risk is mitigated with a clear people plan which is aligned to the business strategy and focused on attracting, developing and retaining the best people within the Company. The business aims to provide a good working environment, competitive remuneration packages and access to rewarding assignments.

Currency Risk

As with any multi-currency Group we are sensitive to currency fluctuations. However, management review the size and probable timing of settlement of all financial assets and liabilities denominated in foreign currencies and anticipate that this will not create undue levels of risk to the business.

Credit Risk

The Company's credit risk is primarily attributable to its trade debtors and credit risk increases in certain territories in which our clients operate where payment of outstanding receivables can be slower. Credit risk is managed by completing credit checks on customers and by monitoring payments against contractual terms.

Macroeconomic Environment

As with many UK businesses, rising costs of living and inflation pose a risk as increased costs to the business could erode profits. The business has the ability to pass on some element of cost increases to clients by adjusting pricing of new contracts and invoking the annual price rise clauses on existing contracts, which mitigates this risk. Furthermore, the business generates sufficient profits to absorb additional costs in the short term if necessary.

HKA GLOBAL LTD.

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Future Developments

The business is focused on improving financial performance by implementing strategies to achieve revenue and margin growth. The company is also focused on building stronger internal policies, processes and controls, in order to help facilitate this growth.

Section 172 Statement

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision making. These considerations are made for the HKA Group as a whole, which the company is a part of. The Directors continue to have regard to the interests of the HKA Group's employees and other stakeholders, the impact of its activities on the community, the environment and the HKA Group's reputation for good business conduct, when making decisions. In this context, acting in good faith and fairly, the Directors consider what is most likely to promote the success of the HKA Group for its members in the long term. We explain in these financial statements, and below, how the Board engages with stakeholders.

Shareholders – PAI Partners and Partners

Shareholders own the business and the board are responsible for successfully developing the business in order to deliver an acceptable return on the investment made by shareholders.

How engagement occurs

Representatives of both shareholder groups sit on the Group Board. Engagement with the wider Partner group is conducted by the Directors through regular Partner calls and individual one to one engagement and communication.

Employees

HKA's business is based on delivering services through its employees. The successful growth of the business is dependent on recruiting, retaining and developing employees. A key element of this is ensuring staff engagement to ensure that HKA is a place where talented individuals want to work.

How engagement occurs

Staff communication and engagement occurs through a combination of team meetings, internal communications (intranet, news, emails, blogs, webinars, videos) and local, regional, and global social events.

In addition, we conduct an annual staff engagement survey and other targeted specific surveys to obtain feedback from employees. Outcomes from the engagement surveys are reviewed by the Board and an action plan is agreed to further build on strengths and address any shortfalls. The Board also promotes equal opportunities within the business and has implemented a clear ED&I strategy with local ED&I committees established in each region. Of particular focus is gender diversity, monitoring gender pay and identifying initiatives to promote a better and more effective gender balance at all levels.

Employee engagement with all policies and procedures is monitored through active online Compliance Training for all staff.

HKA GLOBAL LTD.

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Clients

The Directors recognise that the success of the business relies on its ability to secure new clients and maintain long term client relationships. The way in which the business engages with clients will determine how successful it is at retaining and growing its services with clients.

How engagement occurs

A key role of all client facing partners is to ensure that they nurture and develop client relationships. This is done through regular communication before, during and after delivering client assignments. In 2020 HKA conducted its first Net Promoter Score (NPS) survey where the business sought direct feedback from clients. NPS scores are reported with a number from -100 to +100, a higher score is desirable. 2022 saw an improvement in NPS, from 52 in 2021 to 64 in 2022, which is considered to be a world class score.

Suppliers

The main suppliers to the business are sub-consultants typically with specialist skills required by clients.

How engagement occurs

The business ensures that sub-consultants are treated fairly and they are paid on time as most are sole practitioners. The business also ensures that sub-consultants are aware of HKA policies, procedures and way of doing business; and are required to carry out compliance training and confirm understanding of HKA policies.

Community and charities

The business forms part of the wider community and as such has a responsibility to use its resources to support local communities and charities.

How engagement occurs

The business has a global CSR committee with representatives made up of Partners and employees and regional CSR committee members. The committee oversees group wide and regional CSR activities and encourages CSR activities which combine charitable giving as well as enabling staff to provide time and skills to support communities and charitable causes.

Environment

The business has a responsibility to ensure that it proactively looks at ways in which it can minimise its carbon footprint whilst ensuring that it delivers the services required by the client.

How engagement occurs

The company aims to be environmentally responsible through implementation of an established environmental, social and governance policy. The business has started the process of measuring its carbon footprint and is developing targets together with tangible plans to improve performance in this area.

Key events and decisions

The key events and decisions made by the Board, the stakeholders they impacted and the associated actions taken by the Directors to engage with the relevant stakeholders are listed below. Key events and decisions have been determined by assessing items which are either material for the business or that have a significant impact on one or many categories of stakeholders.

