facilities by ADF PLC

Company Number: 13761460

GROUP ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2022

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FOR THE YEAR ENDED
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ANNUAL REPORT 2022
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CHAIRMAN'S STATEMENT

John Richards
Chairman

Facilities by ADF PLC (Hereinafter referred to as ADF) has delivered another year of solid growth, fuelled by high levels of fleet utilisation, an increased number of larger productions in H2-FY22, and the successful acquisition of Location One, to strengthen the Group's position as the leading provider of premium serviced production facilities to the UK film and HETV industry.

The Group's strong financial performance during our first full year as a listed business is evident by the revenue growth of 13% to £31.4m (FY21 £27.7m) and adjusted EBITDA growth to £8.0m (FY21 £7.7m) reflecting the continued positive momentum across the business in H2-FY22.

Despite the current macro-economic environment, demand for our products remain strong as the UK's film and HETV market continues to accelerate through studio space expansion and inward investment from global production companies. As a result, the Group's order book remains strong as we continue to find ourselves at the forefront of increasing competition for subscribers amongst the leading global streaming companies.

Strategy

The Group has ambitions to grow our revenue to over £100 million and we intend do this through organic means by investing in revenue generating fleet equipment, as well as inorganically through appropriate acquisitions and I am pleased to report that Location One represented ADF's first successful acquisition in delivering this strategy.

Location One is the UK's largest integrated TV and film location service and equipment hire company. Its integration is progressing as planned and is performing in line with the Board's expectations. The acquisition will enable further expansion across the UK and brings highly complementary services to ADF which provide a wealth of cross selling opportunities to the enlarged Group, as well as deliver efficiencies through central services. As a Board, we believe this is a significant step in becoming the premium one-stop-shop for film and HETV.

Having raised £15.0m at IPO in January 2022, to date we have invested £9.2m in new revenue generating fleet, £4.0m of which were spent on Hire Purchase assets and invested an initial cash consideration of £4.4m for the acquisition of Location One in November 2022. Going forward, the Group will continue to invest wisely seeking to meet customer demand and drive further business growth.

Market opportunity

UK market growth continues to be buoyed by a highly skilled workforce, strong Government support, a long history of film and TV production, favourable tax treatment and the unprecedented levels of investment in UK studio space and content, which bodes well for the Group's future growth ambitions. HETV has been in the vanguard of this growth and ADF has been and continues to be well positioned to capitalise on this opportunity.

Apple at Aylesbury, Disney at Pinewood, Netflix at Shepperton and Longcross, and Sky at Elstree, along with many others, have added significant additional capacity to UK film and HETV production capacity. The Group's five-acre hub at Longcross became fully operational in Q4 FY22. This new site is perfectly located to serve all these production sites. The Group also opened a new office in Glasgow, set in Pioneer Film Studios' campus, Scotland's newest and largest film studio. The office was opened to capitalise on the growing market as global production companies are increasingly choosing Scotland for its natural landscapes and to utilise its strong creative sector.

People

We have continued to invest in the expansion of our senior leadership team to ensure we have the depth and breadth of management to deliver our growth strategy and have been encouraged by the immediate positive contribution that the new team members have made.

In May 2022, we appointed Alexandra Innes to the Board as an independent Non-Executive Director. Following a career in banking, Alexandra has already proven to be a valuable addition to our Board as we seek to drive the business forward in its next phase of growth.

In the current macro-economic environment, our priority continues to be the wellbeing of our teams around the UK, providing them with the best environment to continue to deliver the high-quality service that our customers expect of ADF. On behalf of the Board, I would like to take this opportunity to thank all members of staff for their dedication and commitment to making Facilities by ADF what it is today.

ESG

Like many businesses, Facilities by ADF is committed to activities that have a positive impact on our employees and society, and we aim to reduce our environmental impact through collaborating with stakeholders towards a low carbon production industry. As a Board, we are proud to have been the first facilities provider in Europe that is approved by Albert, the authority on environmental sustainability for the film and television industry, which is a clear endorsement of the Group's ESG strategy. Being approved by Albert is becoming ever more important as studios will only allow approved vehicles on site. Location One is also an approved Albert supplier and on a journey to net-zero with impressive sustainability credentials.

As we embark upon a journey to ultimately become a carbon-neutral operator in the future, we have partnered with Creative Zero, a sustainability organisation, to undergo a carbon audit to better understand our impact on the environment. We are also working with our clients and suppliers to reduce the footprint of our operations, helping to deliver an environmentally sustainable media industry.

Working with Creative Zero, we aim to report against SECR guidelines. Facilities by ADF and Location One's footprints are currently separate with no shared energy usage and emissions across the organisations, but there is a real opportunity to reduce carbon emissions across the Group in an integrated way. These opportunities will be maximised moving forward and the carbon footprint and carbon reduction plan exercise that is underway will provide the data required for the SECR submission to be prepared by April 2024.

Post period end, we launched our first Employee Satisfaction Survey to measure and improve employee wellbeing. We are in the process of re-launching our Company Values and Mission Statement, to ensure our employees can reach their full potential. As part of this, we are launching a wellbeing policy to provide guidance and advice to staff on the support that is available, including support for financial wellbeing.

The Company already offers an Employee Assistance Programme via an external provider and has also invested in the training of three Mental Health First Aiders to support and signpost employees to professional assistance if required.

In addition to wellbeing, the health & safety (H&S) of our staff as well as our customers and contractors, is a key focus for ADF. We have an established H&S framework and resources in place to ensure that the conduct of the business ensures the lowest level of risk. The Group has a full-time H&S Coordinator, reporting to the CFO, who in turn reports H&S matters to the Board. Detailed accident reporting is maintained, all incidents are investigated, and procedures changed where necessary.

The Company appointed Safety Forward, external H&S consultants and auditors, in 2022 to assist with the development of our H&S framework. Our 12-month plan outlines the key areas of focus for 2023 to include H&S structure, training and development, risk management, audit, and review.

We have worked on a number of projects with our production clients to improve the safety and accessibility on site. ADF joined forces with the TV Access Project (TAP), created to actively work towards achieving a more inclusive television production sector for disabled talent. The TV Access Project is an alliance of 11 Broadcasters and Streamers led by the BBC and Channel 4 working alongside creative talent with disabilities in the industry to create sustainable change.

As a Board, we are dedicated to maintaining our strong corporate governance framework. Following our IPO, we have chosen to adopt the QCA Corporate Governance Code, which will help to inform the evolution of our governance approach in future. The appointments we have made to the Board are a clear demonstration of this commitment and we will continue to ensure this remains as we grow as a listed business.

Outlook

This year ADF has become a more robust business, with a greater ability to capture the growing opportunity within the UK Film and HETV industry, through investment in our vehicle fleet and the acquisition of Location One. We are successfully delivering against our growth strategy to move ADF closer to becoming a 'one-stop shop' for film and TV producers and we are excited about the opportunities that lay ahead.

The prospects for ADF are increasingly positive and we have entered FY23 in a very strong position with considerable momentum across the business, managing inflationary pressures, with trading in the first few months of the year in line with the Board's expectations. The supportive market dynamics, expanding partner network and proven offering, underpin the Board's confidence of delivering sustainable revenue growth and is confident in delivering FY23 financial results in line with current market expectations.

John Richards
Chairman of the Board

I am incredibly proud of the successes achieved during our first full year as a listed business by our fantastic team, against a challenging economic backdrop. We made our first acquisition, expanded into Scotland and opened our new operational hub at Longcross, demonstrating our continuing delivery of our growth strategy.

We experienced increased demand for our services, resulting in revenue growth of 13% year on year, and have continued to invest wisely in our business. The successes delivered during the year have moved the business closer to becoming a one-stop-shop for film and TV producers as we strengthen our position as the leading provider of premium serviced production facilities to the UK film and HETV industry.

STRATEGIC REPORT

CEO REVIEW

Our progress in the year was supported by the acceleration of both the film & HETV markets, which was a record year for the industry, and we anticipate this growth will continue for a number of years in the future. We have seen a huge influx of investment in recent years, with additional demand driven by a rise in the in the consumption of film HETV content via global streaming platforms such as Apple TV+, Netflix, Disney +, Sky TV and Amazon Prime. The UK film and TV industry has directly benefited due to the quality of its production facilities and studios, a highly skilled domestic workforce, geography, accessibility to Europe, English language environment and strong governmental support and, ADF continues to be the provider of choice for many global production companies filming in the UK.

The prospects for ADF and its Group are increasingly positive and we have entered FY23 in a very strong position. We have a growing addressable market, an expanding network of contacts, an enhanced offering and a high-quality business model driving growth in Group revenue. These factors, coupled with a strong order book, underpin management's confidence in the long-term success of ADF.

Financial performance

The strong financial performance in the year reflects the ongoing demand for the Group's services. We raised £15m of growth capital at IPO (January 2022) and to date have invested £9.2m in new revenue generating vehicle fleet, £4m of which were spent on Hire Purchase assets. We expect capital expenditure to be at a similar level in FY23 as we look to keep up with demand and drive further growth.

In 2022, we achieved Group revenues of £31.4m (FY21 £27.7m) and adjusted EBITDA of £8.0m (FY21 £7.7m) with continued positive momentum across the business in H2-FY22. The distribution of productions in H1-FY22 saw a larger number of shorter productions more geographically spread than in H1-FY21 with a greater need for mobilisation of our vehicle fleet to service our jobs which caused a rise in our cost base, but as anticipated, we delivered the growth opportunities in H2-FY22 through larger productions with higher revenue per job. The larger productions were clustered around the main studios close to London, and as a result, the EBITDA margin for H2-FY22 was 28% compared with 21% in H1-FY22 (delivering 25% across the year).

Overall, from the 76 productions for FY22 (FY21 39 productions) the Group generated an average revenue value of £386k per production compared to £682K in FY21. The typical lead time for booking productions remains at seven months and our FY23 order book continues to be strongly populated.

Growing market opportunity in an expanding industry

There continues to be an influx of inward investment and co-production spend in the UK, as we see the demand for content reaching record levels. The UK has become a major hub for international clients, with the UK being Netflix's third largest operation after the USA and Canada, which bodes well for our growth ambitions.

As part of the UK's Spring Budget in March 2023, the Chancellor of the Exchequer revealed that the Government is raising film and HEVT tax credits and keeping the qualifying threshold in place. This was a welcome move for the TV production community and clearly demonstrates Government's recognition of and commitment to the continued growth and success of the UK's film and HE-TV sector.

Recent studio projects in the UK include Stage Fifty's third studio. The UK-based studio operator & owner is building an eight stage 295,000sq ft studio in High Wycombe, Buckinghamshire. In the North, property developers CAPITAL&CENTRIC alongside Twickenham Studios are planning to build a major filming destination at the old Littlewoods headquarters in Liverpool. The £50m project will feature two new 20,000sq. ft sound stages, supporting workshops, prop storage and offices, and support over 2,000 industry jobs across the city.

In Q4 FY22, we opened our first office in Scotland, set at Pioneer Film Studios, the country's largest film studio, in response to the recent growth in the film and HETV market in the region. Films including Aftersun, 1917, My Old School and television shows such as Guilt, Good Omens and Vigil, have all originated or benefited from Scotland's production sector in recent years as global productions increasingly choose the country's natural landscape and utilisation of its strong creative sector. Screen Scotland has predicted that the value of the Scottish screen sector could reach £1 billion by 2030 provided that the current levels of investment, infrastructure and talent development remain maintained. As such, our new base at Pioneer will not only strengthen the Group's regional presence alongside global production companies, with the support of Pioneer Films Studio, ADF will also be able to capitalise on the growing activity in one of the largest emerging markets within the UK Film and TV industry. I am also pleased to share that Location One has also now opened a branch at the studio alongside ADF to enable the enlarged group to offer its complementary services to the range of productions scheduled to be filmed at Pioneer.

In terms of the overall performance of film and TV production in the UK, the British Film Institute ("BFI") recently reported for the year ended 31 December 2022 that the combined total spend on film and HETV production in the UK for 2022 was £6.27 billion from 415 productions. This is the highest combined film and HETV spend reported for a year. The statistics which are reported on further in the financial review, demonstrate the strength and ongoing resilience of the UK's screen sectors, reinforcing the industry's globally recognised position as a first-class production centre and underpins management's confidence in the prospects for ADF.

Competitive strength

We are already the provider of choice for many in the UK for large scale and quality productions, which has allowed us to benefit from high valued productions and customers. This market position has taken many years to establish, and we have the right infrastructure in place to support continued successful customer delivery and further expansion. To deliver such a high quality of service to our customers and successfully compete at this level, the quality of a supplier's vehicle fleet needs to be incredibly high. ADF prides itself upon the strength of its vehicle fleet and customer service, which has led to ADF having positive direct relationships with some of the world's largest traditional and on-demand production companies and positions us well to capture a growing proportion of the expanding market. ADF has won several contracts for future productions through its existing customers and being able to retain these valued customers we recognise is critical element of our future success.

We worked on 76 productions this year, including Slow Horses, Everything I know about Love, The Sandman, Marvels Secret Invasion, I Hate Suzie, Sex Education, Happy Valley, Troubled Blood and A Spy Amongst Friends to name a few. Delivering an excellent service and maintaining strong relationships with all our customers we recognise is essential in our ability to meet and deliver their future projects and grow our business.

Our flagship five-acre operational hub at Longcross, Surrey was officially opened in Q4 FY22. The site is perfectly located to serve all major studios near Longcross, including Shepperton Studios, Pinewood Studios, Leavesden Studios, and Elstree studios and demonstrates commitment to our growth strategy.

We also expanded the capacity of ADF's Bridgend depot as part of our expansion plans. The workspace was expanded with a new 5,400 sq. ft factory unit, bolstering our current 9,000 sq. ft. of available floor space currently available, and will employ key personnel from the local area, encouraging strong regional relationships within the Welsh Film Industry and helping to further facilitate sales.

We report our Net Promotor Score (NPS), an internationally recognised customer service measurement, throughout the year, with an overall NPS score of 88, a figure which Bain & Company, the creators for NPS, has described as 'world class'. We continue to perform extremely well, reflecting the skills, knowledge and expertise of our staff that enables us to be a market leader.

Delivering against growth strategy

The Group has ambitions to grow organically through further investment into its revenue-generating vehicle fleet, and inorganically through appropriate acquisitions, and I am pleased to report we have successfully executed on both during the year, with the key highlight being the acquisition of Location One, which completed in December 2022.

The acquisition of an integrated equipment hire company provide complementary services to that of ADF, having worked together since 2008. Location One's customer base includes Amazon Studios, Netflix, Warner Brothers and the BBC and together, we have worked on a number of productions including, The Crown, Top Boy, Lazarus, Becoming Elizabeth, Slow Horses, My Lady Jane, and The Gentleman. Given the excellent track record of working together on productions across the UK, the programme of integration is already underway and progressing as planned. The main commercial benefit of the acquisition is sharing our industry contacts and moving Location One into our advanced production network pipeline which is already bearing fruit with a number of successful joint bids. We are also working on streamlining our processes to ensure best practice across several departments, including HR and Finance. With both businesses committed to providing high-quality equipment and customer service levels, along with having similar cultural values and impressive sustainability credentials, we are particularly excited by the strategic fit of the two organisations.

This acquisition will enable us to provide the very best services the industry has to offer under one roof, and I believe it moves us towards becoming a one-stop-shop to the UK TV and HETV industry.

Our IPO raised the Group's profile across our industry and as a result has presented us a number of acquisition opportunities worthy of consideration for our Group and I would like to thank shareholders for their continued support in allowing us the opportunity to help the business to grow in line with our strategy.

People

We will always maintain that our employees are the most essential asset of ADF and are key to the Group's long-term success. We have made a successful start as a listed business and our employees are at the centre of that success. We made several key senior management appointments in the year, including Andrea Browning as the Head of HR, Rhys Thomas as Head of Fleet, Ross McDiarmid as Deputy Chief Financial Officer and Janis Arents as IT Manager. In May 2022 we also announced the appointment of Alexandra Innes as an independent Non-Executive Director. Alexandra's executive career spanned investment banking, global capital markets, and investment management across several sectors, which will be invaluable to us, as we continue to grow. Currently, Alexandra is a Non-Executive Committee Member at the Bank of England, a member of the Group Executive Board at Knight Frank LLP, and a Non-Executive Director of Dowlais Group plc, Waverton Investment Management Group Ltd, Securities Trust of Scotland plc, and Schroder Real Estate Investment Trust Ltd.

ESG

Both Location One and ADF continue to work with pivotal organisations to support the next generation of crew talent across the industry. Location One's Managing Director Crispin Hardy helped facilitate the Barking & Dagenham 'Skills for Screen' Careers Day at Eastbrook Studios during the year which was attended by over 700 secondary school children and their parents. Alongside Location One, we are also currently supporting the Film Skills and NFTS Teaching Programme by delivering modules on unit base operation, including how to further reduce carbon emissions and achieve zero waste.

We have also continued our support of Screen Alliance Wales (SAW), which is the gateway between the industry and its workforce to grow and promote local talent, crew and services of the film and TV industry in Wales. We are working with SAW and Cardiff and Vale college to establish a fully funded HGV training programme designed to specifically address the current national shortage of HGV drivers and to help generate a much-needed pipeline of new HGV drivers into the Creative Industries sector in Wales. We already have a number of current employees who have signed up for a Personal Learning Account (PLA) in order to progress their qualification.

We have also continued to strengthen our relationship with The Production Guild of Great Britain (PGGB) to increase their reach across the UK and we have introduced PGGB to both national and regional committees, and we are proud to sponsor the Wales & Southwest regions. This is proving valuable for local talent pipelines and production services, while the work of our 'Diversity and Inclusion Action Group' (DIAG) underpins all that they do.

We are also working closely with Underlying Health Conditions (UHC), a pressure group for disabled representation in the TV & Film Industry and have started to manufacture, supply wheelchair access Honey wagons as well as adapted American 2-ways.

In 2022, we also joined forces with the TV Access Project (TAP), created to actively work towards achieving a more inclusive television production sector for disabled talent. The TV Access Project is an alliance of 11 Broadcasters and Streamers led by the BBC and Channel 4 working alongside disabled creatives in the industry to create sustainable change. It has been formed in response to the campaign by UHC. ADF will continue to work with UHC and TAP to listen, learn and make changes that will make a difference, such as our Wheelchair Accessible Honey wagon and bespoke adaptions to artiste trailers depending on the user's requirements. TV and production manager Katie Player noted that "ADF have created an exceptional asset. By thinking about accessibility throughout the design process everything is integrated so brilliantly. UHC are delighted to be supporting ADF in their efforts to bring about change the industry requires".

Cost of living

We are mindful of the challenging economic environment in 2022 and the impact that this has had, and continues to have, on our workforce. To support our colleagues, we have conducted a market review of pay rates on a regular basis, increasing the salaries of those that fell below the market rate. We have also identified our lowest paid employees and increased salaries of those employees by at least 10% over the National Minimum Wage levels set in April 2023. Furthermore, all employees are eligible to participate in the informal Reward Scheme where they are nominated by their line manager or peers for going above and beyond in their role. We are also launching our Wellbeing policy which provides guidance and advice to employees on the support that is available, including support for Financial Wellbeing. This policy also links into various events and awareness campaigns throughout the year.

Outlook

I am incredibly proud of what the ADF team has achieved against the continued challenging economic backdrop. We have delivered growth through investment in our revenue generating vehicle fleet, the acquisition of Location One and through geographic expansion across the UK. We continue to secure new business through our expanding network of contacts and with a very encouraging market backdrop, we are confident that the demand for our services will continue to accelerate.