HKA GLOBAL LTD.

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Invasion of Ukraine by Russian forces in February 2022

Stakeholders affected

Shareholders, employees and clients.

Actions and impact

Management has performed a comprehensive review of the potential impact the invasion could have on the business.

The Group does not have any permanent establishments in Russia, Belarus or the Ukraine and no staff are working in any of these locations.

As sanctions are updated by the various jurisdictions on a regular basis they are under constant review by the Head of Legal to ensure the group is compliant.

Change of Private Equity Investor in August 2022

Stakeholders affected

Shareholders, employees and lenders

Actions and impact

During the period, the Group was acquired by PAI Partners, and a new board was established to reflect the change in ownership. New debt facilities were arranged and a new equity structure was established.

Regular briefings were held with employees during this process.

On behalf of the board

Atul Patel

.....
A Patel
Director

Date: 22/09/2023
.....

HKA GLOBAL LTD.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Principal activities

The principal activity of the company continued to be that of providing consulting, expert and advisory services for the construction, manufacturing, process and technology industries.

Results and dividends

The results for the year and the financial position of the Company are as shown in the attached financial statements and a detailed review is set out in the strategic report. No dividends were declared or paid in the year.

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

A Patel
R Borhan
T Hunt
S Moon

(Resigned 30 June 2022)

In addition, the company secretary, Andrew Guest, resigned on 17th March 2023. The new company secretary, Jeremy Sampson, was appointed on 14 March 2023.

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the reporting date.

Auditor

In accordance with the company's articles, a resolution proposing that BDO LLP be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the Directors individually have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Going Concern

In adopting the going concern basis for preparing the financial statements, the Directors have considered, amongst other matters, the Group's principal risks and uncertainties as set out in the Strategic Report, the new financing facilities in place, the continued risk associated with the Covid-19 pandemic and the invasion of the Ukraine.

The going concern review has been performed at the HKA group level, details of this review can be found in the HKA Group Limited financial statements.

As at 31 December 2022 the Company had net current assets.

The Directors of HKA Global Ltd are also represented as Directors of the Group and ultimate parent company, HKA Group Holdings Limited, and therefore are comfortable in the assessment that has been made in respect of the Group's ability to continue as a going concern.

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

HKA GLOBAL LTD.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

On behalf of the board

Atul Patel

.....
A Patel

Director

Date: **22/09/2023**.....

HKA GLOBAL LTD.

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) including FRS 101 "Reduced Disclosure Framework" ("FRS 101") and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

HKA GLOBAL LTD.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HKA GLOBAL LTD.

Opinion on the financial statements

In our opinion the financial statements:

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

We have audited the financial statements of HKA Global Ltd ("the Company") for the year ended 31 December 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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.

HKA GLOBAL LTD.

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF HKA GLOBAL LTD.

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

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

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

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

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

Responsibilities of Directors

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

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

HKA GLOBAL LTD.

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF HKA GLOBAL LTD.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Non-compliance with laws and regulations

Based on:

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

We considered the significant laws and regulations to be the applicable accounting framework, and UK tax legislation.

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

Our procedures in respect of the above included:

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

HKA GLOBAL LTD.

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF HKA GLOBAL LTD.

Fraud

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

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to accrued income, goodwill impairment assessment and trade and intercompany debtor provisions; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be revenue recognition and management override of controls.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias; and
- Revenue year end cut-off procedures and post year end credit notes review.

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

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

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

HKA GLOBAL LTD.

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF HKA GLOBAL LTD.

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.

DocuSigned by:
Steven Roberts
49BD0A55E7C14AD...

Steven Roberts (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester, UK
Date: 22 September 2023

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

HKA GLOBAL LTD.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

| | Notes | 2022 £ | 2021 £ |
|---|-------|-------------------|-------------------|
| Revenue | 3 | 37,643,787 | 39,995,904 |
| Cost of sales | | (24,319,030) | (25,679,317) |
| Gross profit | | 13,324,757 | 14,316,587 |
| Administrative expenses | | (10,028,694) | (7,941,118) |
| Operating profit | 5 | 3,296,063 | 6,375,469 |
| Finance costs | 8 | (728,153) | 87,574 |
| Profit before taxation | | 2,567,910 | 6,463,043 |
| Tax on profit | 10 | (649,642) | (989,990) |
| Profit and total comprehensive income for the financial year | | 1,918,268 | 5,473,053 |

The income statement has been prepared on the basis that all operations are continuing operations.

The notes on pages 18 to 37 form part of these financial statements.

HKA GLOBAL LTD.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

| | Notes | 2022 £ | £ | 2021 £ | £ |
|--|-------|--------------|-------------|--------------|-------------|
| Non-current assets | | | | | |
| Intangible assets - goodwill | 11 | 3,018,947 | | 2,765,297 | |
| Other intangible assets | 11 | 474,431 | | 433,172 | |
| Property, plant and equipment | 12 | 1,082,574 | | 1,134,806 | |
| Right-of-use Asset | 13 | 2,898,450 | | 3,483,732 | |
| Investments | | 605,226 | | 605,226 | |
| | | | 8,079,628 | | 8,422,233 |
| Current assets | | | | | |
| Accrued Income | 15 | 859,196 | | 1,120,193 | |
| Trade and other receivables falling due after more than one year | 16 | 4,384,788 | | - | |
| Trade and other receivables | 16 | 6,512,785 | | 16,305,097 | |
| Cash and cash equivalents | | 2,497,803 | | 2,961,006 | |
| | | 14,254,572 | | 20,386,296 | |
| Current liabilities | | | | | |
| Trade and other payables | 18 | (11,692,877) | | (18,861,395) | |
| Current tax liabilities | | (278,762) | | (549,438) | |
| Lease liabilities | 19 | (765,015) | | (515,767) | |
| | | (12,736,654) | | (19,926,600) | |
| Net current assets | | | 1,517,918 | | 459,696 |
| Total assets less current liabilities | | | 9,597,546 | | 8,881,929 |
| Non-current liabilities | | | | | |
| Trade and other payables | 18 | (254,463) | | (200,000) | |
| Lease liabilities | 19 | (2,781,198) | | (3,520,319) | |
| | | | (3,035,661) | | (3,720,319) |
| Provisions for liabilities | | | | | |
| Deferred tax liabilities | 20 | (27,187) | | (58,630) | |
| Other provisions | 21 | (279,522) | | (262,491) | |
| Net assets | | | 6,255,176 | | 4,840,489 |
| Equity | | | | | |
| Called up share capital | 22 | | 1,000 | | 1,000 |
| Retained earnings | | | 6,254,176 | | 4,839,489 |
| Total equity | | | 6,255,176 | | 4,840,489 |

The notes on pages 18 to 37 form part of these financial statements.

HKA GLOBAL LTD.

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2022

The financial statements were approved by the board of directors and authorised for issue on 22/09/2023 and are signed on its behalf by:

Atul Patel

.....
A Patel
Director

Company registration number 10506713

HKA GLOBAL LTD.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

| | Notes | Share capital £ | Retained earnings £ | Total £ |
|---|-------|--------------------|------------------------|------------------|
| Balance at 1 January 2021 | | 1,000 | 5,366,436 | 5,367,436 |
| Year ended 31 December 2021: | | | | |
| Profit and total comprehensive income for the year | | - | 5,473,053 | 5,473,053 |
| Transactions with owners in their capacity as owners: | | | | |
| Dividends | 9 | - | (6,000,000) | (6,000,000) |
| Balance at 31 December 2021 | | <u>1,000</u> | <u>4,839,489</u> | <u>4,840,489</u> |
| Year ended 31 December 2022: | | | | |
| Profit and total comprehensive income for the year | | - | 1,918,268 | 1,918,268 |
| Transactions with owners in their capacity as owners: | | | | |
| Foreign exchange reserves | | - | (503,581) | (503,581) |
| Balance at 31 December 2022 | | <u>1,000</u> | <u>6,254,176</u> | <u>6,255,176</u> |

The notes on pages 18 to 37 form part of these financial statements.

HKA GLOBAL LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

HKA Global Ltd. is a private company limited by shares incorporated in England and Wales. The registered office is 3200 Daresbury Park, Daresbury, Warrington, Cheshire, WA4 4BU. The nature of the Company's operation and its principle activities are set out in the Strategic Report and Directors' Report.

1.1 Accounting convention

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The current accounting period is one year.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Disclosure exemptions adopted

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by IFRS accounting standards in conformity with the requirements of the Companies Act 2006;
- certain disclosures regarding the company's capital;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel;
- a statement of cash flows; and
- disclosure of related party transactions entered into between two or more members of a group headed by HKA Group Limited, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are given in the consolidated financial statements of HKA Group I Holdings Limited. These financial statements do not include certain disclosures in respect of:

- financial instruments (other than certain disclosures required as a result of recording financial instruments at fair value);
- fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value); and
- impairment of assets.

The financial statements of HKA Group Limited are available to the public and can be obtained as set out in note 27.

Consolidated accounts

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

HKA Global Ltd. is a wholly owned subsidiary of HKA Global B.V. and the results of HKA Global Ltd. are included in the consolidated financial statements of HKA Group Holdings Limited which can be obtained from Companies House (<https://www.gov.uk/government/organisations/companies-house>).