Following a strong conclusion to FY22, we have continued to trade positively in FY23, with strong order book and customer pipeline, lending considerable momentum across the business. We remain in a robust position and look to the future with confidence as the UK continues to establish itself as a major hub for our industry, presenting a significant opportunity for ADF to capitalise on this expanding market.

Marsden Proctor
Chief Executive Officer

STRATEGIC REPORT

CHIEF FINANCIAL OFFICER'S REVIEW

ADF's results for the year reflect our strong market position and the continued growth within the Film & HETV in the UK in 2022, which was a record year for the industry following the previous record year set in 2021.

In our first year as a listed company, ADF made its first major acquisition, of Location One, the UK's largest integrated TV and film location service and equipment hire company and opened its brand new flagship operational Hub at Longcross, Surrey, which is perfectly located to serve several major studios. The successes seen this year demonstrate our commitment to continue to deliver on our growth strategy.

Revenue

ADF's revenue increased by 13% in FY22 compared to FY21, despite FY21 being a record year with - significant pent-up demand for content following the prolonged studio closures in 2020 owing to the COVID-19 pandemic. The table below shows the revenue split out between the 3 main headings, being main packages, additional sales, plus other miscellaneous income.

	Main packages	Additional sales	Other income	**Total**	Uplift %
Turnover £M's 2022	£18.5m	£12.6m	£0.3m	£31.4m	75.2%
Turnover £M's 2021	£15.6m	£11.8m	£0.4m	£27.8m	75.6%
Inc. %	18.9%	6.4%	-22.2%	13.0%	-0.2%

Main Package Sales

Main packages comprise of the pre-booking of the base level of equipment required for the duration of a production with each asset being charged at a set daily hire rate for the number of days of filming. Main packages also include the hire of ADF staff to manage and service the equipment – this is also calculated by reference to a set daily hire rate. The daily hire charges for equipment and staff are set annually and incremented in line with market rates.

Additional Sales

The main package will not include the cost of the planned (or unplanned) moves for a production. Any additional equipment and staff required during the filming period, and the labour cost of all equipment moves are then charged out weekly during the filming period. Fuel for moves and consumables are also part of the additional sales. In FY22, the value of these additional sales was in excess of 75% and in line with the levels seen in FY21.

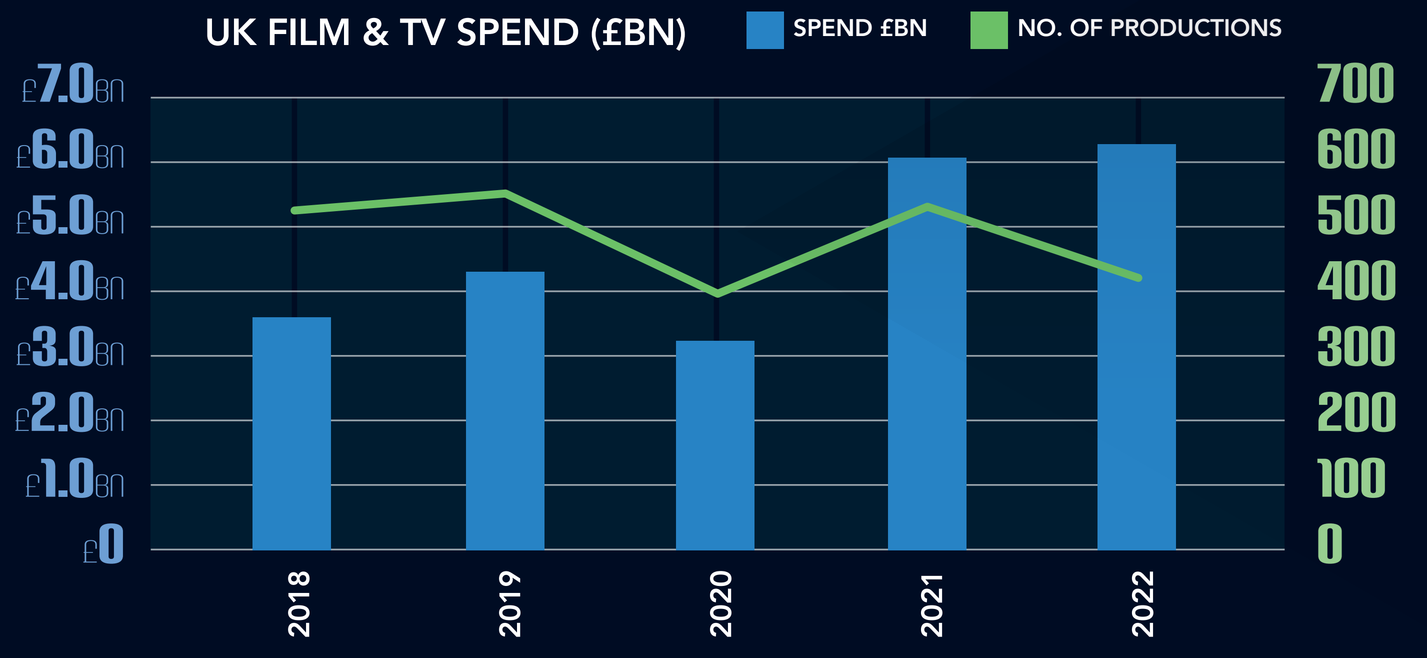
UK Film & HETV

The **British Film Institute** (BFI) recently reported that for the year ended 31 December 2022:

- The combined spend by film and high-end television production (HETV) during 2022 reached £6.27 billion, the highest ever reported and £1.83 billion higher than for the pre-pandemic year 2019.
- The lion's share of the total £6.27 billion spend was contributed by HETV production with £4.30 billion, or 69%; with feature film production contributing £1.97 billion, or 31% of the total spend.
- Inward investment films and HETV shows delivered £5.37 billion, or 92% of the combined production spend underlining the UK's global reputation as the world-leading centre for film and TV production.

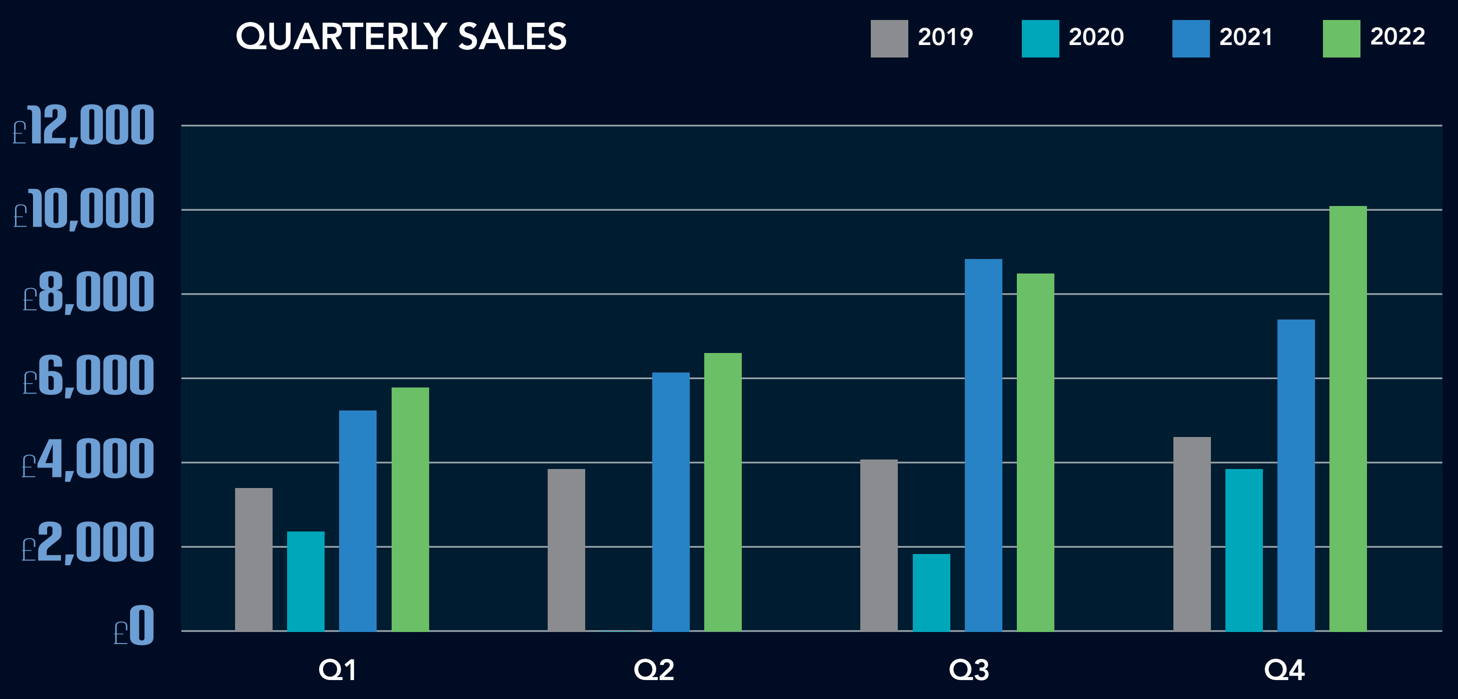
90% of ADF's sales in 2022 were in HETV (2021: 92%).

The table below shows the progression of spend in the TV & Film Industry in the UK since 2018. The drop off in 2020 was due to the 3-4 months that the industry was closed for the first national COVID-19 lockdown. The red line shows the number of film and TV productions in the year.



Revenue Seasonality

In FY22, consistent with previous years there is a degree of seasonality with a steady build up to the key summer months when outdoor filming on location is more reliable, typically with improved weather conditions. December is a quiet month for trading as productions wind down for Christmas. However, unlike the last 3 years, revenue remained at a higher level than recorded before in Q4, in line with forecast productions.



Revenue Mix

In FY21, ADF worked on just 39 productions with an average revenue value of £682k and average duration of 22 weeks, which was a significant increase on the pre-Pandemic average. However, most productions were studio based with the ongoing disruptions from COVID-19, and hence with limited movement across locations in the UK.

In FY22 ADF worked on 76 productions – on average these were shorter length productions than 2021 at 15 weeks, hence with a lower average revenue value of £38kK. The majority of the shorter length productions occurred in the first half of the year and were more spread around the UK. The second half of the year saw a return to longer and higher revenue generating projects.

Production value	FY22	FY21
£0 - £500K	54	19
£500K - £1.0M	16	13
£1.0M - £1.5M	4	4
£1.5M - £2.0M	1	1
£2.0M - £2.5M		1
£2.5M - £3.0M	1	1
	76	39

Direct Costs & Gross Profit

Direct costs comprise a number of significant elements.

- Direct payroll which includes ADF staff based at production sites (studios and on location) who manage and service the equipment, together with HGV drivers to move equipment between locations, and staff employed in our workshops, body shop and trailer manufacturing plants. Direct payroll costs in FY22 were 27.9% of revenue, compared with 28.2% in FY21.
- Repair & running costs for motor vehicles & trailers which comprise 4.8% of revenue (FY21: 4.6%)
- Fuel for transport between productions, which experienced significant increases across FY22, comprised 7.3% of sales (FY21:5.4%). Fuel costs for production moves are charged out on a cost plus basis.
- Agency driver costs – ADF relies on agency partners to supplement location moves and its general transport requirements. Costs were 15.0% of revenue in FY22 (12.5% in 2021). This was in line with budget, with agency rates having undergone some industry-wide increases in late 2021 due to a well-publicised shortfall of HGV drivers as we came out of the COVID-19 pandemic. These agency rate increases have since levelled off as HGV driver shortfalls have eased.

The overall gross margin for – FY22 was 37.3% (FY21: 39.1%).

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CHIEF FINANCIAL OFFICER'S REVIEW

Administrative Costs

Administrative costs comprise payroll for executives, management and office-based staff, rent & facility related costs for the sites that the company operates from, depreciation & amortisation, and various other overheads.

Administrative expenses in FY22 were 11.9% of revenue (FY21: 11.2%) including the significant additional costs of operating as a publicly listed company which were absent in 2021 and prior to the Company's admission to trading on AIM.

Share Based Payments & Non-Recurring Expenses

The share-based payments relate to certain options granted to the 2 current executive directors. The non-recurring expenses relate to the advisory costs in relation to the acquisition of Location One Group.

CHIEF FINANCIAL OFFICER'S REVIEW

Adjusted EBITDA

In addition to measuring financial performance of the Group, we also measure performance based on EBITDA and Adjusted EBITDA. EBITDA is defined as the Group's profit or loss before interest, taxation, depreciation, and amortisation. Adjusted EBITDA is defined as EBITDA, before specific items; non-recurring expenses, and share based payment expenses. EBITDA is a common measure used by investors and analysts to evaluate the operating financial performance of companies.

We consider EBITDA and Adjusted EBITDA to be useful measures of operating performance because they approximate the underlying operating cash flow by eliminating depreciation and amortisation. EBITDA and Adjusted EBITDA are not direct measures of our liquidity, which is shown by our cash flow statement, and need to be considered in the context of our financial commitments.

A reconciliation of reported profit for the period, the most direct comparable IFRS measure, to EBITDA and Adjusted EBITDA, is set out below.

Adjusted EBITDA (£000's)	2022	2021
Profit/(loss) before tax **Add back:**	**4,615**	**2,794**
Finance expenses	702	358
Depreciation & amortisation	2,513	1,922
Non-recurring expenses	78	1,322
Share based payment expense	59	1,332
Adjusted EBITDA	**7,967**	**7,728**
Adjusted EBITDA %	**25.4%**	**27.8%**

Cash Flow & Net Debt

Operating cash flow before movements in working capital was £4.6M in FY22 (FY21 - £2.8M). Cash generated from operations was £4.3M in 2022 (2021 - £8.6M).

At 31 December 2022, net debt (borrowings less cash, including IFRS16 property 'loans') was £11.7M, compared to £7.6M at the prior year end. The increase is predominantly down to the application of IFRS16 to the new Operational Hub at Longcross which is a substantial 15 year lease agreement.

Facilities by ADF Plc remains a highly cash-generative business.

Cash Flow & Net Debt (£M's)	2022	2021
Cash Flow:		
Cash balances B/F	4,987	1,254
Movement	4,531	3,733
Cash balances C/F	**9,518**	**4,987**
Debt:		
Hire Purchase	12,944	11,574
IFRS16 Leases	8,285	691
Bank loans	0	342
Total	**21,229**	**12,607**
Net Debt	**11,711**	**7,620**
Net Debt (excl. IFRS16)	**3,426**	**6,929**

Acquisition of Location One

ADF acquired Location 1 Group Limited on 30 November 2022 for £8.9m. A program of integration is under way, streamlining process and jointly adopting best practices in certain areas. We are also assessing the possibility of merging one of their sites in London with ADF's operational hub at Longcross. Consolidation of HR & Finance processes is already underway, along with aggregating key insurance covers. However, the main commercial benefit of the acquisition is the ability to share ADF's extensive industry contacts and getting Location One into our production pipeline. With ADF's long lead times this means much greater visibility of opportunities for Location One.

Dividends

A final dividend of 0.90 pence per share, reflecting the Group's strong cash position and confidence in trading, is proposed to be paid (subject to shareholder approval at the 2023 AGM) on 30 June 2023 to shareholders who are on the register at the close of business on 16 June 2023.

In addition to the proposed final dividend to be put to shareholders for approval at the 2023 AGM, and following the FY22 year end, the Directors have become aware of two technical breaches of the Companies Act 2006 in respect of the interim dividend of 0.46 pence per ordinary share historically paid by the Company in October 2022. Accordingly, a resolution will be proposed at the 2023 AGM to resolve this issue.

Neil Evans

Neil Evans FCA
Chief Financial Officer

STRATEGIC
REPORT

Principal Risks and Uncertainties

The Group Board (the Board) has overall responsibility for monitoring internal and external risks to which the company may be subject. ADF has established internal controls and systems to identify and assess such risks. The Board reviews these risks, and our ability to effectively monitor them, at each scheduled Board meeting. Where appropriate, specific updates and reports are circulated to Board members in between such meetings.

A risk register is maintained on a rolling basis by our Chief Financial Officer and is the subject of regular review by ADF's Management Board, who meet regularly and is attended by each executive director. As a part of these meetings, the Management Board will review ongoing trading, budgets and forecasts and consider new and ongoing risks and uncertainties effecting ADF's operating businesses. Where appropriate additional, separate analyses or follow-up is undertaken for particular risks and issues identified.

The risk register is reviewed by the Audit and Risk Committee, who will make an assessment of the materiality of each risk areas and the effectiveness of the mitigations in place, on behalf of the Board. Overall responsibility for ensuring maintenance of a sound system of internal control and risk management across the Group, including reviewing the effectiveness of the Group's risk and control processes to support its strategy and objectives, is a matter reserved for the Board.

Set out below were the principal risks and uncertainties facing the business over the course of 2022, and the key controls and actions in place to manage such risks.

Risk	Key Controls	Actions
Economic Environment The UK is now recovering from the Covid-19 Pandemic, which did impact operations in 2020 and 2021, but not in 2022. The current and forecast rate of inflation remains a concern, along with the prospect of the UK falling into recession. Inflationary and recessionary pressures could adversely impact ADF in a number of areas with pressure on pricing, increased operating costs and increased cost of equipment purchases.	We monitor our industry very closely and maintain close relationships with our customers, suppliers, and manufacturers. Our customers in the film and TV sector generally have the funding for their project ahead of their filming dates. Therefore, we arrange payment for our services ahead of their provision, to never be at risk of non-payment. Working capital is monitored weekly with robust debtor control. Budgets and KPIs are regularly reviewed also. We mitigate against supply chain risk through continual pricing reviews and ongoing management of supply chain relationships. We continue to review and manage our cost base and look for efficiencies in all areas through competitive procurement, volume discounts, advance ordering of goods, services and equipment. We continue to explore synergies and savings in relation to the recent acquisition of Location One including the rationalisation of infrastructure, capacity, and costs. We will continue to focus on our pricing strategy, taking into account the approach taken by our competitors.	We are continuing to pursue opportunities to expand our footprint within our particular sector within the TV & film industry and to diversify our business into complimentary services to better serve our customers and limit our risk exposure through diversification. Our strategy to grow the business through the acquisition of competitors on a national and regional basis will ensure our position in the market will remain strong.
Retention of Key Staff The success of the business depends to a large degree on the senior leadership team who have considerable experience, and hold key relationships with our customers and suppliers. Therefore, the inability to attract and retain the right calibre of management may impact our ability to meet our performance expectations as we continue to grow the business in line with our strategy. Likewise succession planning for inevitable tenured leavers is a key priority.	Recruitment and training of our existing staff is actively promoted. We continue to monitor our remuneration policies and practices to make sure our pay structures are competitive in the market to ensure we attract high calibre staff. We use responsible incentives to motivate staff to perform to their highest levels at all times, and towards unified goals. Ensuring appropriate succession plans are in place for the two current executive directors is a priority.	The company has employee incentives in place and continues to review all aspects of its pay arrangements and rewarding of staff. A deputy CFO has recently been appointed to support the current CFO and support our succession planning. The CEO continues to mentor and develop a number of senior sales and account management executives.
Margin Management Margins may be squeezed by both customer resistance to price increases and the inevitable inflationary creep across our cost base. Both may impact on our financial performance. Planning & management systems may not keep pace with the requirements of the business as it grows and acquires other operators.	We operate a fixed price book for all our hire assets and staff. Historically, as we built up our capacity and utilisation, discounts have been provided on vehicle hire costs to some high value and long-standing customers. The fixed price model helps maintain revenue continuity. Direct costs are closely monitored and managed on a continuous basis – with trackers in place for high value costs such as agency driver bookings, motor vehicle running costs, and fuel costs.	We continue to develop our systems and tools to monitor costs in real time and improve the accuracy of ordering, scheduling and forecasting. Relationships are maintained with our core suppliers at a senior level and we endeavour to fix prices annually with our vehicle suppliers. We also look for alternative suppliers to mitigate any margin pressures. New systems are being introduced in FY23 to improve financial reporting and management, and operation efficiency.
Loss of a Key Trading Partner Loss of a key customer or key supplier could adversely impact business performance.	Key relationships are maintained at the most senior level by the company's Executives. We also continue to monitor the market for alternative suppliers and develop prototypes with new suppliers.	The development of sustainable, long-term relationships with our customers and suppliers are key performance metrics for the business, including an ongoing Net Promoter Score programme. We also seek to mitigate this risk through diversifying our client base, thereby reducing our dependency on any one client.
Cyber Risk There is an ever-growing risk of fraudulent attacks on businesses in all sectors and geographies. Such an attack could have the potential to significantly disrupt the Group's operations and result in a financial loss to the business.	ADF has disaster recovery plans in place and tests all aspects on a regular basis. The Group's third-party IT support partner, ITCS, regularly updates ADF systems with the latest cyber protection software.	Regular testing and software updates are the main risk management approach. The Group has also recently recruited its first in-house IT specialist.
Environmental & Social Responsibility Increased mandatory reporting on environmental and social practices, increases the risk of an adverse impact on ADF's reputation should expectations not be met. ADF's customers, and the film and TV industry in general, are becoming increasingly demanding in terms of evidencing a robust approach towards carbon neutrality and reducing emissions.	Updates to legislation are discussed regularly within the leadership team and ADF is a member of various industry groups promoting best practice in terms of environmental impact including Albert and Creative Zero.	As set out further on the Strategic Report, ESG is actively managed within ADF. We have recently procured the services of an external consultant to assess our current carbon footprint and to provide a starting point for a sustainability programme to reduce this.

STRATEGIC REPORT

SECTION 172 STATEMENT

The Board of Directors confirms that during the year under review, it has acted to promote the long-term success of the Group for the benefit of shareholders, whilst having due regard to the matters set out in Section 172(1)(a) to (f) of the Companies Act 2006, being:

(a) the likely consequences of any decision in the long term;

(b) the interests of employees;

(c) the need to foster the business relationships with suppliers, customers and others;

(d) the impact of the Group's operations on the community and the environment;

(e) the desirability of maintaining a reputation for high standards of business conduct; and

(f) the need to act fairly between all shareholders.

This statement describes how the Directors have regard for s172 Matters.

The Company Secretary sets out the s172 Matters in all Board meeting packs to ensure these are front of mind, and the Directors are reminded of their duty under s172(1) at the start of each Board meeting. Consideration of the broader s172 matters forms an integral part of Board discussion; the Directors as a matter of course have regard to the need to maintain a reputation for high standards of business conduct, the need to act fairly between shareholders, and the long term consequences of their decisions.

Stakeholder considerations on the whole will be brought to the Board's attention through reports and presentations from the Executive Directors and senior management. These considerations are referenced in meeting papers as relevant, and discussions recorded in the meeting minutes.

The Board regularly reviews our principal stakeholders and how we engage with them. The stakeholder's voice is brought into the boardroom throughout the annual cycle through information provided by management and also by direct engagement with stakeholders themselves. We are aware that each stakeholder group requires a tailored engagement approach in order to foster effective and mutually beneficial relationships. The Board determined its key stakeholders on the basis of each group's potential to a) be impacted by the Company's activities, and/or b) have an impact on the Company's activities. The relevance of each stakeholder group may increase or decrease depending on the matter or issue in question, so the Board seeks to consider the needs and priorities of each stakeholder group during its discussions and as part of its decision-making. Set out below are those stakeholders that the Board has identified as being key, alongside details of how the Board engages with each key stakeholder group.

Stakeholder	Why is this stakeholder group important for the Company's long term success?	How the Board engages with this stakeholder group
Shareholders	Our shareholders expect us to operate efficiently and cost effectively to maximise long-term value creation. Ultimately, the Company operates for the long-term benefit of its shareholders.	• Regular updates from management and the Chairman of the Board on meetings with investors. • The AGM, investor roadshows and other conferences represent further opportunities for direct shareholder engagement with the Board. • Keeping shareholders up to date with the Company's activities through our Annual Report, Company's website, stock exchange announcements, press releases and regular reports and analyses for investors and shareholders.
Employees	Our employees play a central role in delivering the Group's long-term strategy and in delivering the standards of service our customers expect.	• The Board receives reports on HR data (including staff retention and other potential cultural metrics) and themes emerging from employee surveys and forums. • The Board constantly seek opportunities to engage with the wider workforce directly, either through site visits or employee attendance at Board meetings. • The Company provides ongoing training and development opportunities to all employees and have taken appropriate steps for having policies relating to Modern Slavery and whistleblowing to discourage unethical business conduct, thus ensuring its employees are protected.
Customers	Customer satisfaction is a key differentiator in the Group's long-term strategy. Customers also provide guidance for developing our offer and provide insights into the quality of our existing offer.	• The Board receives data and metrics on customer retention rates and customer satisfaction periodically. • The Board also receives information on how the Group manages its relationships with its key customer groups on an ongoing basis via marketing and communication, customer feed and Company's website.
Suppliers	The quality of our relationships with suppliers is fundamental to the Group's strategy.	• The Board will receive data and metrics on payment practices and other indicators of relationships with suppliers. • The Company holds initial meetings and negotiations with suppliers. • The Company has regular direct engagement between suppliers and specified company contact.
Our communities and the environment	We have an important role to play as an employer in supporting the communities in which we operate, and ensuring that our long-term growth is sustainable and minimises our environmental footprint.	• The Board takes its ESG responsibilities seriously and receives periodic reports on our broader ESG activities. We appreciate that societal expectations on corporates to tackle climate change continue to change, and we will continue to look at new and innovative ways of reducing our carbon footprint. • As an Albert approved supplier, we are committed to establishing environmental management as a corporate priority, and tackling carbon emission through our supply chain. • The Company invest heavily in our fleet to ensure they are clean and efficient, meeting Euro 6 emission standards.
Government and regulators	Compliance with all applicable legal and regulatory obligations is key to our long-term success.	The Board is provided with regular updates from management and the Company Secretary on any forthcoming legal and regulatory changes and measures needed to meet any new requirements emerging from those changes.

As a result of these processes, the Directors have the necessary oversight of the Group's engagement with stakeholders to enable them to discharge their duty under s172(1) in the course of their decision making. Moreover, the Board has concluded that the Company's methods of engagement for each key stakeholder group are proportionate and effective. The Company's key stakeholders and methods of engagement will be kept under review and reported on each year in the Company's Annual Report.

The Strategic Report was approved by the Board on 28 April 2023 and signed on its behalf by:

Marsden Proctor
Chief Executive Officer
28 April 2023

BOARD OF DIRECTORS

The Board is responsible for the Group's systems of financial controls and maintaining robust operational controls. Effective 20 December 2021, the Board was reconstituted to comprise three Non-Executive Directors and two Executive Directors. The Company is supported by a management board consisting of the Non-Executive Chairman, Executive Directors and senior management.

JOHN RICHARDS
Non-Executive Chairman

Date of appointment
23 November 2021

Experience
John joined ADF in 2018. He is an experienced business manager who, following graduation from Aston University, worked as a graduate trainee at Delta Metals Group. He served as Sales and Marketing Director of Ibstock Brick before becoming Managing Director of a number of Ibstock plc subsidiaries.

External Appointments
He is now Chairman of Brickability Group plc, a national supplier of building materials, Chairman of JR and M Investments, a provider of finance to the home building industry, and a Director of Birmingham Moseley Rugby Limited.

Skills and experience brought to the Board
- Extensive experience of corporate governance in listed company environment
- Involvement in mergers and acquisitions and transactional activity

Committees
A R N D

MARSDEN PROCTOR
Chief Executive Officer

Date of appointment
23 November 2021

Experience
Marsden began working in the Television and Film industry in 1996 at Screen Facilities as a Facilities Driver. He then worked at Bristol Television Film Services for 14 years prior to joining ADF in July 2014. Marsden's initial appointment at ADF was as General Manager with the objective of implementing an infrastructure that would give the business the capacity to grow, along with developing the sales department.

Marsden was appointed as Chief Executive Officer of ADF in 2016. During his tenure Marsden has driven the Group's long-term growth strategy through the growth of its infrastructure and oversaw the increase in the Group's fleet from 50 to close to 500.

External Appointments
None

Skills and experience brought to the Board
- 20 plus years' experience in the provision of facilities to the film and tv industry
- Extensive relationships with key personnel in film and TV production

Committees
None

NEIL EVANS
Chief Financial Officer

Date of appointment
23 November 2021

Experience
Neil joined ADF in April 2019. His career began as an officer in the Royal Marine Commandos before joining Deloitte in 1989 where he qualified as a Chartered Accountant.

After leaving Deloitte, Neil has worked in a variety of directorship roles. Having been Group Finance Director at family-owned business Greens Motor Group Limited for five years, Neil then joined Dublin-based outsource call centre business Conduit, where he worked as Managing Director for seven years, growing the UK work force from 150 to over 3,500. Neil then joined FTSE 100 company Serco plc as Chief Commercial Officer of its newly formed BPO division, before taking up the Finance Director role at Bluestone National Park, where he brought the business back into employee / family ownership in 2018 and became a part-owner as a result.

External Appointments
None

Skills and experience brought to the Board
- 30 years' board level experience
- General management, strategy and delivery

Committees
D

ALEXANDRA INNES
Independent Non-Executive Director

Date of appointment
9 May 2022

Experience
Alexandra's executive career spans investment banking, global capital markets, and investment management, most latterly as Managing Director at Barclays plc, and prior to that as Director of Global Capital Markets at Bank of America Merrill Lynch.

Alexandra holds an M.A. Hons Economics from Cambridge University. She is a member of the Chartered Institute for Securities and Investments (MCSI), a Green & Sustainable Finance Professional, Chartered Banking Institute (CCBI GSFP), a Fellow of Chapter Zero, and holds the CFA Institute Certificate in ESG Investing.

External Appointments
Member of the Group Executive Board and the Technology Investment Board at Knight Frank LLP

Non-Executive Director of the 2023 UCI Cycling World Championships Ltd

Non-Executive Committee Member at the Bank of England

Non-Executive Director of Securities Trust of Scotland plc, Dowlais Group PLC, Waverton Investment Management Group Ltd and Schroder Real Estate Investment Trust Ltd.

Skills and experience brought to the Board
- Significant experience in capital markets
- Strong understanding of ESG and investor relations

Committees
A R N

VINODHA (VIN) WIJERANTE
Independent Non-Executive Director

Date of appointment
20 December 2021

Experience
In December 2022 Vin was appointed Chief Financial Officer at BRE Group, which provides science-led solutions to improve the sustainability, safety and security of the built environment and has held a number of other Executive and Board roles during his career. Vin was formerly Chief Financial Officer for The Royal Mint between 2010 and 2018 and previously the Director of Strategic Planning at Orange and EE and Commercial Finance Director of Orange. Vin is a fellow at the Institute of Chartered Accountants of England and Wales and a fellow of the Institute of Directors.

External Appointments
Chief Financial Officer of BRE Group Limited

Skills and experience brought to the Board
- Significant senior-level experience of strategic planning and commerce
- Recent and relevant financial experience and qualified accountant

Committees
A R

KATHRYN JAMES
Independent Non-Executive Director

Date of appointment
20 December 2021

Date of resignation
22 March 2023

Experience
Kathryn most recently spent four years as Managing Director of all of the NEC Group's exhibition, conference and conventions businesses having previously been Managing Director of The National Exhibition Centre for 8 years. Prior to this Kathryn spent a total of approximately six years as Managing Director, and Finance, HR & Commercial Director, of Luton Airport.

External Appointments
None

Skills and experience brought to the Board
- Recent and relevant financial experience
- Significant experience in HR and operations

Committees
A R N

KEY
- A Audit and Risk Committee
- R Remuneration Committee
- N Nomination Committee
- D Risk Disclosure and AIM Rules Compliance Committee ("Disclosure Committee")

CORPORATE GOVERNANCE REPORT

Chairman's Corporate Governance Statement

Overview

As Chairman of the Board of Directors of Facilities by ADF plc ("**ADF**", "**Group**" or the "**Company**"), it is my responsibility to ensure that the Group has both sound corporate governance and an effective Board. My remit includes leading the Board, overseeing the Group's corporate governance model, communicating with shareholders, and ensuring that good information flows freely between the Executive and Non-Executive Directors in a timely manner.

The Company has decided to adopt the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"), which requires those companies applying the QCA Code to adopt a 'comply or explain' approach in respect of the application of guidance contained within. This statement follows the structure of these guidelines and explains how ADF has applied the guidance. The Board is of the view that, through both our website disclosure and our disclosure in this Annual Report and Accounts, the Company complies with all applicable provisions of the QCA Code.

The Board believes that corporate governance is more than just a set of guidelines; rather it is a framework which underpins the core values for running the business in which we all believe, including a commitment to open and transparent communication with stakeholders. We believe that good corporate governance improves long-term success and performance.

We have taken steps over the course of 2022 to embed the enhanced corporate governance framework that we adopted as a Company as part of the IPO in early-2022. I am delighted that, in 2022, we were able to strengthen the range of skills and experience on the Board through the appointment of Alexandra Innes, who brings additional capital markets experience to the Board.

We have also taken a number of important steps in adhering to the principles of the QCA Code over 2022, including conducting our first Board and committee evaluation. The evaluation found, broadly, that many of the processes we have in place as a Board serve us well, and that the dynamics and relationships at board level are effective. The evaluation has also helped us to identify key focal areas for 2023, which we will be continuing to take forward over the year. I was also pleased that the board has adopted a board diversity policy, which we believe marks a significant commitment to the diversity agenda at both the level of our board as well as across the company, and we have taken steps to develop our approach toward risk management.

I hope shareholders find this report informative and I look forward to reporting on further progress as we continue to develop our governance framework over the course of this year.

John Richards
Chairman of the Board

QCA Corporate Governance Code Principles

1. Establish a strategy and business model which promotes long-term value for shareholders

ADF is a leading provider of premium serviced production facilities, location and equipment hire to the UK film and HETV industry. The Group hires out its facilities to productions throughout the UK and Europe, providing its services to some of the world's largest traditional and on-demand content production companies. The Group's strategy will look to focus on a blend of organic growth, driven through the expansion of the Group's current fleet and facilities, and potential further acquisition opportunities. The Board is confident that the industry in which the Group operates continues to have strong growth prospects, which the Group is well positioned to capitalise upon.

The Group has implemented remuneration policies that reinforce this strategy, by rewarding Executive Directors and senior management in a manner that ensures that they are properly incentivised and motivated to perform in the best interests of shareholders.

Further information on our strategy and business model, including the ways in which the Group generates long-term value, can be found in our Strategic Report on pages 6 to 21.

2. Seek to understand and meet shareholder needs and expectations

The Board is committed to maintaining good communication and having constructive dialogue with shareholders by providing effective communication through our Annual and Interim financial statements along with Regulatory News Service (RNS) announcements, and information on the Company's website.

The Company also maintains a dialogue with shareholders through formal meetings such as the annual general meeting (AGM), which provides an opportunity to meet, listen and present to shareholders, and shareholders are encouraged to attend in order to express their views on the Company's business activities and performance. All 2022 AGM resolutions passed comfortably.

Further details on how the Company seeks to understand and meet shareholder needs and expectations can be found in the Section 172 Statement in the Strategic Report on pages 20 to 21.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board recognises that the sustainable growth and long-term success of the Group is reliant upon the efforts of employees of the Group and its contractors, suppliers, regulators, and other stakeholders. The Board has put in place a range of processes and systems to ensure that there is close oversight and contact with its key resources and relationships.

Facilities by ADF seeks to be a socially responsible Company which has a positive impact on the communities in which it operates. No discrimination is tolerated and the Company endeavours to give all employees the opportunity to develop their capabilities.

Everyone within the Group is a valued member, and the Group seeks to implement provisions to retain and incentivise its employees to help every individual achieve their full potential.

The Group offers equal opportunities regardless of race, gender, gender identity or assignment, age, disability, religion, and sexual orientation. The Company encourages employees to participate in employee satisfaction surveys and feedback is taken into account by the Board to ensure that the Company can provide an optimum working environment for its employees.

The Company has close ongoing relationships with a broad range of its stakeholders and provides them with the opportunity to raise issues and provide feedback to the Company. Where regulations have been introduced, the Company has taken appropriate steps for having policies relating to Modern Slavery & Human Trafficking, Anti-Bribery and Whistle Blowing in order to discourage unethical business conduct, thus ensuring its employees are protected. Our Modern Slavery & Human Trafficking Policy is published on our website.

Further details on the Company's take on stakeholder and social responsibilities and their implications for long-term success can be found in the Section 172 Statement in the Strategic Report on pages 20 to 21.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board recognises the need for an effective and well-defined risk management process and, whilst the Board oversees and regularly reviews the current risk management and internal control mechanisms, it has delegated this responsibility primarily to the Audit and Risk Committee and senior management. We outline what the Board considers to be the principal risks and opportunities to the business on pages 18 to 19.

The Company has an ongoing process to identify, evaluate, manage and mitigate the significant risks the Company faces and review the effectiveness of related controls both standard industry-related risks and risks relating specifically to the business, assessment to determine the relative likelihood of them impacting the business and the potential severity of the impact, and determination of what needs to be done to manage them effectively. Risk management is integral to the ability of the Group to deliver on its strategic objectives. The Company has a risk register which identifies risks, evaluates the risk level (level of impact and the probability of the risk materialising), and the principal person responsible for each risk. This is reviewed by the Audit and Risk Committee and the Board.

The system of internal control is structured around an assessment of the various risks to the business and is designed to address those risks that the Board considers to be material. It acts to safeguard assets against unauthorised use or disposition and to maintain proper accounting records which produce reliable financial and management information. The Board has established appropriate reporting and control mechanisms to ensure the effectiveness of its control systems. These continue to evolve as the Group develops and expands.

An internal audit function is not yet considered necessary. However, the Board will continue to monitor the need for an internal audit function as the Company grows and develops.

CORPORATE GOVERNANCE REPORT

5. Maintain the board as a well-functioning, balanced team led by the Chair

The Board comprises Marsden Proctor and Neil Evans as Executive Directors, John Richards as Non-Executive Chairman, and Alexandra Innes and Vin Wijeratne as Independent Non-Executive Directors. Kathryn James served as an independent non-executive director during the reporting period. The letters of appointment of all Directors are available for inspection at the Company's registered office during normal business hours. All Non-Executive Directors are expected to dedicate at least 25 days per annum to the Company. In practice, it is likely that the Non-Executive Directors will spend more than the minimum number of days on Company business. The Chairman is responsible for the leadership of the Board and ensuring its effectiveness in all aspects of its role. He is also responsible for creating the right Board dynamic and for ensuring that all important matters, in particular strategic decisions, receive adequate time and attention at Board meetings.

The Board is satisfied it has a suitable balance between independence on the one hand, and knowledge of the Company on the other. All Directors are encouraged to use their independent judgement and to challenge all matters, whether strategic or operational, enabling the Board to discharge its duties and responsibilities effectively.

The Board aims to meet formally a minimum of six times in the year, with a number of additional meetings to discuss particular strategic, transactional or regulatory reporting matters, and a calendar of meetings and principal matters to be discussed is agreed at the beginning of each year. In order to be efficient, the Directors meet formally and informally in person and by video- and telephone- conference calls. Board and Committee document authors are made aware of proposed monthly deadlines through the calendar of meetings assembled at the beginning of the year. Board papers are collated by the relevant personnel (Chairman, Company Secretary, CFO, Committee Chair), compiled into a Board/Committee Pack, and circulated at least five working days before meetings, allowing time for full consideration and necessary clarifications before the meetings.