HKA GLOBAL LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.2 Going concern

In adopting the going concern basis for preparing the financial statements, the Directors have considered, amongst other matters, the Group's principal risks and uncertainties as set out in the Strategic Report, the new financing facilities in place, the continued risk associated with the Covid-19 pandemic and the invasion of the Ukraine.

The going concern review has been performed at the HKA group level, details of this review can be found in the HKA Group Limited financial statements.

As at 31 December 2022 the Company had net current assets.

The Directors of HKA Global Ltd are also represented as Directors of the Group and ultimate parent company, HKA Group Holdings Limited, and therefore are comfortable in the assessment that has been made in respect of the Group's ability to continue as a going concern.

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements

HKA GLOBAL LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.3 Revenue

Performance obligations and timing of revenue recognition

The majority of the Company's revenue is derived from the provision of professional consultancy services, which is recognised on an over time basis, to the extent that the Company has earned an enforceable right to consideration and future economic benefit will flow.

There is no alternative use for the service within the Company and the contracts require payment to be received for the time and effort spent on progressing the contracts in the event of the customer cancelling the contract prior to completion, for any reason other than the Company's failure to perform its obligations under the contract.

On partially complete contracts, the Company recognises revenue based on; the number of hours expended, in the case of time and material based projects and the stage of completion of the project in the case of fixed fee contracts. No contingent fee element of contracts is recognised until the contingent event has occurred.

Unbilled revenue on individual assignments at the period end, is included within accrued income on the balance sheet. Where billings on individual assignments exceed the revenue recognised in the period, the excess is included within trade and other payables.

Determining the transaction price

Revenue represents amounts earned, net of sales taxes, from services provided during the period, to the extent that the Company has earned the right to consideration and future economic benefit will flow. Revenue recognised includes direct expenses that have been recharged to customers, the cost of these expenses is included within cost of sales. Revenue from time and materials assignments is recognised according to the time expended at the contracted hourly rate.

Fixed fee assignments are recognised according to the stage of completion, using the cost incurred at the period end, as a percentage of the total anticipated cost of the services to be provided.

Contingent fee assignments are only recognised when the contingent event has occurred.

Allocating amounts to performance obligations

For the majority of contracts with clients, there is either a single performance obligation or multiple performance obligations with the same pricing structure and therefore no judgement is involved in allocating the contract price. In instances where there is a variable pricing structure for multiple performance obligations, the Company is able to determine the split of the contract price and no judgement is involved in the allocation to the respective performance obligations.

1.4 Goodwill

Goodwill represents the excess of the fair value of the consideration given for a business over, the fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Goodwill arising on acquisitions is capitalised with an indefinite useful economic life with an annual impairment review. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the statement of comprehensive income on the acquisition date.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed immediately.

HKA GLOBAL LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

1.5 Intangible assets other than goodwill

Intangible assets are stated at cost less accumulated amortisation, less impairment losses.

Amortisation is recognised so as to write off the cost or valuation of intangible assets over their useful economic lives on the following bases:

| Intangible assets | Useful economic life | Valuation method |
|-------------------|----------------------|------------------|
| Trademark | 10 years | Cost |
| Software | 3 years | Cost |

The gain or loss arising from the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.6 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|-------------------------|-----------------|
| Leasehold improvements | Length of lease |
| Furniture and equipment | 20% - 33% |
| Computer equipment | 20% - 50% |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.7 Non-current investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the statement of comprehensive income.

1.8 Impairment of tangible and intangible assets

At each reporting end date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount (i.e. the higher of value in use and fair value less costs to sell) of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the smallest Group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income.

1.9 Accrued Income

Accrued income is recognised where all revenue recognition criteria have been met but invoices have not been raised by the end of the year.

HKA GLOBAL LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.10 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the company from the adoption of IFRS 13.

1.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

1.12 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Loans and receivables

Trade Receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those measured at fair value through profit and loss, are assessed for indicators of impairment at each reporting date end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.13 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

HKA GLOBAL LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.14 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.15 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.16 Provisions

The Company recognises provisions for liabilities of uncertain timing or amount including those for onerous leases, leasehold dilapidations and legal disputes. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability. In the case of leasehold dilapidations, the provision takes into account the potential that the properties in question may be sublet for some or all of the remaining lease term.

1.17 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

HKA GLOBAL LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.18 Leases

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 and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently amortised using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

1.19 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

HKA GLOBAL LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

2 Critical accounting estimates and judgements

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

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

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical estimates and judgement

Impairment of goodwill

The company is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

The value in use calculations are based on cash flow projections over a five year period using formally approved budgets for the forthcoming year and expected growth rates in revenue, gross margin and pre tax profit. Projections beyond five years are based on a long term growth rate of 2%.

Discount rates are based on the Group's weighted average cost of capital (10.6%).

Revenue recognition

The revenue and profits of fixed fee contracts are recognised based on the percentage completion basis. Management exercise judgement and use estimates, in calculating the future anticipated cost to completion of such contracts, which is used to determine the percentage complete at the period end and the anticipated profitability. Estimates are reviewed regularly and updated for any changes in circumstances on a contract by contract basis.

Trade receivables

Trade receivables are reviewed on a regular basis to assess recoverability and ensure that adequate impairment provisions are in place. In applying IFRS9 to calculate the lifetime expected credit loss provision, Judgement is used to determine the expected loss rates, based on the Company's historical credit losses, in addition to current and forward looking information in relation to the client and jurisdictions in which the Company operates.

3 Revenue

| | 2022 | 2021 |
|--|------------|------------|
| | £ | £ |
| Revenue analysed by class of business | | |
| Consultancy services | 37,643,787 | 39,995,904 |

HKA GLOBAL LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

| 3 | Revenue | (Continued) | |
|---|--|-------------------|-------------------|
| | | 2022 | 2021 |
| | | £ | £ |
| | Revenue analysed by geographical market | | |
| | United Kingdom | 19,801,911 | 20,457,330 |
| | Europe | 10,757,389 | 8,188,651 |
| | South America and Caribbean | 465,193 | 215,173 |
| | Asia Pacific | 1,521,170 | 3,519,966 |
| | Middle East | 3,193,175 | 4,812,757 |
| | South Africa | 215,656 | 59,514 |
| | USA & Canada | 1,689,293 | 2,742,513 |
| | | <u>37,643,787</u> | <u>39,995,904</u> |
| | | | |
| 4 | Auditor's remuneration | 2022 | 2021 |
| | | £ | £ |
| | Fees payable to the company's auditor and associates: | | |
| | For audit services | | |
| | Audit of the financial statements of the company | 48,000 | 40,050 |
| | | <u>48,000</u> | <u>40,050</u> |
| | | | |
| 5 | Operating profit | 2022 | 2021 |
| | | £ | £ |
| | Operating profit for the year is stated after charging/(crediting): | | |
| | Exchange losses | 39,416 | 279,693 |
| | Depreciation of property, plant and equipment | 275,952 | 240,230 |
| | Loss on disposal of property, plant and equipment | 85 | - |
| | Depreciation of right of use assets | 621,482 | 647,466 |
| | Hire charge income | (79,576) | (74,851) |
| | Amortisation of intangible assets | 239,035 | 25,150 |
| | | <u>239,035</u> | <u>25,150</u> |
| | | | |
| 6 | Employees | | |
| | The average monthly number of persons (including directors) employed by the company during the year was: | | |
| | | 2022 | 2021 |
| | Operations | 152 | 137 |
| | Administrative | 47 | 67 |
| | | <u>152</u> | <u>137</u> |
| | Total | <u>199</u> | <u>204</u> |

HKA GLOBAL LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

6 Employees (Continued)

Their aggregate remuneration comprised:

| | 2022 | 2021 |
|-----------------------|-------------------|-------------------|
| | £ | £ |
| Wages and salaries | 20,354,421 | 18,094,768 |
| Social security costs | 3,509,927 | 2,816,342 |
| Pension costs | 291,945 | 269,994 |
| | <u>24,156,293</u> | <u>21,181,104</u> |

7 Directors' remuneration

Directors remuneration was paid by the parent Company in the current and prior year. No recharge was made to the Company.

8 Finance costs/(income)

| | 2022 | 2021 |
|---|----------------|-----------------|
| | £ | £ |
| Interest on lease liabilities | 217,650 | 57,700 |
| Foreign exchange (gains)/losses on intercompany loans | 510,503 | (145,274) |
| | <u>728,153</u> | <u>(87,574)</u> |

9 Dividends

| Amounts recognised as distributions: | 2022 | 2021 | 2022 | 2021 |
|--------------------------------------|-----------|-----------------|----------|------------------|
| | per share | per share | Total | Total |
| | £ | £ | £ | £ |
| Ordinary | | | | |
| Final dividend paid | - | 6,000.00 | - | 6,000,000 |
| | <u>-</u> | <u>6,000.00</u> | <u>-</u> | <u>6,000,000</u> |

HKA GLOBAL LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

10 Income tax expense

| | 2022 | 2021 |
|--|-----------------|----------------|
| | £ | £ |
| Current tax | | |
| UK corporation tax on profits for the current period | 555,685 | 1,257,071 |
| Adjustments in respect of prior periods | (60,118) | (233,653) |
| Withholding tax expense | 185,518 | (116,602) |
| Total UK current tax | <u>681,085</u> | <u>906,816</u> |
| | <u>681,085</u> | <u>906,816</u> |
| Deferred tax | | |
| Origination and reversal of temporary differences | 3,228 | 20,520 |
| Adjustment in respect of prior periods | 28,215 | 62,654 |
| | <u>(31,443)</u> | <u>83,174</u> |
| Total tax charge | <u>649,642</u> | <u>989,990</u> |