During the financial year ended 31 December 2022, the Board met formally on 6 occasions and met on a small number of other occasions to specifically discuss certain transactional matters. The Board also held an informal strategy day during the year to consider longer term strategic risks and opportunities for the business and how the Group most effectively responds to those.

Director	Position	Board Meetings	Audit & Risk Committee	Remuneration Committee	Nominations Committee
John Richards	Non-Executive Chairman	6/6	3/3	2/2	1/1
Marsden Proctor	Chief Executive Officer	6/6	-	-	-
Neil Evans	Chief Financial Officer	6/6	-	-	-
Kathryn James	Independent Non-Executive Director	6/6	3/3	2/2	1/1
Vin Wijeratne	Independent Non-Executive Director	6/6	3/3	2/2	-
Alexandra Innes*	Independent Non-Executive Director	4/4	3/3	1/1	1/1

*Alexandra Innes was appointed to the Board on 9 May 2022

Management supplies the Board with appropriate and timely information and the Directors are free to seek any further information and/or advice they consider necessary. Senior management can frequently be invited to meetings, providing the Board with a thorough overview of the Company.

The Board has decided to constitute the following main committees of the Board:

- Audit and Risk Committee;
- Nomination Committee; and
- Remuneration Committee.

The Committees comprise of the Non-Executive Directors only, and the members of each Committee are considered to have the necessary skills and knowledge to discharge their duties effectively.

The Board has also constituted a Risk Disclosure and AIM Rules Compliance Committee (further details in section 9), which comprises of John Richards and Neil Evans and is chaired by John Richards.

In accordance with the Articles of Association, all new Directors appointed to the Board are required to seek election by shareholders at the next AGM of the Company following their appointment and, in line with good practice, the Company requires each of the Directors to retire and offer themselves for re-appointment at each subsequent AGM.

Directors' conflict of interest

The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board.

All Directors are reminded periodically of their obligations to notify the Company of any changes in their statement of interests and to declare any benefits received from third parties (if any) in their capacity as a Director of the Company.

6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Directors have both a breadth and depth of skills and experience to fulfil their roles. The Board is satisfied that it has a suitable balance between independence (of both character and judgement) on the one hand, and knowledge of the Company on the other, to enable it to discharge its duties and responsibilities effectively.

The Board aims to review the current balance of skills amongst the Directors to ensure that the Board as a whole reflects an appropriate and very broad range of commercial and professional skills across industries. The Board was delighted to announce the appointment of Alexandra Innes in May 2022, who brings a wealth of capital markets and ESG experience to the Board. More information on the board and their relevant experience, skills and personal qualities can be found on pages 22 to 23.

In addition to their general board responsibilities, Non-Executive Directors are encouraged to be involved in specific workshops or meetings, in line with their individual areas of expertise.

The Company has employed the services of ONE Advisory Limited to act as Company Secretary, responsible for ensuring that Board procedures are followed, as well as assisting the Chairman in maintaining high standards of corporate governance. The Company Secretary will regularly provide updates on legal and corporate governance developments that are pertinent to the Company and to the Board.

If required, the Directors are entitled to take independent legal advice and, if the Board is informed in advance, the cost of the advice will be reimbursed by the Company.

The Board shall review annually the appropriateness and opportunity for continuing professional development, whether formal or informal. The Nominations Committee is responsible for reviewing the composition of the Board, including evaluating the skills, knowledge, and experience of Board members. The Committee will seek to take into account any Board imbalances for future nominations.

7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The Nomination Committee comprised during the reporting period of John Richards, Alexandra Innes and Kathryn James. Among its duties, the Committee regularly reviews the structure, size and composition required of the Board compared to its current position, makes recommendations to the Board on succession planning for both Board and senior management positions and oversees the process to fill Board vacancies. The Nominations Committee also keeps key positions outside the main board and other personnel considered critical to the business under review. Succession planning is designed to consider the planned process of transition to new leadership over time and the potential for unforeseen change over a shorter timeframe.

Diversity and inclusion are important aspects of the Company's culture. In 2022, the Company adopted a Board Diversity Policy which sets out the Board's approach to inclusion and diversity at board and senior management level.

The Board places great emphasis on ensuring that its membership reflects diversity in its broadest sense. Consideration is given to the combination of demographics, skills, experience, race, age, gender, educational and professional background and other relevant personal attributes on the Board to provide the range of perspectives, insights and challenge needed to support good decision-making. New appointments are made on merit, taking into account the specific skills and experience, independence and knowledge needed to ensure a rounded Board and the diverse benefits each candidate can bring to the overall Board composition.

In December 2022, the Board conducted its first review and evaluation of the performance of the Board and the Directors as a whole since IPO. The purpose of the in-depth review was to ensure that members of the Board collectively functioned in an efficient manner, as well as to review the effectiveness of each Committee, and it focused upon the key areas of focus for the Board in going forward over the short, medium and long-term. The Board evaluation exercise identified several positive areas including the content of meetings, Board membership and dynamics and the progress within the first full year of operations. Although the Board and Committees are working well, the evaluation highlighted areas for further improvement, including the need to spend more time on further developing the long-term business strategy, as well as important suggestions on the information being received by the Board. These matters will be addressed during the 2023 financial year.

In addition, the Remuneration Committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to their terms of employment and remuneration, including short-term bonus and long-term incentives (with targets consistent with the corporate strategy).

8. Promote a corporate culture that is based on ethical values and behaviours

The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Group as a whole and that this is likely to in turn impact upon the long-term performance of the Group. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Group as a whole and the way that employees behave. The corporate governance arrangements that the Board has adopted are designed to ensure that the Group delivers long term value to its shareholders, and that shareholders have the opportunity to express their views and expectations for the Group in a manner that encourages open dialogue with the Board.

A large part of the Group's activities are centred upon what needs to be an open and respectful dialogue with employees, clients and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Group to successfully achieve its corporate objectives. The Directors consider that at present the Group has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge.

The Group operates a whistleblowing policy to facilitate the reporting by employees of suspected misconduct, illegal acts or failure to act within the Group. The aim of this policy is to encourage employees and others who have serious concerns about any aspect of the Group's work to come forward and voice those concerns.

The Company has adopted a share dealing policy regulating trading and confidentiality of inside information for the Directors and other persons discharging managerial responsibilities (and their persons closely associated) which contains provisions appropriate for a company whose shares are admitted to trading on AIM (particularly relating to dealing during closed periods which will be in line with the Market Abuse Regulation). The Company will take all reasonable steps to ensure compliance by the Directors and any relevant employees with the terms of that share dealing policy.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

The Board reviews the Group's corporate governance arrangements regularly and expects these to evolve over time, in line with the Group's growth and development. The Board delegates responsibilities to Committees and individuals as it sees fit, with the Chairman being responsible for the effectiveness of the Board, and the Executive Directors being accountable for the management of the Group's business and being the primary contact with shareholders.

The Chairman is responsible for the leadership of the Board and ensuring its effectiveness in all aspects of its role. The Chairman is also responsible for the Group's corporate governance framework. He is also responsible for creating the right Board dynamic and ensuring that all important matters, in particular strategic decisions, receive adequate time and attention at Board meetings. The Executive Directors are responsible for the day-to-day running of the business and developing corporate strategy; while the Non-Executive Directors are tasked with constructively challenging the decisions of executive management and satisfying themselves that the systems of business risk management and internal financial controls are robust.

All Directors participate in the key areas of decision making, including the following matters:

- Review, formulate and approve the Group's strategy;
- Review, formulate and approve the Group's budgets;
- Review, formulate and approve the Group's corporate actions; and
- Oversee the Group's progress towards its goals.

The Board has adopted appropriate delegations of authority which sets out matters which are reserved to the Board. The Board delegates certain authority to the Committees of the Board to assist in meeting its business objectives whilst ensuring a sound system of internal control and risk management. The Committees meet independently of Board meetings.

Audit and Risk Committee

During the reporting period, the Audit and Risk Committee had four members, Vin Wijeratne (Chair), Alexandra Innes (upon her appointment as Director in May 2022) and Kathryn James, all of whom are deemed by the Board to be independent, and John Richards. All members of the Committee are Non-Executive Directors. The CEO, CFO and external auditors attend meetings by invitation. The Committee is responsible for assisting the Board in fulfilling its financial and risk responsibilities. The Committee oversees the financial reporting, risk management and internal control procedures. The Committee advises the Board on the appointment and removal of the external auditor and discusses the nature, scope and results of the audit with the auditors. The Committee reviews the extent of non-audit services provided by the auditors and reviews with them their independence and objectivity.

Remuneration Committee

During the reporting period, the Remuneration Committee had four members, Kathryn James (Chair), Alexandra Innes (upon her appointment as Director in May 2022), Vin Wijeratne, all of whom are deemed by the Board to be independent, and John Richards. Other members of the Board may attend the Committee's meetings at the request of the Committee Chairman. The remit of the Committee is primarily to determine and agree with the Board the framework or broad policy for the remuneration of the Company's Executive Directors and the Senior Management of the Group. The Remuneration Committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to their terms of employment and remuneration, including short term bonus and long-term incentives. The Remuneration Committee meets not less than twice a year.

Nominations Committee

During the reporting period, the Nominations Committee had three members, John Richards (Chair), Kathryn James and Alexandra Innes (upon her appointment as a Director in May 2022). The Nominations Committee regularly reviews the structure, size and composition required of the Board compared to its current position, makes recommendations to the Board, considers succession planning and nominates candidates to fill Board vacancies. The Nominations Committee also keeps key positions outside the main board and other personnel considered critical to the business under review. The Nominations Committee meets at least once per year, and otherwise as necessary to consider proposals for Board appointments and other matters.

Risk Disclosure and AIM Rules Compliance Committee ("Disclosure Committee")

In addition, the Board has constituted a Disclosure Committee, which will provide support to the Board in relation to compliance with UK Market Abuse Regulation, the Disclosure Guidance and Transparency Rules and the AIM Rules for Companies and the identification, control and disclosure of "inside information". The Committee will meet at such times and in such manner (including by telephone) as shall be necessary or appropriate. The Committee has two members, John Richards, and Neil Evans.

The Chairman and the Board continue to lead the monitoring and evolution of the Company's corporate governance structures and processes, in order that these evolve over time, in line with the Company's growth and development.

More information about the Committees and the work undertaken during the period in review can be found on pages 30 to 37.

10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board is committed to maintaining effective communication and having constructive dialogue with its shareholders. The Company aspires to have close ongoing relationships with its private shareholders, institutional shareholders, and analysts and for them to have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition to the formal channels of the London Stock Exchange regulatory news service, the Company utilises its brokers' research services to support its engagement with private shareholders. The Group has also engaged with other brokers and advisers focusing on the delivery of more frequent, quality communications with investors from a number of alternative research analysts.

All shareholders are encouraged to attend the Company's AGM. The Board discloses the result of general meetings by way of announcement and discloses the proxy voting numbers to those attending the meetings as well as posting them on the website. The Board will take measures to ensure that, if there is a resolution passed at an AGM with at least 20% of votes cast being against the resolution, the Company will seek to understand the reason for the result and, where appropriate, take suitable action.

All resolutions at the Company's 2022 AGM were passed with over 99.96% of votes in favour of each resolution. The proxy votes received in respect of all resolutions were released via RNS and are available on the Company's website.

Investors have access to current information about the Company through the Company's website https://facilitiesbyadf.com. The Company uses electronic communications with shareholders in order to maximise efficiency.

AUDIT AND RISK COMMITTEE REPORT

Chair's Introduction

Dear shareholder,
I am pleased to present the Audit and Risk Committee (the "Committee") Report for the year ended 31 December 2022, which has been prepared by the Committee and approved by the Board.

The Committee is chaired by me, Vin Wijeratne, and over the reporting period comprised Alexandra Innes, John Richards and Kathryn James as members, all of whom were and are considered to be independent Non-Executive Directors by the Board. The CEO and CFO are invited to meetings where appropriate. Representatives from the external auditor are also invited to attend meetings when audit matters are discussed.

In terms of the Committee's composition, I am a qualified accountant, John has significant business management experience and Alexandra has significant capital markets and ESG experience. Through the reporting period, Kathryn also brough recent and relevant financial experience and significant senior level experience of human resources and organisational development matters.

As such, the Committee and the Board is satisfied that the members of the Committee possess recent and relevant financial experience in various sectors to contribute to our work on the Committee.

As we move into 2023, our focal areas will remain on the quality of financial reporting to shareholders, whilst also dedicating further time to ensure that our risk management and internal control environment continues to develop to reflect the increased size, scale and complexity of the Group.

Vin Wijeratne
Chair Of the Audit and Risk Committee
28 April 2023

AUDIT AND RISK
COMMITTEE REPORT

Objectives and Responsibilities

The role of the Committee is set out in its Terms of Reference, a copy of which is available on the Group's website. These include:

- To report on and review the Group's financial performance;
- To monitor the integrity of the Group's financial statements and any formal announcements relating to the Group's financial performance;
- reviewing the content of the annual report and accounts and advising the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy;
- To review the Group's internal financial controls and risk management systems;
- To review any changes to accounting policies;
- To make recommendations to the Board in relation to the appointment of the external auditors;
- To make recommendations to the Board concerning the approval of the remuneration and terms of engagement of the external auditors;
- To review and monitor the extent of the non-audit services undertaken by external auditors;
- To review and monitor the external auditors' independence and objectivity; and
- To consider any matter specifically referred to the Committee by the Board.

Activities

The Committee is required by its Terms of Reference to meet at least three times in each financial year and otherwise as required by the Committee Chair to properly fulfil its duties. The Committee met three times during the reporting period.

Since the date of my last report, the Committee's primary activities have been to focus on:

- The quality of financial reporting, having reviewed the full year and interim results in 2022. Post-year end, the Committee also reviewed these Annual Report and Accounts and, following careful consideration, recommended them to the Board. The focus areas of the Committee's review included reviewing those reporting issues and judgements identified by the auditor during their audit, considering the disclosure on principal risk and uncertainties facing the business, the appropriateness of the preparation of the accounts on a going concern basis, and advising the Board on whether the Annual Report is, when taken as a whole, fair, balanced and understandable with all necessary information included for shareholders to reasonably assess the business.
- Lead liaison with the external auditor and reviewed the efficacy and efficiency of the external audit process. Having completed this exercise post-year end, the Committee is pleased to recommend to shareholders the reappointment of Crowe U.K. LLP (Crowe) as external auditors to the Company.
- Reviewed the Company's internal control and risk management framework; as a Committee, we are satisfied that the internal control framework and systems are robust and appropriate for the size and scale of the Company. We are also pleased with the work that has been undertaken to develop the risk management framework and we will support management in developing this framework further over the course of 2023.

All meetings were attended by all members. The Executive Directors and the external auditors also attended the Committee meetings at the invitation of the Committee Chair. The Chair of the Committee also has regular conversations between scheduled meetings with the external auditor.

Audit Committee Effectiveness

The Committee performed an initial assessment of its effectiveness in December 2022, the conclusions of which were that the Committee is competent and carries out its functions effectively, and a more detailed review will be undertaken over the course of 2023. A small number of areas were identified as areas for focus for the Committee, including further embedding of the Company's risk management processes, which will be taken forward over the course of 2023.

Financial Reporting

On behalf of the Board, the Committee is responsible for reviewing, and recommending to the Board, summary financial statements, substantial financial returns to regulators, and any financial information in other documents, such as price-sensitive announcements. As part of this review, the Committee has reviewed the appropriateness of accounting policies and practices, and reviewed the significant issues and judgements considered in relation to the financial statements, including how each was addressed.

The Committee met to review the full-year and half-year results prior to them being released to the market in 2022. The Committee also reviewed the Annual Report and Accounts and considered reports from the external auditors identifying accounting or judgmental issues requiring its attention. We set out in further detail below the significant areas that the Committee considered in relation to the FY 2022 Annual Report and Accounts. The Committee also evaluated the budget for FY 2023 and longer-term forecasts, as well as applicable sensitivities, and came to the conclusion that the going concern premise is suitable. The Committee has concluded that it provided a fair, balanced, and understandable overview of the business.

Significant areas considered in relation to the financial statements

Risk	How is this risk managed?
Going concern: risk of inability to meet liabilities as they fall due	Review of forward looking rolling financial forecasts and cash projections
Revenue recognition	Operation of appropriate processes, systems and controls throughout the financial year.
Acquisition accounting & group consolidation	Appropriate assumptions applied with correct accounting reflected in financial statements.
Management override of controls	Satisfactory operation of controls throughout the financial year with no instances of inappropriate function or management override.

Risk Management and Internal Controls

During the year, the Committee reviewed the adequacy and effectiveness of the Group's internal financial controls and risk management systems, including monitoring the proper implementation of such controls and review and approved the statements to be included in the annual report concerning internal controls and risk management. The Committee will also consider annually whether there is a need for an internal audit function and make a recommendation to the Board. At present, the function is not yet considered necessary as day-to-day control is sufficiently exercised by the Group's Executive Directors.

Whistleblowing

The Committee also has a responsibility to review, and to report to the Board on, the adequacy of the Group's arrangements for its employees and contractors to confidentially raise any concerns about possible wrongdoings regarding financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action. During 2022, no whistleblowing disclosures were reported.

Anti-Bribery and Corruption

The Group is committed to the highest level of integrity and accountability and the prevention of bribery and corruption. The Committee is tasked with reviewing the Group's procedures for detecting fraud and the Group's systems and controls for the prevention of bribery and receiving reports on non-compliance.

The Committee will also monitor and ensure the Group's adherence to its AIM Rules compliance policy.

The following Group policies are reviewed each year by the Committee:

- Whistleblowing policy;
- Anti-Bribery and Corruption policy; and
- Non-audit services policy

External Audit

As described above, the Committee meets with the auditor at least twice a year, once at the planning stage, where the nature and scope of the audit will be considered, and once post-audit at the reporting stage. The Committee will be responsible for reviewing and approving the annual audit plan with the auditor and ensuring that it is consistent with the scope of the audit engagement and the effectiveness of the audit. In addition, the Committee is responsible for reviewing the findings of the audit with the external auditor which shall include but not be limited to discussing major issues which arose during the audit, any accounting and audit judgements, levels of errors identified during the audit and the effectiveness of the audit.

The Committee engages in discussions with the auditor regarding fees, internal controls and such issues as compliance with accounting standards and any proposals which the external auditor has made regarding the Group's internal auditing standards.

As part of its annual agenda cycle, the Committee also meets with the auditor at least once a year without management present to obtain feedback on the conduct of the audit and also commence a review on lessons to be learnt from the process. The Committee was pleased to learn from both the external auditor and management that the audit process had been completed with the business and audit teams working well together.

During 2022 the Committee implemented a Non-Audit Services policy in line with the FRC Ethical Standard. Any non-audit services are required to be pre-approved by the Audit Committee.

Auditor's Independence

The Committee approves the external auditor's terms of engagement, scope of work, the process for the interim review and the annual audit. It also reviews and discusses with the auditor the written reports submitted and the findings of their work. It has primary responsibility for making recommendations to the Board, for it to put to shareholders for their approval at a general meeting, in relation to the appointment, re-appointment, and removal of the external auditor.

The Committee is also responsible for reviewing and monitoring external auditor's independence and objectivity as well as their qualifications, expertise and resources and the effectiveness of the audit process, taking into consideration relevant UK and other relevant professional and regulatory requirements. The Company have considered the auditor's independence and continues to believe that Crowe is independent within the meaning of all UK regulatory and professional requirements and the objectivity of the audit engagement partner and audit staff are not impaired.