The charge for the year can be reconciled to the profit per the income statement as follows:

| | 2022 | 2021 |
|---|------------------|------------------|
| | £ | £ |
| Profit before taxation | <u>2,567,910</u> | <u>6,463,505</u> |
| Expected tax charge based on a corporation tax rate of 19% | 487,903 | 1,228,066 |
| Effect of expenses not deductible in determining taxable profit | - | 49,001 |
| Adjustment in respect of prior years | (88,333) | (170,475) |
| Deferred tax not recognised | 6,525 | - |
| Foreign tax | 185,518 | (116,602) |
| Permanent Differences | 58,029 | - |
| Taxation charge for the year | <u>649,642</u> | <u>989,990</u> |

IFRIC23 is not considered to have an impact on the Company accounting for current and deferred tax liabilities and assets as the Company is not aware of any uncertain tax positions it has taken which could be challenged by a tax authority.

Changes in tax rates and factors affecting the future tax charge

The Finance Act 2021 was substantially enacted in May 2021 and has increased the UK corporation tax rate to from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the temporary differences reverse.

HKA GLOBAL LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

11 Intangible fixed assets

| | Goodwill | Software | Trademarks | Customer contracts | Total |
|------------------------------------|-----------|----------|------------|--------------------|-----------|
| | £ | £ | £ | £ | £ |
| Cost | | | | | |
| At 31 December 2021 | 2,765,297 | 84,520 | 311,597 | 785,655 | 3,947,069 |
| Additions - purchased | 253,650 | - | 5,294 | 275,000 | 533,944 |
| At 31 December 2022 | 3,018,947 | 84,520 | 316,891 | 1,060,655 | 4,481,013 |
| Amortisation and impairment | | | | | |
| At 31 December 2021 | - | 84,520 | 91,845 | 572,235 | 748,600 |
| Charge for the year | - | - | 25,614 | 213,421 | 239,035 |
| At 31 December 2022 | - | 84,520 | 117,459 | 785,656 | 987,635 |
| Carrying amount | | | | | |
| At 31 December 2022 | 3,018,947 | - | 199,432 | 274,999 | 3,493,378 |
| At 31 December 2021 | 2,765,297 | - | 219,752 | 213,420 | 3,198,469 |

On 31 December 2022, the group acquired the trade of GMR Aviation Limited. The fair value of the total consideration was £528,650, £253,650 has been recognised as goodwill in note 13 and £275,000 has been recognised as customer contracts.

Impairment of goodwill

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows. The CGUs are made up of the following:

- Americas
- EMEA
- APAC

HKA Global Ltd is part of EMEA CGU.

The value in use calculations of the CGUs are based on cash flow projections over a five year period using formally approved budgets for the forthcoming year and expected growth rates in revenue, gross margin and pre tax profit. Projections beyond five years are based on a long term growth rate of 2%.

Discount rates are based on the Group's weighted average cost of capital (10.6%).

No impairment has been identified in the current period in relation to either of the CGUs. The directors believed that if any one of the following changes were made to the above key assumptions, the value of goodwill would not be impaired.

- Operating margin reduction of 10%.
- Discount rate increase from 11% to 14%.
- Growth rate beyond year 5 reduction from 2% to 1.5%.

HKA GLOBAL LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

12 Property, plant and equipment

| | Leasehold improvements £ | Furntiure & equipment £ | Computer equipment £ | Total £ |
|--|--------------------------------|-------------------------------|----------------------------|------------|
| Cost | | | | |
| At 1 January 2022 | 1,468,585 | 477,481 | 720,961 | 2,667,027 |
| Additions | 82,036 | 15,008 | 126,957 | 224,001 |
| Disposals | - | - | (344) | (344) |
| At 31 December 2022 | 1,550,621 | 492,489 | 847,574 | 2,890,684 |
| Accumulated depreciation and impairment | | | | |
| At 1 January 2022 | 612,896 | 461,940 | 457,385 | 1,532,221 |
| Charge for the year | 158,491 | 10,169 | 107,292 | 275,952 |
| Disposal | - | - | (63) | (63) |
| At 31 December 2022 | 771,387 | 472,109 | 564,614 | 1,808,110 |
| Carrying amount | | | | |
| At 31 December 2022 | 779,234 | 20,380 | 282,960 | 1,082,574 |
| At 31 December 2021 | 855,689 | 15,541 | 263,576 | 1,134,806 |

HKA GLOBAL LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

13 Right of use asset - Land & Buildings

| | 2022 | 2021 |
|---------------------------------|------------------|------------------|
| | £ | £ |
| Cost | | |
| At 1 January 2022 | 4,608,594 | 2,665,506 |
| Additions | 36,200 | 2,355,108 |
| Disposals | - | (412,020) |
| | <u>4,644,794</u> | <u>4,608,594</u> |
| Accumulated depreciation | | |
| At 1 January 2022 | 1,124,862 | 885,260 |
| Charge for the year | 621,482 | 647,466 |
| On disposals | - | (407,864) |
| | <u>1,746,344</u> | <u>1,124,862</u> |
| Carrying value | | |
| At 31 December 2022 | <u>2,898,450</u> | <u>3,483,732</u> |
| At 31 December 2021 | <u>3,483,732</u> | <u>1,780,245</u> |

14 Subsidiaries

| Name of undertaking | Registered office | % Held | |
|---------------------------------------|-------------------|--------|--------|
| | | Direct | Voting |
| HKA Korea LLC | South Korea | 100 | 100 |
| HKA Global (South Africa) Pty Limited | South Africa | 100 | 100 |
| Robert Breeze Associates Limited | United Kingdom | 100 | 100 |

15 Accrued income

| | 2022 | 2021 |
|-------------------------------------|----------------|------------------|
| | £ | £ |
| Amounts due from contract customers | <u>859,196</u> | <u>1,120,193</u> |

HKA GLOBAL LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

| 16 Trade and other receivables | Current | | Non-current | |
|--|------------------|-------------------|------------------|------|
| | 2022 | 2021 | 2022 | 2021 |
| | £ | £ | £ | £ |
| Trade receivables | 6,510,667 | 5,517,728 | - | - |
| Provision for bad and doubtful debts | (325,966) | (305,764) | - | - |
| | <u>6,184,701</u> | <u>5,211,964</u> | - | - |
| Other receivables | 30,880 | 305,188 | - | - |
| Amounts due from fellow group undertakings | - | 10,474,664 | 4,384,788 | - |
| Prepayments | 297,204 | 313,281 | - | - |
| | <u>6,512,785</u> | <u>16,305,097</u> | <u>4,384,788</u> | - |

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

Amounts due from related parties have no fixed repayment date and incur no interest.

17 Liabilities

| | Notes | Current | | Non-current | |
|------------------------------|-------|-------------------|-------------------|------------------|------------------|
| | | 2022 | 2021 | 2022 | 2021 |
| | | £ | £ | £ | £ |
| Trade and other payables | 18 | 11,692,877 | 18,861,395 | 254,463 | 200,000 |
| Taxation and social security | | 278,762 | 549,438 | - | - |
| Lease liabilities | 19 | 765,015 | 515,767 | 2,781,198 | 3,520,319 |
| | | <u>12,736,654</u> | <u>19,926,600</u> | <u>3,035,661</u> | <u>3,720,319</u> |

18 Trade and other payables

| | Current | | Non-current | |
|--|-------------------|-------------------|----------------|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| | £ | £ | £ | £ |
| Trade payables | 833,547 | 1,193,350 | - | - |
| Amounts due to fellow group undertakings | 6,968,264 | 13,701,697 | - | - |
| Accruals | 3,612,229 | 3,839,171 | - | - |
| Other payables | 278,837 | 127,177 | 254,463 | 200,000 |
| | <u>11,692,877</u> | <u>18,861,395</u> | <u>254,463</u> | <u>200,000</u> |

Amounts due to group undertakings are repayable on demand and do not attract interest.

HKA GLOBAL LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

19 Lease liabilities

| | £ |
|----------------------------|------------------|
| At 1 January 2022 | 4,036,086 |
| Additions | 25,859 |
| Interest expenses | 217,650 |
| Lease payments | (733,382) |
| At 31 December 2022 | 3,546,213 |

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

| | 2022 £ | 2021 £ |
|-------------------------|------------------|------------------|
| Current liabilities | 765,015 | 515,767 |
| Non-current liabilities | 2,781,198 | 3,520,319 |
| | <u>3,546,213</u> | <u>4,036,086</u> |

HKA GLOBAL LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

20 Deferred taxation

The Finance Act 2021 was substantially enacted in May 2021 and has increased the UK corporation tax rate to from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the temporary differences reverse.

No deferred tax liability is recognised on temporary differences relating to unremitted earnings of overseas subsidiaries as the Company is able to control the timing and the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

| | Property, plant & equipment £ | Other short term timing differences £ | Total £ |
|---|--|--|---------------|
| Deferred tax movements in prior year | | | |
| Balance at 1 January 2021 | - | - | - |
| Charge/(credit) to profit or loss | 63,775 | (5,145) | 58,630 |
| Liability/(Asset) At 31 December 2021 | 63,775 | (5,145) | 58,630 |
| Deferred tax movements in current year | | | |
| Balance at 1 January 2022 | 63,775 | (5,145) | 58,630 |
| Charge/(credit) to profit or loss | (3,228) | (28,215) | (31,443) |
| Liability/(Asset) at 31 December 2022 | <u>60,547</u> | <u>(33,360)</u> | <u>27,187</u> |