Following consideration of both the auditor's continued independence and objectivity, alongside the efficacy of the external audit process post-year end, the Committee formally recommends the reappointment of Crowe as external auditor to the Group to shareholders.

Vin Wijeratne
Chair of the Audit and Risk Committee

28 April 2023

REMUNERATION COMMITTEE REPORT

Dear Shareholder,

I am pleased to present the Remuneration Committee (the "Committee") Report for the year ended 31 December 2022, which has been prepared by the Committee and approved by the Board.

The Committee was chaired during 2022 by Kathryn James and comprised of Alexandra Innes and Vin Wijeratne, all of whom were deemed by the Board to be independent Directors, and John Richards, as members of the Committee. The Committee is required by its Terms of Reference to meet at least twice in each financial year and otherwise as required by the Committee Chair to properly fulfil its duties. For the year ended 31 December 2022, the Committee formally met twice.

Objectives and Responsibilities

The role of the Committee is set out in its Terms of Reference, a copy of which is available on the Group's website. These include:

- determine and agree with the Board, the Company's broad policy and framework for the remuneration of the Company's Chair, Chief Executive and other executive directors including pension rights and compensation payments;
- reviewing and having regard to pay and employment conditions across the Group when setting the remuneration policy for Executive management and especially when determining salary increases;
- review the on-going appropriateness and relevance of the remuneration policy;
- approve the design of, and determine targets for, any performance-related remuneration schemes operated by the Group and approve the total annual payments made under such schemes;
- review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made to executive directors or other colleagues, and if so, the overall amount of such awards, the individual awards to executive directors and other designated senior executives and the performance targets to be used; and
- determine the policy for, and scope of, pension arrangements for each executive director and other senior executives.

The Non-Executive Directors do not have any personal interests in the matters to be decided by the Committee or any potential conflicts of interest arising from cross-directorships and no day-to-day involvement in the running of the Company. Decisions around the remuneration of Non-Executive Directors is a matter reserved for the Board. The Executive Directors and other senior personnel may be invited to attend meetings when appropriate to provide advice. However, no Director is present for, or participates in, any decision concerning their remuneration.

The Non-Executive Directors, receive fees in connection with their services provided to the Company, to the Board and to Board Committees. Certain senior staff and Executive Directors receive basic salaries, annual bonuses according to performance against defined targets, and certain benefits in kind. Executive Directors are also eligible to participate in a Long-Term Incentive Plan; the current terms of the LTIP are set out in the Company's **Remuneration Framework table** on page 35.

Post-year end, the Committee's work has focussed on, and will continue to be focussed on, developing an appropriate remuneration package for the Executive Directors. The Committee also has a remit to consider and make any recommendations to the Board on pay conditions across the Group as a whole.

The Committee is continually aware and mindful of any potential risks associated with its remuneration arrangements. We, therefore, seek to provide a structure that seeks to incentivise long-term value generation through key performance measures and an optimal remuneration mix. As set out below, the Committee has commissioned a third-party remuneration consultant to review whether our reward programmes achieve the correct balance and do not encourage excessive risk-taking.

Key activities during the year

The main focus of the Committee over the reporting year has been to review Executive Directors' remuneration arrangements for 2023 and over the longer term, with a view to ensuring that executive remuneration and shareholder interests remain closely aligned.

Remuneration consultants

During the year, the Committee engaged the services of specialist third-party remuneration consultants, h2glenfern, to provide advice on the development of a longer-term remuneration strategy linked to the overall strategy of the Company and on future remuneration arrangements for 2023. The Committee reviewed the potential for conflicts of interest in connection with this engagement and is comfortable that there are no conflicts which might impair the independence of the h2glenfern that provided remuneration advice to the committee. h2glenfern do not provide any other services to the Company.

h2glenfern's fees for the financial year ended 31 December 2022 relating to remuneration advice to the committee were determined on a time and materials basis and were £1,800 (excluding VAT).

Remuneration framework

The Committee's policy is to attract and retain individuals of the highest calibre by offering remuneration competitive with comparable publicly quoted companies, and to drive the Group's financial performance by providing arrangements which fairly and responsibly reward individuals for their contribution to the success of the Group. Long-term equity-based remuneration linked to financial performance and share price targets represent a significant proportion of Executive Directors' potential remuneration, which aligns the interests of the individuals with those of the shareholders. The Committee may apply its discretion when agreeing any remuneration outcomes, to help ensure that the implementation of our Remuneration Policy is consistent with underlying Company performance and is equitable to all parties.

The below table sets out the broad outline of the Company's remuneration framework as adopted by the Committee.

Implementation of Remuneration Policy for 2023 and future years

Future salary awards and increases will be set in line with relevant market levels, take into account economic changes, the performance of the business and the Group-wide pay policy and will aim to retain and attract high quality executives. All share-based elements of remuneration are subject to clawback or repayment in the event of serious financial misstatement or misconduct. The Committee remains focused on ensuring that employees and Executive Directors continue to be rewarded in line with the delivery of long-term shareholder value and will continue ensuring that the remuneration structure in place reflects and incentivises the Company's culture of employee-shareholder alignment.

Purpose and link to strategy	Operation	Maximum potential value	Performance conditions
Base Salary Competitive fixed salary that attracts and retains key individuals reflecting their experience and role.	Salaries will be reviewed annually in line with the financial year.	Base salaries are set at appropriate level based on comparable sized listed companies.	Not Applicable (N/A)
Pension and Benefits Supports recruitment of high calibre executive directors.	Our policy is to provide a contribution to a defined contribution scheme at a proportion of basic salary.	Pension funding for executive directors is aligned with the wider workforce currently equal to 3% of base salary.	N/A
Annual Bonus Supports the achievement of critical strategic objectives in the short- to medium-term.	Each Executive Director is eligible for an annual bonus award (in cash) upon the achievement of certain key strategic objectives.	Maximum opportunity of cash bonus equal to 100% of the recipient's base salary.	Annual bonus awards are made upon the achievement of certain annual financial and strategic objectives for the Company. The award of such bonuses is entirely at the discretion of the Remuneration Committee.
Long Term Incentive Plan Supports the recruitment and retention of executive directors and aligns interests with shareholders.	LTIP awards are granted annually. LTIP awards will vest at the end of a three-year period, subject to the executive directors still being employed and satisfactory delivery against performance conditions.	Maximum opportunity equal to a grant of such number of shares as is equal to 100% of the recipient's base salary.	The LTIP award each year is based on conditions set by the Remuneration Committee, which are against demanding personal development metrics, financial targets, including EBITDA and total shareholder return.
Chairman and non-executive director fees Supports the appointment of high-calibre non-executive Directors.	Non-executive directors are paid a base fee plus reasonable expenses. No additional fees are paid to non-executive directors or the chairman of the company for membership or chairmanship of committees.	Base fees for non-executive directors are set with reference to market rates. Fees paid for the year are set out on page 36.	N/A

Chief Executive Officer Pay Structure

Marsden Proctor's current annual remuneration package is as follows:

Base salary	£250,000 per annum
Bonus	Up to 100% of salary, subject to specific objectives set and measured by the Remuneration Committee
Pension Contribution	Equal to 3% of base salary
Share Options	500,000 share options awarded on the date of IPO (see "Director Share Options" above for terms). Marsden is eligible for further option awards under the terms of the Share Option Scheme as determined by the Remuneration Committee.
Other benefits	None

REMUNERATION COMMITTEE REPORT

Remuneration Outcomes – Single Total Figure of Remuneration

The following tables detail the total remuneration earned by each Director from the Group in respect of the financial year ended 31 December 2022[1] and the previous financial year ended 31 December 2021. Information on their remuneration structure is set out in more detail overleaf.

2022

Executive Directors	Salary £	Fees £	Pension Contributions £	Other benefits £	Bonus £	Share-based payments £	Total £
Marsden Proctor	253,775	-	1,321	-	125,000	32,972	413,068
Neil Evans	202,809	-	1,321	4,924	97,500	25,719	332,273

Non- Executive Directors	Salary £	Fees £	Pension Contributions £	Other benefits £	Bonus £	Share-based payments £	Total £
John Richards	N/A	62,308	N/A	4,770	N/A	N/A	67,078
Kathryn James	N/A	38,942	N/A	N/A	N/A	N/A	38,942
Vin Wijeratne	N/A	38,942	N/A	N/A	N/A	N/A	38,942
Alexandra Innes	N/A	29,192	N/A	N/A	N/A	N/A	29,192

2021

Executive Directors	Salary £	Fees £	Pension Contributions £	Other benefits £	Bonus £	Share-based payments £	Total £
Marsden Proctor	10,417	-	110	-	287,500	-	298,027
Neil Evans	8,750	-	110	520	25,000	734,081	768,461

Non- Executive Directors	Salary £	Fees £	Pension Contributions £	Other benefits £	Bonus £	Share-based payments £	Total £
John Richards	N/A	2,000	N/A	N/A	N/A	715,000	717,000
Kathryn James	N/A	-	N/A	N/A	N/A	N/A	0
Vin Wijeratne	N/A	-	N/A	N/A	N/A	N/A	0

1 Non-Executive Director fees in 2022 reflect fees paid from 20 December 2021 to 31 December 2022 inclusive

Non-Executive Director Annual Fees

The Annual Fees currently payable to the Non-Executive Directors are set out below. They were originally determined on completion of the IPO in January 2022. The fees include any role on a Board Committee.

	Fees £'000
John Richards	60
Alexandra Innes	45
Kathryn James	37.5
Vin Wijeratne	37.5
	180

Directors' interests

The interests and beneficial interests of the Directors in the shares of the Company at 31 December 2022 are set out below:

Number of Shares

Executive Directors

Marsden Proctor	Neil Evans
1.4m	0

Non-Executive Directors

John Richards	Alexandra Innes	Kathryn James	Vin Wijeratne
2.4m	0	0.3m	0

Director Share Options

Details of the interests in share options held by the Directors of the Company as at 31 December 2022 are set out below:

Executive Directors	Plan	Number of Options	Date of Grant	Date Exercisable	Exercise Price £
Marsden Proctor	LTIP	500,000	5 January 2022	Not before December 2026	0.01
Neil Evans	LTIP	390,000	5 January 2022	Not before December 2026	0.01
Neil Evans	Pre-IPO*	2,000,000	12 March 2020	From December 2021	0.056
Neil Evans	Pre-IPO*	500,000	2 December 2021	From December 2021	0.01

Non- Executive Directors	Plan	Number of Options	Date of Grant	Date Exercisable	Exercise Price £
John Richards	-	-			-
Alexandra Innes	-	-			-
Kathryn James	-	-			-
Vin Wijeratne	-	-			-

* Certain of the Options described above for N Evans are replacement options for those options that were granted by CAD Services Limited prior to the Share Exchange Agreement. The option holders were invited to accept an exchange of options, in accordance with the terms of the share option plan rules and, where they accepted an exchange of options, were granted replacement options in the Company. On 2 December 2021, the Company granted Options over 500,000 Ordinary Shares to N Evans.

Report Status

The Company is not required by law or the AIM rules to produce a Remuneration Report. It is provided in compliance with the requirements of the QCA Corporate Governance Code and in the interests of transparent and open reporting to shareholders. This report has not been audited.

Vin Wijeratne
Director and member of the Remuneration Committee
28 April 2023

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of the Group for the year ended 31 December 2022. The following matters are reported by the Directors in accordance with the Companies Act 2006 requirements in force at the date of the Annual Report.

Information contained elsewhere in this Annual Report

Information required to be included in this Directors' Report can be found elsewhere in the Annual Report as indicated in the table below and is incorporated into this report by reference:

Information	Section
Future Developments	Strategic Report (pages 6 to 21)
Going Concern Statement	Notes to the Accounts (page 60)
Risk Management and Principal Risks	Strategic Report (pages 18 to 19)
Corporate Governance Statement	Corporate Governance Statement (pages 24 to 29)
Information on the Group's financial risk management objectives and policies, and its exposure to credit risk, liquidity risk, interest rate risk, foreign currency risk and financial instruments	Notes to the Accounts (pages 86 to 88)

Principal Activities and Business Review

The principal activities of Facilities by ADF plc (the "Company"), together with its wholly owned subsidiaries (the "Group") during the period under review centred around the provision of premium serviced production facilities, location and equipment hire to the UK film and high-end TV (HETV) industry. More information can be found on pages 6 to 21 of the Strategic Report.

The requirements of the business review have been considered within the Strategic Report.

Corporate Status

The Company is a public limited company domiciled in the United Kingdom and was incorporated in England & Wales with company number 13761460 on 23 November 2021. The Company has its registered office at Ground Floor 31 Oldfield Road, Bocam Park, Pencoed, Bridgend, United Kingdom, CF35 5LJ. The principal places of business of the Group are the United Kingdom and Europe.

Results and dividends

An analysis of the Group's performance is contained within the Strategic Report. The Group's income statement is set out on page 52 and shows the result for the year.

The Board has decided to implement a progressive dividend policy and will target a dividend cover of approximately three times earnings per Ordinary Share. The Board is proposing a final dividend of 0.90 pence per share (2021: nil), bringing the total dividend for 2022 to 1.34 pence per share (2021: nil).

For further information on dividends paid over the reporting period, please see note 29 and note 12 to the accounts.

Directors

The present membership of the Board is set out with brief biographies detailed on pages 22 to 23. The Directors of the Company during the reporting period were:

John Richards	
Marsden Proctor	
Neil Evans	
Kathryn James	(Resigned 22 March 2023)
Vin Wijeratne	
Alexandra Innes	Appointed 9 May 2022

In accordance with good corporate governance practice, all directors in post at the date of the signing of this Report will retire, being eligible, offer themselves for election at the Company's forthcoming AGM.

Director's emoluments

Details of the emoluments of the Directors are given in Note 9 to the Financial Statements.

The beneficial interests of the Directors in the ordinary shares of the Company on 31 December 2022 are set out on page 37, alongside details of the Executive Directors' participation in the Company's Long-Term Incentive Plan, which are contained in the Remuneration Committee Report on pages 35 to 37.

The beneficial interests of the Directors in the Ordinary Shares of the Company on 28 April 2023 are set out below:

Number of Shares held

Executive Directors

Marsden Proctor	Neil Evans
1.4m	0

Non-Executive Directors

John Richards	Alexandra Innes	Kathryn James	Vin Wijeratne
2.4m	0	0.3m	0

DIRECTORS' REPORT

Substantial shareholdings

As at 28 April 2023, the following interests in 3% or more of the issued Ordinary Share capital had been notified to the Company:

% of issued share capital

19.29%	Business Growth Fund
13.34%	Andrew Dixon
13.34%	Stephen Haines
8.89%	Sian Dixon
8.89%	Julie Fletcher
6.58%	Canaccord Genuity Group
3.02%	John Richards

Share Capital

Details of the changes in the share capital of the Company during the year are set out in Note 24.

Engagement with employees

The Group focuses on employee engagement and maintaining the positive culture that motivates existing and attracts new colleagues. During the year, the business engaged with its partners and employees on an ongoing basis and through multiple channels to ensure that their views were taken into account appropriately and the business was able to communicate its strategy, priorities, values and goals effectively throughout the organisation.

The Group's approach toward employee engagement is set out more fully in pages 6 to 21 in the Strategic Report.

The Board will take employee interests into account in its principal decisions, which the Board reports on further in its s172 compliance statement on pages 20 to 21.

Branches

The Company has no branches outside of the UK.

Political and charitable donations

The Company made no political or charitable donations during the year ended 31 December 2022.

Post-Balance Sheet Events

Post balance sheet events of the Group are set out in Note 33 to the Accounts.

Research and Development

The Group did not undertake any research and development during the year ended 31 December 2022.

Share buybacks

The Company did not acquire any of its own shares during the year ended 31 December 2022.

Directors' third-party indemnity provisions

The Company has agreed to indemnify its Directors against third party claims which may be brought against them and has put in place a Directors' and officers' insurance policy.

Statement of disclosure to auditors

So far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware.

Each Director has taken all the steps that they ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Crowe U.K. LLP has expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

The report of the Directors was approved by the Board on 28 April 2023 and signed on its behalf by:

Neil Evans

Neil Evans
Chief Financial Officer
28 April 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare Group Financial Statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the Parent Company financial statements on the same basis.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the Group's profit or loss for that period.

In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006.

They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement which comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL FINANCIAL REPORT

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and Group and the undertakings included in the consolidation taken as a whole; and
- The Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation, taken as a whole, together with a description of the principal risks and uncertainties that they face. We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Marsden Proctor
Chief Executive Officer

Neil Evans
Chief Financial Officer

28 April 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FACILITIES BY ADF PLC

Opinion

We have audited the financial statements of Facilities by ADF plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2022, which comprise:

- the Group statement of comprehensive income for the year ended 31 December 2022;
- the Group and Parent Company statements of financial position as at 31 December 2022;
- the Group and Parent Company statements of cash flows for the year then ended;
- the Group and Parent Company statements of changes in equity for the year then ended; and
- the notes to the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK-adopted international accounting standards.

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;
- have been properly prepared in accordance with UK-adopted international accounting standards;
- 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 UK, including the FRC's Ethical Standard as applied to listed entities, 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.

Our evaluation of the directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- obtaining managements forecasts covering the period 1 January 2023 to 31 December 2025. We have assessed how these forecasts have been prepared, including the appropriateness of management's forecasts and sensitivities to the underlying assumptions, as well as verifying the numerical inputs and accuracy of calculations;

- challenging the key assumptions used in the forecasts;

- reviewing the disclosures made in the financial statements relating to going concern and agreeing they are consistent with management's assessment.

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

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £325,000 (2021 £300,000), based on approximately 7% of profit before tax. Materiality for the Parent Company as a whole was set at £300,000 (2021: £50,000) based on approximately 1% of net assets.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. Performance materiality was set at £227,500 (2021 £210,000) for the group. Performance materiality was set at £210,000 (2021: £35,000) for the Parent Company.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £15,000 (2021: £15,000). Errors below that threshold would also be reported if, in our opinion as auditor, disclosure were to be required on qualitative grounds.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FACILITIES BY ADF PLC

Overview of the scope of our audit

The group and its subsidiaries are accounted for at two locations, being the parent company's registered office and at Location One. We performed full scope audits of the complete financial information of Facilities by ADF plc and its subsidiary, CAD Services Limited. The work was performed directly by the group audit team. The operations that were subject to full-scope audit procedures made up 98% of the consolidated revenues and 99.9% of profits before tax. We also performed audit testing on the year end position of Location One Limited and the Statement of Comprehensive Income for the period following the acquisition by the group.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	How the scope of our audit addressed the key audit matter
Acquisition accounting(note 30) During December 2022, the group acquired Location One Group Limited and Location One Limited. As a consequence of this acquisition management were required to make judgements regarding the purchase price allocation and level of deferred contingent consideration payable.	Obtaining management's assessment of the purchase price allocation. In conjunction with our in-house valuation experts we challenged management on the appropriateness of the purchase price allocation. Obtaining the Sale and Purchase Agreement and agreeing the total potential purchase price. Reviewing management's estimate of the fair value of deferred contingent consideration payable as a component of that total potential consideration.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FACILITIES BY ADF PLC

Other information

The directors are responsible for the other information contained within the annual report. 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 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our 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 directors' report and strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In 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 strategic report or the directors' report.

We have nothing to report in respect of the following matters where 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 the directors for the financial statements

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 Group's and 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FACILITIES BY ADF PLC

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.

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.

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included:

- enquiry of management about the Group's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance;
- examining supporting documents for all material balances, transactions and disclosures;
- review of the board meeting minutes;
- evaluation of the selection and application of accounting policies related to subjective measurements and complex transactions;
- testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; and
- review of accounting estimates for bias.

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

Use of our report

This report is made solely to the 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.

Mark Anderson (Senior Statutory Auditor)
for and on behalf of

Crowe U.K. LLP
Statutory Auditor

Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Revenue	3	31,414	27,756
Cost of sales		(19,742)	(16,917)
Gross profit		11,672	10,839
Other operating income	4	-	24
Administrative expenses		(6,218)	(5,057)
Non-recurring expenses	6	(78)	(1,322)
Share based payment expense	24	(59)	(1,332)
Operating profit	6	5,317	3,152
Finance expense	10	(702)	(358)
Profit before taxation		4,615	2,794
Taxation	11	(3)	(1,489)
Profit for the year		4,612	1,305
Other comprehensive income			
Total other comprehensive income		-	-
Total other comprehensive income		4,612	1,305
Earnings per share for profit attributable to the owners			
Basic earnings per share (Pence)	13	6.1	3.2
Diluted earnings per share (Pence)	13	5.4	2.8

The accompanying notes on page 60 to 89 form an integral part of these consolidated financial statements.

All amounts relate to continuing operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2021 £'000	As at 31 December 2020 £'000
Assets			
Current assets			
Inventories	14	417	-
Trade and other receivables	19	3,045	1,767
Cash and cash equivalents	20	9,518	4,987
Total current assets		12,980	6,754
Non-current assets			
Property, plant and equipment	16	10,680	4,137
Right-of-use assets	17	25,901	15,095
Intangible assets	15	7,289	-
Total non-current assets		43,870	19,232
Total assets		56,850	25,986
Liabilities			
Current liabilities			
Trade and other payables	21	6,322	5,132
Lease liabilities	17	3,705	2,658
Borrowings	22	-	100
Total current liabilities		10,027	7,890
Non-current liabilities			
Borrowings	22	-	242
Other provisions	18	38	37
Lease liabilities	17	17,524	9,607
Contingent consideration	30	878	-
Deferred tax liabilities	11	2,966	2,714
Total non-current liabilities		21,406	12,600
Total liabilities		31,433	20,490
Net Assets		25,417	5,496
Equity			
Called up share capital	24	794	455
Share premium	25	15,492	787
Share based payment reserve	25	1,652	1,332
Merger reserve	25	(400)	(400)
Retained earnings	25	7,879	3,322
Total equity		25,417	5,496

The notes on pages 60 to 89 form an integral part of these consolidated financial statements.
The financial statements were approved and authorised for issue by the Board on 28 April 2023 and signed on its behalf by:

Neil Evans

Neil Evans
Director

Company registered number: 13761460

COMPANY STATEMENT
OF FINANCIAL POSITION

	Note	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Assets			
Current assets			
Trade and other receivables	19	307	635
Amounts due from subsidiaries	19	12,959	-
Total current assets		13,266	635
Non-current assets			
Investment in subsidiary	23	15,534	8,347
Deferred tax assets	11	752	-
Total non-current assets		16,286	8,347
Total assets		29,552	8,982
Liabilities			
Current liabilities			
Amounts due to subsidiaries	21	-	952
Trade and other payables	21	1,161	164
Total current liabilities		1,161	1,116
Non-current liabilities			
Contingent consideration	30	878	-
Total non-current liabilities		878	-
Total liabilities		2,039	1,116
Net Assets		27,513	7,866
Equity			
Called up share capital	24	794	455
Share premium	25	15,492	787
Share based payment reserve	25	1,652	1,332
Merger relief reserve	25	7,947	7,947
Retained earnings	25	1,628	(2,655)
Total equity		27,513	7,866

The notes on pages 60 to 89 form an integral part of these consolidated financial statements.

The Company has elected to take exemption under section 408 of the Companies Act 2006 from presenting the Company statement of comprehensive income. The profit for the Company for the year ended 31 December 2022 was £4,337,886.

The financial statements were approved and authorised for issue by the Board on 28 April 2023 and signed on its behalf by:

Neil Evans
Director
Company registered number: 13761460

CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY

	Note	Share Capital £'000	Share Premium £'000	Share Based Payment Reserve £'000	Merger Reserve £'000	Retained Earnings £'000	Total Equity £'000
Balance at 01 January 2021		-	-	-	-	2,930	2,930
Comprehensive Income							
Profit for the year		-	-	-	-	1,305	1,305
Transactions with owners							
Share for share exchange	24	400	-	-	7,946	-	8,346
Group restructuring		-	-	-	(8,346)	-	(8,346)
Issue of share capital	24	55	787	-	-	-	842
Share based payment charge		-	-	1,332	-	-	1,332
Dividends	12	-	-	-	-	(913)	(913)
Balance at 31 December 2021		455	787	1,332	(400)	3,322	5,496
Balance at 01 January 2022		455	787	1,332	(400)	3,322	5,496
Comprehensive Income							
Profit for the year		-	-	-	-	4,612	4,612
Transactions with owners							
Issue of shares on AIM listing	24	300	14,700	-	-	-	15,000
Costs of issue of shares on AIM listing		-	(1,457)	-	-	-	(1,457)
Exercise of options	24	5	-	-	-	-	5
Share based payment charge on AIM listing		-	(261)	261	-	-	-
Share based payment charge on long term incentive program	24	-	-	59	-	-	59
Deferred tax adjustment	11	-	-	-	-	295	295
Business acquisition	24,30	34	1,846	-	-	-	1,880
Costs of issue of shares		-	(123)	-	-	-	(123)
Dividends	12	-	-	-	-	(350)	(350)
Balance at 31 December 2022		794	15,492	1,652	(400)	7,879	25,417

The notes on pages 60 to 89 form an integral part of these consolidated financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

	Note	Share Capital £'000	Share Premium £'000	Share Based Payment Reserve £'000	Merger Relief Reserve £'000	Retained Earnings £'000	Total Equity £'000
Balance at 23 November 2021		-	-	-	-	-	-
Comprehensive Income							
Loss for the period		-	-	-	-	(2,655)	(2,655)
Investment in subsidiary	24	400	-		7,947	-	8,347
Share based payment charge		-	-	1,332	-	-	1,332
Issue of share capital	24	55	787	-	-	-	842
Balance at 31 December 2021		455	787	1,332	7,947	(2,655)	7,866
Balance at 01 January 2022		455	787	1,332	7,947	(2,655)	7,866
Comprehensive Income							
Profit for the year		-	-	-	-	4,338	4,338
Transactions with owners							
Issue of shares on AIM listing	24	300	14,700	-	-	-	15,000
Costs of issue of shares on AIM listing		-	(1,457)	-	-	-	(1,457)
Exercise of options	24	5	-	-	-	-	5
Share based payment charge on AIM listing		-	(261)	261	-	-	-
Share based payment charge on long term incentive program	24	-	-	59	-	-	59
Deferred tax adjustment	11	-	-	-	-	295	295
Business acquisition	24,30	34	1,846	-	-	-	1,880
Costs of issue of shares		-	(123)	-	-	-	(123)
Dividends	12	-	-	-	-	(350)	(350)
Balance at 31 December 2022		794	15,492	1,652	7,947	1,628	27,513

The notes on pages 60 to 89 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASHFLOWS

	Note	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Cash flows from operating activities			
Profit before taxation from continuing activities		4,615	2,794
Adjustments for non-cash/non-operating items:			
Depreciation of property, plant and equipment	16	611	367
Amortisation of right-of-use assets	17	1,899	1,555
Amortisation of intangible assets		3	-
Loss on disposal of property, plant and equipment		52	75
Share based payment charge	24	59	1,332
Finance expense	10	702	358
		7,941	6,481
Increase in inventories		(417)	-
Decrease/ (increase) in trade and other receivables		259	(1,101)
(Decrease)/ increase in trade and other payables		(3,517)	2,874
Cash from operations		4,266	8,254
Corporation tax received		-	365
Net cash generated from operating activities		4,266	8,619
Cash flows from investing activities			
Purchase of property, plant and equipment	16	(4,056)	(821)
Purchase of intangible assets		(81)	-
Purchase of right-of-use assets1		(964)	(465)
Increase in amounts due from directors		(180)	-
Cost of business acquisition		(3,595)	-
Net cash used in investing activities		(8,876)	(1,286)
Cash flows from financing activities			
Proceeds from ordinary share issue		15,005	842
Cost of share issue		(1,580)	-
Repayment of borrowings		(342)	(604)
Cash payments of lease liabilities	17	(2,890)	(2,567)
Interest paid on lease liabilities	17	(695)	(344)
Other interest paid	10	(7)	(14)
Dividends paid	12	(350)	(913)
Net used in financing activities		9,141	(3,600)
Net increase in cash and cash equivalents		4,531	3,733
Cash and cash equivalents at beginning of year	20	4,987	1,254
Cash and cash equivalents at end of year	20	9,518	4,987

1The Purchase of right-of-use assets relates to cash additions made to improve and assets held on hire purchase, held in right -of-use assets as detailed in Note 17.

The notes on pages 60 to 89 form an integral part of these consolidated financial statements.

COMPANY STATEMENT OF CASHFLOWS

	Note	Period ended 31 December 2021 £'000	Period ended 31 December 2021 £'000
Cash flows from operating activities			
Profit/ (loss) before taxation from continuing activities		3,881	(2,655)
Adjustments for non-cash/non-operating items:			
Share based payment charge	24	59	1,332
		3,940	(1,323)
Decrease/ (increase) in trade and other receivables		508	(635)
Increase in trade and other payables		998	164
Cash from operations		5,446	(1,794)
Net cash generated from operating activities		5,446	(1,794)
Cash flows from investing activities			
Acquisition of investment in subsidiary	23	(4,430)	-
Increase in amounts due from intercompany borrowings		(13,911)	-
Increase in amounts due from directors		(180)	-
Net cash used in investing activities		(18,521)	-
Cash flows from financing activities			
Proceeds from ordinary share issue		15,005	842
Cost of share issue		(1,580)	-
Increase in amounts due to intercompany borrowings		-	952
Dividends paid	12	(350)	-
Net used in financing activities		13,075	1,794
Net movement in cash and cash equivalents		-	-
Cash and cash equivalents at incorporation		-	-
Cash and cash equivalents at end of period		-	-

Facilities by ADF Plc does not hold its own bank account, the cash flow has been presented as if the Group bank account had a protected Company cell in order to present meaningful cash flow information.

The notes on pages 60 to 89 form an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

1.1 Basis of preparation

Facilities by ADF Plc (the "Group") is a public company limited by shares, incorporated, domiciled and registered in England and Wales in the UK. The registered number is 13761460 and the registered address is Ground Floor 31 Oldfield Road, Bocam Park, Pencoed, Bridgend, United Kingdom, CF35 5LJ.

The consolidated and Company financial statements are for the year ended 31 December 2022. The Company's prior period was from incorporation on 23 November 2021 to 31 December 2021 and was the first period of accounts for the Company. They have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the UK Companies Act 2006.

The financial statements have been prepared in accordance with IFRS under the historical cost convention, as modified by the use of fair value for financial instruments measured at fair value. The financial statements are presented in thousands of pounds sterling ("£'000") except where otherwise indicated.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to both the Company and the Group where applicable. The policies have been consistently applied to all the periods presented, unless otherwise stated.

1.2 Going concern

The Group has continued to invest in growth throughout the financial year, with the Group continuing to trade throughout in a net asset position. The Directors are pleased with the progress of trading to date, and in particular, the progress made relative to the challenges of the film and television industry. On the 5 January 2022 the shares of the Company were admitted to the London Stock Exchange trading on the UK AIM market. As part of the listing, and on this date, 30,000,000 new ordinary shares were placed at a price of 50p, raising significant cash funds for the business.

The Directors are continuing to identify acquisitions as well as focussing on the continuation of the organic growth experienced in recent years. The Company acquired a new a business in the current financial period and significant synergies are expected to be achieved over the coming year from this. The Directors expect continued growth in 2023.

The financial statements have been prepared on the going concern basis which the Directors believe to be appropriate for the following reasons. The Directors have prepared cash flow forecasts for a 12-month period from the date of approval of these financial statements. They have applied a range of sensitivities to these forecasts and such forecasts and analysis have indicated that sufficient funds should be available to enable the Group to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

1.3 New standards, amendments, and interpretations

The following amendments to standards have become effective for the first time for annual reporting periods commencing on 1 January 2022 and have been adopted in preparing these financial statements:

- Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework;
- Amendments to IAS 16 Property, Plant and Equipment – proceeds before intended use;
- Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets – onerous contract; and
- Annual Improvements to IFRS Standards 2018-2020 Cycle.

The adoption of these amendments had no material impact on the financial statements.

At the date of approval of these financial statements, the following amendments to IFRS which have not been applied in these financial statements were in issue but not yet effective until annual periods beginning on 1 January 2023:

- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies;
- Amendments to IAS 8 – Definition of Accounting Estimates; and
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

The adoption of these amendments is not expected to have a material impact on the consolidated and company financial statements.

1.4 Basis of consolidation

The consolidated financial statements incorporate the results of the Company and all of its subsidiary undertakings.

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred, and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair value.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the Group.

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability 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 until the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances, and any gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the financial information. Losses are eliminated in the same way as gains, but only to the extent that there is no evidence of impairment.

1.5 Revenue recognition

IFRS 15 "Revenue from Contracts with Customers" is a principle-based model of recognising revenue from contracts with customers. It has a five-step model that requires revenue to be recognised when control over goods and services are transferred to the customer.

Revenue includes facilities rental incomes, fees from the provision of services incidental to facilities and fuel. Revenue is measured at the fair value of consideration received or receivable, net of discounts, VAT, and sales taxes.

Fuel income is recognised at the point of time of delivery. Revenue from sale of fuel cards ceased in the period ending 31 December 2022.

Revenue from all other services rendered is recognised proportionally over the period in which the facilities are rented out based on the terms of the contract. The stage of completion is assessed on the basis of the actual service provided (number of days of rental in the accounting period).

1.6 Other operating income and grants

Other operating income represents all other income received by the Group. This includes Government grants for the Coronavirus Job Retention Scheme. Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

1.7 Employee benefits: Pension obligations

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

1.8 Net finance costs

Finance expense

Finance expense comprises of interest payable and lease interest which are expensed in the period in which they are incurred and reported in finance costs. Debt issue costs are capitalised and amortised over the life of the associated facility.

Finance income

Finance income relates to interest on bank deposits.

1.9 Foreign currency translation

Transactions in foreign currencies are translated to Sterling (the currency of the primary economic environment in which the Group operates) at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income, within interest receivable and interest payable.

The consolidated and company financial statements are presented in GBP, which is the Group's and Company's presentational currency. The functional currency of the Company is GBP.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies (continued)

1.10 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the UK where the Group and Company operates and generate taxable income.

Deferred tax balances are recognised in respect of all temporary differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the Group and Company can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.11 Property plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the reducing balance method. Depreciation is provided on the following basis:

Plant and machinery	25% reducing balance
Motor vehicles	10% reducing balance
Computer equipment	25% reducing balance
Hire fleet	10% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

Assets under construction are those that are being built or developed with the intention of being used in the business operations of the Group. These assets are not depreciated until they are completed and ready to be used. Once an asset is completed, it is transferred to a separate class of asset in property, plant and equipment or right-of-use assets and is then subject to depreciation. This transfer is made at the point of time the asset is completed and is ready for use.

The cost of the asset under construction includes all costs directly attributable to bringing the asset to the condition necessary for it to be used for its intended purpose. These costs may include direct labour, direct materials, and other expenses incurred during the construction period.

1.12 Impairment of assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

1.13 Leased assets

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 at inception of a contract.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: an identified physically distinct asset can be identified; and the Group has the right to obtain substantially all of the economic benefits from the asset throughout the period of use and has the ability to direct the use of the asset over the lease term being able to restrict the usage of third parties as applicable.

1 Accounting policies (continued)

1.13 Leased assets *(continued)*

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to access that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove, or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the revised discount rate applicable at the date of estimation. An equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

1.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term highly liquid deposits which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.15 Financial Instruments

Financial instruments are all financial assets and financial liabilities that comprise a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity and are detailed in notes to the accounts.

Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable (other than financial assets or liabilities at fair value through profit or loss) are added to or deducted from the fair value as appropriate, on initial recognition.

Financial assets and financial liabilities are offset, and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Financial assets

The Group and Company's financial assets held at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g., trade receivables), but also incorporate other types of financial assets where the objective is to hold their assets in order to collect contractual cash flows and the contractual cash flows are solely payments of the principal and interest.

They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment of financial assets

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net; such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for other receivables are recognised based on the general impairment model within IFRS 9. In doing so, the Group follows the 3-stage approach to expected credit losses. Step 1 is to estimate the probability that the debtor will default over the next 12 months. Step 2 considers if the credit risk has increased significantly since initial recognition of the debtor. Finally, Step 3 considers if the debtor is credit impaired, following the criteria under IFRS 9.

The Group's financial liabilities held at amortised cost comprise trade payables and other short-dated monetary liabilities, and other borrowings in the consolidated statement of financial position.

Trade payables and other short-dated monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

Other borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position.

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.

Unless otherwise indicated, the carrying values of the Group's and Company financial liabilities measured at amortised cost represents a reasonable approximation of their fair values.

Financial liabilities

The Group and Company measures its financial liabilities at amortised cost. All financial liabilities are recognised in the statement of financial position when the Group and Company becomes a party to the contractual provision of the instrument.

1.16 Equity instruments

Equity of the Group comprises the following:

- "Called up share capital" represents the nominal value of equity shares.
- "Share Premium" represents the premium on issue of equity shares, net of any issue costs.
- "Share based payment reserve" the cumulative amount recognised in relation to the equity-settled share-based payment schemes in place.
- "Merger reserve" represents the difference between the nominal value of shares issued in the share exchange and the book value of the shares obtained, in line with merger accounting principles.
- "Retained Earnings" represents retained earnings less retained losses.

1.17 Share based payments

The Group issues equity-settled share-based incentives to certain employees in the form of share options. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date is expensed in the Group's financial statements on a straight-line basis over the estimated vesting period, based on the estimate of shares that will eventually vest.

Employee share scheme

Share options that have been issued by the Group have been reviewed under the Black Scholes model to evaluate any provision that may be required to set against the reserves of the Group. The share-based payment expense has been calculated and detailed per the notes to the financial statements.

Long-term incentive plan

The Group has a long-term incentive plan.

Equity-settled share-based payments to employees are measured at the fair value of the equity instrument at the grant date. The fair value determined at grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Long term incentive options that have been issued by the Group have been reviewed under the Monte Carlo model to evaluate any provision that may be required to set against the reserves of the Group. The share-based payment expense has been calculated and detailed per the notes to the financial statements.

1.18 Provision

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Group becomes aware of the obligation and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

1.19 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

1.20 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ('CODM'). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of The Group. The Group had two reporting segments, being the hire of facilities and fuel cards by ADF, during the year ending 31 December 2022.

1.21 Investments

Investments are stated at their cost less impairment losses.

1.22 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined on a first in first out (FIFO) basis. Net realisable value is the amount that can be realised from the sale of the inventory in the normal course of business after allowing for the costs of realisation. An allowance is recorded for obsolescence and slow-moving items.

1.23 Intangible assets

Goodwill is recorded as an intangible asset and is the surplus of the cost of acquisition over the fair value of identifiable net assets acquired. Goodwill is reviewed annually for impairment. Any impairment identified as a result of the review is charged in the statement of profit or loss and other comprehensive income.

Intangible assets, including software, acquired separately from a business are capitalised at cost. They are subsequently accounted for at cost less depreciation and impairment. The useful life of software is estimated to be 10 years.

Intangible assets acquired on business combinations are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. Intangible assets are amortised on a straight-line basis over their useful lives.