21 Provisions for liabilities

| | 2022 £ | 2021 £ |
|-------------------------|----------------|----------------|
| Dilapidations provision | <u>279,522</u> | <u>262,491</u> |

Movements on provisions:

| | £ |
|-----------------------------------|----------------|
| At 1 January 2022 | 262,491 |
| Additional provisions in the year | 14,848 |
| Other | 2,183 |
| At 31 December 2022 | <u>279,522</u> |

HKA GLOBAL LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

22 Share capital

| | 2022 | 2021 | 2022 | 2021 |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|
| | Number | Number | £ | £ |
| Ordinary share capital | | | | |
| Authorised | | | | |
| Ordinary of £1 each | 1,000 | 1,000 | 1,000 | 1,000 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Issued and fully paid | | | | |
| Ordinary of £1 each | 1,000 | 1,000 | 1,000 | 1,000 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

The company has one class of ordinary shares which carry no right to fixed income, all shares rank pari passu for dividends and in the event of a return of surplus assets on liquidation.

23 Acquisitions of a business

Robert Breeze Associates Limited (prior year acquisition)

On 1 December 2021, the company acquired the entire share capital of Robert Breeze Associates Limited.

Robert Breeze Associates is a delay and quantum expert consulting firm with one office in the UK.

The fair value of the consideration was £1,485,112 of which £1,200,000 was paid in cash at the time of the acquisition, £35,112 was paid in June 2022 and a further £250,000 is payable in equal instalments on the anniversary of the acquisition for each of the next 5 years.

Net assets at acquisition were £401,108 after fair value adjustments.

HKA GLOBAL LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

| 23 Acquisitions of a business | (Continued) |
|---|------------------|
| Satisfied by: | £ |
| Cash | 1,200,000 |
| Deferred Consideration | 285,112 |
| | <u>1,485,112</u> |
| Net cash outflow arising on acquisition | £ |
| Cash consideration | (1,200,000) |
| Cash and cash equivalents acquired | 203,447 |
| | <u>(996,553)</u> |

GMR Aviation Limited

On 31 December 2022, the group acquired the trade of GMR Aviation Limited ("GMRA"). GMRA is a specialist firm providing expert consulting and training services to both the civil and military aviation sectors globally, based in the UK.

The fair value of the total consideration was £528,650 of which £275,000 was paid in cash at the time of the acquisition and a further £253,650 is payable as additional consideration over a two year earn-out period, subject to certain revenue and gross margin targets being achieved. The fair value represents managements best estimate of the likely amounts payable as part of the provision acquisition accounting as has been discounted using the Group WACC of 10.6%. No assets or liabilities were acquired as part of the transaction and no separately identifiable intangible assets were acquired and as such, £253,650 has been recognised as goodwill in note 13 and £275,000 has been recognised as customer contracts.

Acquisition costs relating to professional fees totaling £21,150 were incurred and recognised in the income statement as administrative expenses.

| | |
|------------------------|----------------|
| Satisfied by: | £ |
| Cash | 275,000 |
| Deferred Consideration | 253,650 |
| | <u>528,650</u> |

HKA GLOBAL LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

24 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for lease of properties and office equipment that do not fall into the scope of IFRS 16 due to being of low value.

Amounts recognised in profit or loss as an expense during the period in respect of lease arrangements are as follows:

| | 2022 £ | 2021 £ |
|---|-----------|-----------|
| Minimum lease payments under operating leases | 16,735 | 3,963 |

Set out below are the future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities:

| | 2022 £ | 2021 £ |
|-----------------|---------------|--------------|
| Within one year | 22,082 | 5,435 |
| | <u>22,082</u> | <u>5,435</u> |

There are no contingent rents payable. No lease agreement contains terms for purchase options and there are no restrictions concerning dividends, additional debt or further leasing.

25 Events after the reporting date

There were no events after the reporting period which impact the financial statements.

26 Related party transactions

The Company has taken advantage of the exemption conferred by FRS 101 paragraph 8(j) and 8(k) not to disclose key management personnel compensation or transactions and amounts due to or from fellow Group companies that are wholly owned by the ultimate parent Company.

At 31 December 2022, an amount of £328,843 (2021: £168,527) was owed by HKA Global (Pty) Ltd. Sales of £237,665 (2021: £160,380) were made by HKA Global Limited in the year.

27 Controlling party

The Company is a wholly owned subsidiary of HKA Global B.V., a Company incorporated and registered in the Netherlands. The smallest Group for which consolidated accounts have been prepared is that headed by HKA Group Holdings Limited which can be obtained from Companies House (<https://www.gov.uk/government/organisations/companies-house>).

During the year, the ultimate controlling party changed from Bridgepoint Development Capital to PAI Partners, at 31 December 2022, the ultimate controlling party was PAI Partners.