The estimated useful lives, residual values, and depreciation method are reviewed at the end of each period.

2 Critical accounting judgements and estimates

The preparation of the financial information in compliance with IFRS requires the use of certain critical accounting estimates. It also requires the Group management to exercise judgement and use assumptions in applying the Group's accounting policies. The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectations of future events. Management believe that the estimates utilised in preparing the financial information are reasonable and prudent critical accounting judgements and estimates.

Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial information is discussed below:

Key accounting estimates and judgements

The following are the areas requiring the use of estimates and judgements that may significantly impact the financial information.

Discount rates

IFRS 16 states that the lease payments shall be discounted using the lessee's incremental borrowing rate where the rate implicit in the lease cannot be readily determined. Accordingly, all lease payments have been discounted using the incremental borrowing rate (IBR). The IBR has been determined by management using a range of data including current economic and market conditions, review of current debt and capital within the Group, lease length and comparisons against seasoned corporate bond rates and other relevant data points. Significant changes in IBR would cause changes to both the value of the right-of-use assets and corresponding lease liabilities. Sensitivity analysis has been performed on IBR rates in note 17 of these financial statements.

Hire of equipment revenues constitute leases

Any arrangement that is dependent on the use of a specific asset or assets should be accounted for as a lease under IFRS 16. The Directors have concluded that none of the Group contracts with customers include the use of an asset as substantive substitution rights exist throughout the period of use, whereby substitution would be economically beneficial to the Group. All revenues therefore are classified within the scope of IFRS 15.

Fair value of share options issued

The Company has issued share options as part of the creation of a long-term incentive programme which are valued using a Monte Carlo model. This model requires estimation and judgment surrounding the inputs of exercise price, expected volatility, risk free rate, and the performance conditions being achieved, being expected target return of EBITDA and total shareholder return. An expense has been recognised in the Statement of Comprehensive Income in respect of the Options over the vesting period.

Additional disclosures relating to the Group's exposure to these options is detailed in note 25.

Deferred consideration

On completion of the acquisition of 100% of the share capital of Location 1 Group Ltd the payment of contingent consideration was valued at £877,892. The contingent consideration value was estimated by management using a range of probabilities to determine the potential payment of earn out over the consideration period and the expected results of Location 1 Group Plc. The maximum value of contingent consideration payable, based on meeting all the earn out criteria, would be a liability due of £4,059,788. Further if none of the criteria is met then no payment of consideration would be due, giving no liability to the Company.

3 Revenue from contracts with customers

All of the Group's revenue was generated from the provision of services in the UK, apart from Hire of Facilities revenues totalling £557,911 (2021: £Nil) which were generated in the European Union. 2 customers make up 10% or more of revenue in the period ending 31 December 2022 (2021: 3). Management considers revenue derived from two business streams in the period, being that of hire of facilities and fuel by ADF.

4 Other operating income

Revenue from customers	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Hire of facilities		
Customer 1	7,338	6,241
Customer 2	4,674	3,542
Customer 3	2,169	2,995
All other customers	17,055	12,672
Fuel by ADF	178	300
	31,414	27,756

Timing of transfer of goods or services	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Services transferred over time	31,236	27,456
At a point in time	178	300
	31,414	27,756

The following table provides information about contract liabilities with customers, there were no contract assets as at 31 December 2022 (2021: None):

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Deferred income	576	519

Revenue recognised in the year that was deferred from the previous year was £518,555 (2021: £328,000).

The contract liabilities relate to the deferred income in respect of facilities rented. Revenue is being recognised across the actual service provided (number of days of rental in the accounting period).

There are no impairment losses in relation to the contract assets recognised under IFRS 15.

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Grants received	-	24
	-	24

The Group received government grants as part of initiatives to provide financial support as a result of the COVID-19 pandemic. There are no future costs in respect of these grants which were received solely as compensation for the impact of the pandemic during 2021.

The Coronavirus Business Interruption Loan Scheme (CBILS) incurred interest of 2.25% above Bank of England base rate, whereby the interest on the loan was payable by the UK Government as part of the business interruption payment under the facility. Interest of £Nil (2021: £547) was accrued on the loan, payable by the UK Government up to 31 December 2022. The loan was repaid in full during the period ended 31 December 2022.

5 Segmental reporting

The Group has two reporting segments, being the hire of facilities and fuel cards by ADF. No non-GAAP reporting measures are monitored. Total assets and liabilities are not provided to the CODM in the Group's internal management reporting by segment and therefore are not presented below, information on segments is reported at a gross profit level only. Information about geographical revenue is disclosed in note 3. All non-current assets are located in the UK.

As at 31 December 2022 the Group had ceased trading of fuel cards. Fuel cards by ADF was still identified as a separate reporting segment up until this date, as fuel cards were sold in the period to 31 December 2022.

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Revenue		
Hire of facilities	31,236	27,456
Fuel by ADF	178	300
	31,414	27,756
Cost of sales profit		
Hire of facilities	19,577	16,632
Fuel by ADF	165	285
	19,742	16,917
Gross Profit	11,672	10,839

6 Expenses by nature

Operating profit is stated after charging:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Depreciation of property, plant and equipment	611	367
Loss on disposal of property, plant and equipment	52	75
Amortisation of right-of-use assets	1,899	1,555
Non-recurring expenses	78	1,322
Foreign exchange differences	-	-

Non-recurring expenses relate to one off fee expenses charged to the statement of comprehensive income in respect of the acquisition of Location 1 Group Ltd for the year ended 31 December 2022. In the year ended 31 December 2021 these one-off fee expenses were in respect of IPO costs.

7 Auditor remuneration

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Fee payable for the audit of the Group's financial statements	71	40
Fees relating to tax services	-	4
Fees relating to other services	57	170
	109	214

Other service fees include amounts totalling £57,000 (2021: £Nil) in respect of business acquisition due diligence. During the year ending 31 December 2021 other service fees totalling £170,000 were in respect of IPO services costs.

8 Employee benefit expenses

For the Group employee benefit expenses (including directors) comprise:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Wages and salaries	9,591	8,324
Social security contributions and similar taxes	1,118	1,439
Share based payment expense	59	1,332
Pension costs	170	149
	10,938	11,244

Average number of people (including directors) employed by activity for the Group are:

	Year ended 31 December 2022	Year ended 31 December 2021
Drivers and transport	35	39
Head office and senior management	40	43
Workshop, yard, and base staff	128	102
	203	184

The Group's subsidiary CAD Services Limited bears all the employee benefit expenses on behalf of Facilities by ADF Plc, apart from the share-based payment charges which are born by Facilities by ADF Plc. There were 5 (2021: 5) Directors employed by the Company as at 31 December 2022.

9 Director emoluments

Director emoluments comprise:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Remuneration for qualifying services	858	792
Share based payment expense	59	1,332
Pension costs	3	16
	920	2,140

Directors participating in money purchase pension schemes as at the period end 2022 was 2 (2021: 4).

Key management personnel include all Directors of the Company and the Directors of CAD Services Limited, the Group's principal trading subsidiary, who together have authority and responsibility for planning, directing, and controlling the activities of the Group's business. There are no key management personnel other than the Directors.

Remuneration disclosed above include the following amounts paid to the highest paid Director:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Wages and salaries	379	432
Share based payment expense	33	-
Pension costs	1	1
	413	433

10 Finance expense

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Interest on bank loans & overdrafts	7	14
Interest on lease liabilities	695	344
Total finance expense	702	358

11 Taxation

Analysis of expense/ (credit) in year	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Current tax on profits for the year	-	-
Adjustments in respect of previous years	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of temporary differences	683	1,113
Adjustments in respect of change in deferred tax rate	(680)	376
Total deferred tax	3	1,489
Tax expense per statement of comprehensive income	3	1,489

The tax credits for the periods presented differ from the standard rate of corporate tax in the UK. The differences are explained below:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Profit on ordinary activities before tax	4,612	2,794
Tax using The Group's domestic tax rates	876	531
Effects of:		
Expenses not deductible for tax purposes	34	510
Effect of changes in tax rates	165	-
Adjustments in respect of changes in deferred tax	(680)	652
Additional deductions for capital allowances	(392)	(204)
Total tax charge	3	1,489

The main rate of UK corporation tax was 19 per cent. for the years ended 31 December 2022 and 31 December 2021. The UK corporation tax will be set at the main rate of 25% from the financial year 2023, which was substantially enacted on 24 May 2021.

Current tax assets and liabilities

	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Income tax payable	-	-
	-	-

11 Taxation *(continued)*

The following is the analysis of the deferred tax balances for financial reporting purposes:

Group	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Accelerated capital allowances and other temporary differences	5,222	2,714
Losses	(1,659)	-
Share based payments	(597)	-
Deferred tax liability	2,966	2,714

Company	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Losses	(155)	-
Share based payments	(597)	-
Deferred tax asset	(752)	-

Movement in the year

Group	£'000
Liability at 1 January 2021	1,224
Charge to profit and loss	1,490
Liability at 31 December 2021	2,714
Liability at 1 January 2022	2,714
Charge to profit and loss	683
Charge to equity	(295)
Arising on business acquisitions	544
Adjustments in respect of prior periods	(680)
Liability at 31 December 2022	2,966

Company	£'000
Asset at 23 November 2021	-
Charge to profit and loss	-
Asset at 31 December 2021	-
Asset at 1 January 2022	-
Charge to profit and loss	(124)
Charge to equity	(295)
Adjustments in respect of prior years	(333)
Asset at 31 December 2022	(752)

12 Dividends

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Interim dividends paid on ordinary shares	350	913
	350	913

Interim dividend was paid per share in the year ended 31 December 2022 0.46 pence (2021: £9,130).

In the year ended 31 December 2021 the dividends were paid by the subsidiary to its shareholders before it became a subsidiary of Facilities by ADF Plc. The subsidiary held sufficient reserves when declaring all dividend payments.

After 31 December 2022 the Company discovered that the interim dividend paid during the year ended 31 December 2022 were made otherwise than in accordance with the Companies Act 2006. This occurred as the Company's latest set of filed accounts, at the time of the dividend payment, did not show relevant distributable reserves to make such payment. This principally resulted from the failure to identify the requirement to post interim financial statements of the Company showing the required distributable reserves prior to such payment.

Prior to payment of the dividend the Company did have distributable reserves of £1.5m available to pay the dividend of £0.35m. Prior to payment of the dividend, additional dividends were paid by the subsidiaries totalling £4.5m to the parent Company, as such this will guard against any future non-compliance with the Companies Act.

As a result, the Company could have claims against shareholders who received the relevant dividends and the directors of the company during this period. The Company has no intention of pursing any such claims. Instead, the Company is proposing certain resolutions at its forthcoming AGM, and releasing interim financial statements as at 30 September 2022 showing distributable reserves prior to payment. Further deeds and resolutions will be entered to release the shareholders who received such dividend, and the directors of the company at the time of payment, from any liability to repay any amounts to the Company. The Directors are related parties of the Company and therefore the entry by the company into a deed of release in favour of the Directors constitutes a related party transactions for the purposes of the Listing Rules.

The amounts included in the financial statements have not been reduced in respect of those distributions paid in full in the year ended 31 December 2022 made otherwise than in accordance with the Companies Act, as the Company has no intention to pursue shareholders or directors for repayments for such amounts and seeks to remediate the situation at the forthcoming AGM and with the filing of interim financial statements.

13 Earnings per share

The calculation of the basic earnings per share (EPS) is based on the results attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year. Diluted EPS includes the impact of outstanding share options.

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Profit used in calculating basic diluted EPS	4,611,797	1,305,886
Weighted average number of shares	75,714,054	40,245,204
Diluted weighted average number of shares	81,939,807	46,686,026
Earnings per share	0.061	0.032
Diluted earnings per share	0.054	0.028

14 Inventories

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Goods held for resale	417	-
	417	-

The cost of group inventories recognised as an expense in the year amounted to £Nil (2021: £Nil).

15 Intangible assets

	Software £'000	Goodwill £'000	Total £'000
Cost			
At 1 January 2022		-	-
Additions through business acquisitions		7,211	7,211
Additions	81	-	81
At 31 December 2022	81	7,211	7,292
Amortisation			
At 1 January 2022	-	-	-
Charge for the year	3	-	3
At 31 December 2022	3	-	3
Net book amount			
At 31 December 2022	78	7,211	7,289

On 30 November, the Group completed the acquisition of 100% of the share capital of Location 1 Group Ltd, creating £7,211,397 of Goodwill.

In accordance with the Group's accounting policies, an annual impairment test is applied to the carrying value of other intangible assets with indefinite useful economic life.

As the acquisition concluded within one month of the year end the Directors do not foresee any impairment to the Goodwill balance, nor do they know of any additional information or circumstance since acquisition to the date of signing these financial statements that would require such impairment.

Software incorporates the cost and build of the Group's timesheet system which was finalised in the year ended 31 December 2022. The system is to be amortised over a ten-year period.

16 Property, plant and equipment

Cost	Plant and machinery £'000	Hire Fleet £'000	Motor vehicles £'000	Computer equipment £'000	Assets under construction £'000	Total £'000
At 1 January 2021	122	4,592	263	74	-	5,051
Additions	31	486	294	10	-	821
Transfers	-	496	25	-	-	521
Disposals	(27)	(5)	(90)	(73)	-	(195)
At 31 December 2021	126	5,569	492	11	-	6,198
Depreciation						
At 1 January 2021	60	1,508	56	49	-	1,673
Charge for the year	17	318	27	5	-	367
Transfers	-	127	12	–	-	139
Disposals	(19)	(2)	(47)	(50)	-	(118)
At 31 December 2021	58	1,951	48	4	-	2,061
Cost						
At 1 January 2022	126	5,569	492	11	-	6,198
Additions	33	1,984	221	-	1,818	4,056
Additions on acquisition	-	2,524	560	-	69	3,153
Transfers	-	677	401	-	(1,078)	-
Disposals	-	(91)	(58)	-	-	(149)
At 31 December 2022	159	10,663	1,616	11	809	13,258
Depreciation						
At 1 January 2022	58	1,951	48	4	-	2,061
Charge for the year	19	516	74	2	-	611
Disposals	-	(63)	(31)	-	-	(94)
At 31 December 2022	77	2,404	91	6	-	2,578
Net book amount						
At 31 December 2021	68	3,618	444	7	-	4,137
At 31 December 2022	82	8,259	1,525	5	809	10,680

Depreciation is charged to administrative expenses within the statement of comprehensive income.

17 Leases

The Group leases a number of assets, all assets are leased from the UK, which is the main jurisdiction the Group operates in. All lease payments, in-substance, are fixed over the lease term. All expected future cash out flows are reflected within the measurement of the lease liabilities at each year end.

Nature of leasing activities

	Year ended 31 December 2022	Year ended 31 December 2021
Number of active leases	115	61

The Group leases include leasehold properties for commercial and head office use, motor vehicles and equipment. The leases range in length from 3 to 15 years and vary in length depending on lease type. Leasehold properties holding the longest-term length of up to 15 years, motor leases up to 4 years, hire fleet up to 7 years, vehicles up to 7 years, and equipment of up to 5 years. All leases are held with the Group's subsidiaries.

Extension, termination, and break options

The Group sometimes negotiates extension, termination, or break clauses in its leases. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

On a case-by-case basis, the Group will consider whether the absence of a break clause would expose the Group to excessive risk. Typically, factors considered in deciding to negotiate a break clause include:

- The length of the lease term;
- The economic stability of the environment in which the property is located; and
- Whether the location represents a new area of operations for the Group.

Incremental borrowing rate

The Group has adopted a rate with a range of 3.3% - 8.7% as its incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. This rate is used to reflect the risk premium over the borrowing cost of the Group measured by reference to the Group's facilities.

The Group performed a sensitivity analysis where incremental borrowing rates have been used and identified if the incremental borrowing rate was 5% for all assets there would be a increase in the carrying amount of the right-of-use asset at 31 December 2022 of £88,483 (2021: Decrease £32,393); there would be a subsequent increase in the lease liability of £62,047 (2021: Decrease £23,834). If the incremental borrowing rate decreased to 1% for all assets there would be an increase in the carrying amount of the right-of-use asset at 31 December 2022 of £203,628 (2021: £96,512) and there would be a consequent increase in the lease liability of £276,897 (2021: £67,841).

Sensitivity analysis is not performed on hire purchase leases as interest is inherent within these lease agreements.

Right-of-use assets

Cost	Leasehold Property £'000	Motor Leasehold £'000	Hire Fleet and Motor Vehicles £'000	Equipment £'000	Assets under construction £'000	Total £'000
At 1 January 2021	1,397	109	10,950	8	-	12,464
Additions	-	28	5,882	14	-	5,924
Transfers	-	-	(519)	-	-	(519)
At 31 December 2021	1,397	137	16,313	22	-	17,869
Depreciation						
At 1 January 2021	557	27	770	4	-	1,358
Charge for the period	283	30	1,240	2	-	1,555
Transfers	-	-	(139)	-	-	(139)
At 31 December 2021	840	57	1,871	6	-	2,774
Cost						
At 1 January 2022	1,397	137	16,313	22	-	17,869
Additions	6,863	-	3,108	-	1,812	11,783
Business acquisitions	808	24	-	87	-	919
Transfers	-	-	1,085	-	(1,082)	3
At 31 December 2022	9,068	161	20,506	109	730	30,574
Depreciation						
At 1 January 2022	840	57	1,871	6	-	2,774
Charge for the period	251	38	1,602	8	-	1,899
At 31 December 2022	1,091	95	3,473	14	-	4,673
Net book amount						
At 31 December 2021	557	80	14,442	16	-	15,095
At 31 December 2022	7,977	66	17,033	95	730	25,901

17 Leases *(continued)*

Lease liabilities

	Leasehold Property £'000	Motor Leasehold £'000	Hire Fleet and Motor Vehicles £'000	Equipment £'000	Total £'000
At 1 January 2021	871	83	8,415	4	9,373
Additions	-	28	5,458	15	5,501
Interest expense	30	3	311	-	344
Lease payments (including interest)	(318)	(23)	(2,610)	(2)	(2,953)
At 31 December 2021	583	91	11,574	17	12,265
At 1 January 2022	583	91	11,574	17	12,265
Additions	6,770	-	4,165	-	10,935
Business acquisitions	808	24	-	87	919
Interest expense	106	3	585	1	695
Lease payments (including interest)	(172)	(28)	(3,376)	(9)	(3,585)
At 31 December 2022	8,095	90	12,948	96	21,229

Reconciliation of minimum lease payments and present value

	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Within 1 year	4,542	2,996
Later than 1 year and less than 5 years	12,506	9,727
After 5 years	8,759	987
Total including interest cash flows	25,807	13,710
Less: interest cash flows	(4,578)	(1,445)
Total principal cash flows	21,229	12,265

Reconciliation of current and non-current lease liabilities

	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Current	3,705	2,658
Non-current	17,524	9,607
Total	21,229	12,265

Short term or low value lease expense

	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Total short term or low value lease expense	28	3
	28	3

18 Other provisions

	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Amounts falling after one year:		
Lease dilapidations liability	38	37
	38	37

Lease dilapidations liability	Leasehold Property £'000
At 1 January 2021	
Additions	37
Interest expense	-
At 31 December 2021	37
At 1 January 2022	37
Interest expense	1
At 31 December 2022	38

As part of the Group's property leasing arrangements there is an obligation to repair damage which occurs during the life of the lease, such as wear and tear. These costs have been shown separately to the lease obligation liability. The provisions are expected to be utilised by 2029 as the leases terminate. The dilapidations provision is considered a source of estimation. The provision has been calculated using historical experience of actual expenditure incurred on dilapidations and estimated lease termination dates.

19 Trade and other receivables

Group	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Amounts falling due within one year:		
Trade receivables	1,761	472
Director's loan accounts	307	127
Other receivables and prepayments	977	1,168
	3,045	1,767

Company	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Amounts falling due within one year:		
Director's loan accounts	307	127
Prepayments & accrued income	-	352
Amounts due from subsidiaries	12,959	-
Taxation and social security	-	156
	13,266	635

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are non-interest bearing. The carrying amount of trade and other receivables approximates fair value.

19 Trade and other receivables *(continued)*

Analysis of trade receivables based on age of invoices:

Cost	< 30 £'000	31 – 60 £'000	61 – 90 £'000	> 90 £'000	Total Gross £'000	ECL £'000	Total Net £'000
31 December 2021	608	1	12	1	622	-	622
31 December 2022	1,724	12	(1)	26	1,761	-	1,761

The Group applies the IFRS 9 general approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables. Historically there have been no default levels giving rise to a specific provision. In determining the recoverability of accounts receivable, the Group considers any changes in the credit quality of the accounts receivable from the date credit was initially granted up to the reporting date. The accounts receivables that are neither past due nor impaired relate to customers that the Group has assessed to be creditworthy based on the credit evaluation process performed by management, which considers both customers' overall credit profile and its payment history with Group. Having considered the impact of IFRS 9 the Directors concluded that the ECL balance has been determined as £Nil based on historical data available to management in addition to forward looking information utilising management knowledge.

The Company makes assumptions when implementing the forward-looking ECL model. This model is used to assess intercompany loans for impairment. As at the 31 December 2022 the Company is due £12,958,823 (2021: £Nil) from subsidiaries.

Estimates are made regarding the credit risk and the underlying probability of default in credit loss scenarios. The Directors make judgements on the expected likelihood and outcome of scenarios, and these expected values are applied to the loan balances. Receivables due from Group undertakings are net of cumulative ECLs of £Nil (2021: £Nil).

20 Cash and cash equivalents

Group	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Cash at bank available on demand	9,518	4,987
	9,518	4,987

21 Trade and other payables

Group	As at 31 December 2021 £'000	As at 31 December 2020 £'000
Amounts falling due within one year:		
Trade payables	1,932	1,831
Other payables	1,055	101
Taxation and social security	1,298	959
Accrued expenses	1,461	1,722
Deferred income	576	519
	6,322	5,132

Company	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Amounts falling due within one year:		
Other payables	849	-
Taxation and social security	33	-
Amounts due to subsidiaries	-	952
Accrued expenses	279	164
	1,161	1,116

The Directors consider that the carrying value of trade and other payables approximates to their fair value.
Trade payables are non-interest bearing and are normally settled monthly.

Included in other payables were Director loan accounts with a balance owed to the Directors as at 31 December 2022: £Nil (2021: £297), all amounts were non-interest bearing. Additionally including in other payables is amounts payable of £848,582 in respect of employer social security costs due on M Proctor share options exercised.

Revenue recognised in the year that was deferred from the previous year was £518,555 (2021: £328,000).

22 Borrowings

	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Current		
Bank loans	-	100
Other loans	-	-
	-	100
Non-current		
Bank loans	-	242
Other loans	-	-
	-	242
Total borrowings	-	342

A maturity analysis of The Group's borrowings is shown below:

	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Less than 1 year	-	100
Later than 1 year and less than 5 years	-	242
	-	342

Included in bank loans is a Coronavirus Business Interruption Loan Scheme (CBILS) held with Barclays. The loan was taken out in May 2020 and originally matured four years after this date. The loan incurs interest of 2.25% above Bank of England base rate with a deferred payment start date as part of the CBILS scheme of 12 months. Interest on the loan is payable by the UK Government as part of the business interruption payment under the facility. This loan was fully paid in the year ended 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

23 Investments

Subsidiary undertakings

The Company owns directly or indirectly the whole of the issued and fully paid ordinary share capital of its subsidiary undertakings.

The subsidiary undertakings of the Company are presented below:

Subsidiaries	Principal activity	Country of incorporation	Registered address	Ordinary shares held
CAD Services Ltd	Supply of mobile facilities for television and film productions	UK	Ground Floor 31 Oldfield Road, Bocam Park, Pencoed, Wales, CF35 5LJ	100% from 03/12/2021
Location 1 Group Ltd	Intermediate holding company.	UK	Ground Floor 31 Oldfield Road, Bocam Park, Pencoed, Wales, CF35 5LJ	100% from 30/11/2022
Location One Ltd	Supply of key location facilities for television and film productions.	UK	Ground Floor 31 Oldfield Road, Bocam Park, Pencoed, Wales, CF35 5LJ	100% from 30/11/2022

Cost	Shares in group undertakings £'000
At 23 November 2021	-
Additions	8,347
At 31 December 2021	8,347
At 01 January 2022	8,347
Additions through business combinations	7,187
At 31 December 2022	15,534

CAD Services Ltd and Location 1 Group Ltd are direct investments of the Company. Location One Ltd is held indirectly.

Location 1 Group Ltd and its 100% owned subsidiary Location One Ltd were acquired by the Company on 30 November 2022 as explained in note 29.

On 3 December 2021 Facilities by ADF Plc acquired the share capital of CAD Services Limited, by way of a share for share exchange. CAD Services Limited had no other wholly or part owned subsidiaries at this date.

The consideration for the acquisition was satisfied by the sale of shares by the shareholders of CAD Services Limited in consideration for the issue of 39,999,999 new ordinary shares of £0.01 each in Facilities by ADF Plc, on the basis of 400,000 Ordinary Shares for each ordinary share held in CAD Services Limited. There was also an exchange of 16 options in CAD Services Limited for options granted in Facilities by ADF Plc.

24 Share capital

Ordinary Shares of 1p each	As at 31 December 2021 £'000
Allotted, called up and fully paid	
At 01 January 2021	-
40 million Ordinary shares of 1p each	400
2 million issued Ordinary Shares of 1p granted to Directors	20
3.5 million issued Ordinary Shares of 1p in respect of exercised options	35
At 31 December 2021	455
At 01 January 2022	455
30 million issued Ordinary Shares of 1p in respect of AIM listing	300
0.5 million issued Ordinary Shares of 1p in respect of exercised options	5
3.407 million issued Ordinary Shares of 1p in respect of business acquisition	34
At 31 December 2022	794

All classes of shares have full voting, dividends and capital distribution rights.

On the 5 January 2022 the shares of the Company were admitted to the London Stock Exchange trading on the UK AIM market. Admission and dealings of the ordinary shares of Facilities by ADF Plc became effective on this date. As part of the listing, and on this date, 30,000,000 new ordinary shares were placed at a price of 50p.

On 30 November 2022, the Group completed the acquisition of 100% of the share capital of Location 1 Group Ltd for consideration of an initial cash payment of £4,429,646 and £1,879,575 consideration paid in shares, through Facilities by ADF Plc. The shares were issued at the share price on the day of the transaction being £0.55p, resulting in an issue of 3,407,400 Ordinary Shares of 1p.

CAD Services Ltd operated two equity-settled share-based remuneration schemes for employees, under Enterprise Management Incentive Share Schemes. These options were to lapse if the individual leaves within 10 years from the date of grant if all vesting conditions had not been met earlier. These options were superseded, and all options were rolled over into new options held by Facilities by ADF Plc as part of the acquisition transaction that took place 3 December 2021. The exercisable options held were rolled over to equivalent options.

On Admission the Company granted Cenkos Securities Plc the conditional right to subscribe for 1,200,000 new Ordinary Shares at the Placing Price at any time during the three year period from Admission. These options vest immediately and are deemed a cost of the listing, thus recognised through equity and not in the statement of comprehensive income.

The Group has put in place a Long-Term Incentive Plan ("LTIP"), to ensure alignment between Shareholders, and those responsible for delivering the Group's strategy and attract and retain the best executive management talent. The LTIP will only reward the participants if shareholder value is created. This ensures alignment of the interests of management directly with those of Shareholders. On 5 January 2022, the Company issued 500,000 and 390,000 new ordinary share options to M Proctor and N Evans, respectively. The options hold an exercise price of 1p and will vest after 3 years subject to specific performance measurement criteria.

The terms and conditions of the grants outstanding as at the 31 December 2022 are detailed below:

Date of grant	No. of options	Exercise price £	Vesting conditions	Contractual life of options
3 December 2021	800,000	0.01	Immediately	10 years (Rollover)
3 December 2021	3,200,000	0.06	Immediately	10 years (Rollover)
5 January 2022	1,200,000	0.50	Immediately	3 years
5 January 2022	890,000	0.01	LTIP	10 years
	6,090,000			

24 Share capital *(continued)*

Details of the number of share options granted, exercised, lapsed and outstanding at the end of each period as well as the weighted average exercise prices in £ ("WAEP") are as follows:

	As at 31 December 2021	WAEP	As at 31 December 2022	WAEP
Outstanding at beginning of period	16	17,593	4,500,000	0.05
Granted during the period	8,000,000	0.04	2,090,000	0.29
Forfeited/lapsed during the period	(16)	(17,593)	-	-
Exercised during the period	(3,500,000)	(0.03)	(500,000)	(0.01)
Outstanding at year end	4,500,000	0.05	6,090,000	0.14

Employee schemes
All options valid at 31 December 2020 had the same exercise condition based on an exit criterion. No expense was recognised in the statement of comprehensive income for the options outstanding as in the opinion of the Directors of the Group it was not highly probable that the exit criteria of the share option awards would be met in the foreseeable future at the balance sheet date. Upon completion of the share for share exchange and the rollover shares crystalising the new vesting conditions meant that the options could vest immediately. Therefore, the Directors believed the exercise of options was highly probable, and a charge for the share-based payments at the period ended 31 December 2021 was recognised in the statement of comprehensive income for the options outstanding.

The weighted average fair value of options granted was determined using the Black-Scholes option pricing model. The Black-Scholes model is considered to apply the most appropriate valuation method due to the relatively short contractual lives of the options and the requirement to exercise within a short period after the employee becomes entitled to the shares (the "vesting date").

The expected life used in the model was adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations. Non-vesting conditions and market conditions are taken into account when estimating the fair value of the option at grant date. Service conditions and non-market performance conditions are taken into account by adjusting the number of options expected to vest at each reporting date. There was no charge as at 31 December 2022 in respect of these options.

LTIP

Grant date
The grant date of the Options is the date of issue.

Exercise
Unless otherwise determined and subject to the redemption conditions having been met, the Company and the holders of the Options have the right to exchange each Option for Ordinary Shares in the Company, which will be dilutive to the interests of the holders of Ordinary Shares. It is currently expected that in the ordinary course options will be exchanged for Ordinary Shares.

Vesting Conditions and Vesting Period
The Options will vest and become exercisable following the end of the Performance Period, being the 1 January 2022 and ending on 31 December 2024.

The Options are subject to certain vesting Performance Conditions, the conditions are as follows:

i. 50% of the Options will be subject to EBITDA target over the Performance Period; and

ii. 50% of the Options will be subject to an absolute total shareholder return performance condition over the Performance Period.

If the Performance Conditions (or any element of it) is not satisfied in full at the end of the Performance Period any part of the Option that has not Vested as a consequence of the Performance Condition (or any element of it) not being satisfied in full shall lapse immediately on the Board's determination that the Performance Condition (or the applicable element of it) has not been satisfied in full.

Holding of Options
M Proctor and N Evans hold Options.

The following shares were in issue on 31 December 2022:

Issue date	Name	Share designation at balance sheet date	Nominal Price	Issue price per share £'s	Number of Ordinary shares	IFRS 2 Fair value £'s
5 January 2022	M Proctor	Ordinary Shares	£0.01	0.55	500,000	98,917
5 January 2022	N Evans	Ordinary Shares	£0.01	0.55	390,000	77,156

Valuation of Options
Valuations were performed by Pegasus Capital using a Monte Carlo model to ascertain the fair value at grant date. Details of the valuation methodology and estimates and judgements used in determining the fair value are noted herewith and were in accordance with IFRS 2 at grant date.

There are significant estimates and assumptions used in the valuation of the Options. Management has considered at the grant date, the potential range of value for the Options, based on the circumstances on the grant date.

The fair value of the Options granted under the scheme was calculated using a Monte Carlo model with the following material inputs:

Issue date	Name	Share designation at balance sheet date	Volatility	EBITDA target return probability	Total shareholder return target probability	Risk-free rate	Expected term (years)
5 January 2022	M Proctor	Ordinary Shares	50%	40.19%	33.73%	1.0175%	3
5 January 2022	N Evans	Ordinary Shares	50%	40.19%	33.73%	1.0175%	3

The Options are subject to the Performance Conditions being achieved, which are market and non-market performance conditions, and as such has been taken into consideration in determining their fair value. The model incorporates a range of probabilities for the likelihood of EBITDA and total shareholder return.

Expense related to Options
An expense of £58,691 (2021: £Nil) has been recognised in the Statement of Comprehensive Income in respect of the Options issued during the year. There is a condition associated with the Options issued which requires the fair value charge associated with the Options to be allocated over the minimum vesting period. This vesting period is estimated to be 3 years from the date of grant.

25 Reserves

Called up share capital
Called up share capital represents the nominal value of shares that have been issued.

Share Premium
The premium on issue of equity shares, net of any issue costs.

Share based payment reserve
The cumulative amount recognised in relation to the equity-settled share-based payment schemes in place.

Merger reserve
The difference between the nominal value of shares issued in the share exchange and the book value of the shares obtained, in line with merger accounting principles.

Retained earnings
Retained earnings relate to cumulative net gains and losses less distributions made.

Merger relief reserve
Merger relief reserve represents the difference between the nominal value of the shares issued as part of the share exchange and the net assets acquired.

26 Retirement benefit scheme

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the Group in independently administered funds.

Outstanding pension contributions at the year ended 31 December 2022, included within other creditors of the Group amounted to £53,799 (2021: £37,841).

	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Defined contribution schemes:		
Charge to income statement	170	71

27 Capital and financial commitments

The Group commits to lease agreements in respect of hire facilities over 6 months in advance, this is due to the nature of the facilities leased.

The Group has committed to new fleet capital expenditure orders of approximately £9 million for 2023.

The Group held no other additional capital, financial and or other commitments at 31 December 2022.

28 Financial Instruments

Financial assets

Financial assets are not measured at fair value and due to their short-term nature, the carrying value approximates their fair value. They comprise trade receivables, other receivables, and cash. It does not include prepayments.

Group	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Trade receivables	1,761	622
Other receivables	909	588
Cash at bank	9,518	4,987
	12,188	6,197

Company	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Other receivables	307	127
Amounts due from subsidiaries	12,959	-
	13,266	127

Financial liabilities

Financial liabilities measured at amortised cost comprise trade payables, lease liabilities, accruals and borrowings. It does not include other taxation and social security and deferred income.

Group	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Trade payables	1,932	1,831
Other payables	1,055	101
Accrued expenses	1,461	1,722
Borrowings	-	342
	4,448	3,996

Company	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Amounts due to subsidiaries	-	952
Other payables	849	-
Accrued expenses	279	164
	1,128	1,116

Financial risk management

The Group is exposed through its operation to the following financial risks: credit risk, interest rate risk, foreign exchange risk and liquidity risk. Risk management is carried out by the Directors of the Group. The Group uses financial instruments to provide flexibility regarding its working capital requirements and to enable it to manage specific financial risks to which it is exposed.

The Group finances its operations through a mixture of debt finance, cash and liquid resources and various items such as trade debtors and trade payables which arise directly from the Group's operations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. In order to minimise the risk, the Group endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored. The maximum exposure to credit risk is the carrying value of its financial receivables, trade and other receivables and cash and cash equivalents as disclosed in the notes to the financial information.

The receivables' age analysis is evaluated on a regular basis for potential doubtful debts, considering historic, current and forward-looking information. No material impairments to trade receivables, have been made to date. Further disclosures regarding trade and other receivables are provided within the notes to financial information.

Credit risk also arises on cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "AA-" are accepted. Currently all financial institutions whereby the Group holds significant levels of cash are rated from AA- to A+.

Interest rate risk

As at 31 December 2022, the Group had no current borrowings and used no finance facilities or debt structures to coordinate business. Therefore, interest rate risk exposure for the Group is minimal. The Group's policy aims to manage the interest cost of the Group within the constraints of its financial borrowings.

The Group have entered into significant leases for various assets, namely hire facilities, under fixed interest rate terms. This means that the interest rate charged on these leases is fixed for the entire term of the lease, regardless of changes in market interest rates.

If market interest rates rise, the Group's fixed-rate leases will become less attractive to potential lessors, as they would be able to obtain better rates elsewhere. On renewal of these leases this could result in the Group having to renew or renegotiate these leases at higher rates, which would increase its operating costs and potentially reduce its profitability.

The Group look to mitigate this risk by committing to lease agreements in respect of hire facilities over 6 months in advance, ensuring management can manage and plan for interest rate change.

Foreign exchange risk

Foreign exchange risk arises when the Group enters into transactions in a currency other than their functional currency. The Group's policy is, where possible, to settle liabilities denominated in a currency other than its functional currency with cash already denominated in that currency.

The Group operates primarily in the UK and as such transactions are substantially denominated in Sterling (GBP). As such the Group is exposed to minimal transaction foreign exchange risk. The mix of currencies and terms of trade with its suppliers are such that the Directors believe that the Group's exposure is minimal and consequently they have not, to date, specifically sought to materially hedge that exposure. Most of the Group's funds are in GBP with only sufficient funds held in foreign currencies to meet local costs.

Liquidity risk

The Group seeks to maintain sufficient cash balances. Management reviews cash flow forecasts on a regular basis to determine whether the Group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities.

A maturity analysis of the Group's trade and other payables is shown below:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Less than 1 year:		
Lease liabilities	4,542	2,996
Trade and other payables	2,987	1,932
Accrued expenses	1,461	1,722
Borrowings	-	104
	8,990	6,754
Between 1-5 years:		
Lease liabilities	12,506	9,727
Borrowings	-	248
	12,506	9,975
More than 5 years:		
Lease liabilities	8,759	987
	8,759	987
Less interest cash flow:	30,255	17,716
Lease liabilities	(4,578)	(987)
Borrowings	-	(10)
Total principal cash flows	25,677	16,719

28 Financial Instruments (continued)

Capital Disclosures

The capital structure of the business consists of debt and equity. Equity comprises share capital, share premium, share based payment reserve, foreign exchange reserve, and accumulated reserves and is equal to the amount shown as 'Equity' in the balance sheet. Debt comprises various items which are set out in further detail above and in the notes to the accounts.

The Group's current objectives when maintaining capital are to:

- Safeguard the Group's ability as a going concern so that it can continue to pursue its growth plans.
- Provide a reasonable expectation of future returns to shareholders.
- Maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt. During the period covered the Group's business strategy remained unchanged.

29 Related party transactions

The CAD Services Pension Scheme, a pension scheme whereby the trustees S Haines, and S Dixon were also Directors of CAD Services Ltd during the year, owns properties leased by CAD Services Ltd. In total CAD Services Ltd paid the CAD Services Pension Scheme as at 31 December 2022 £1,000 (2021: £77,202) in lease payments. Both S Haines and S Dixon resigned as Directors of CAD Services Ltd on 26 January 2022.

Dividends were paid to S Dixon, a trustee of the CAD Service Pension Scheme, during the year ended 31 December 2022 of £32,487 (2021: £182,600). Dividends were paid to S Haines, a trustee of the CAD Service Pension Scheme, during the year ended 31 December 2022 of £48,731 (2021: £273,900). Dividends were paid to M Proctor, a director of the Company, during the year ended 31 December 2022 of £6,440 (2021: £Nil). Dividends were paid to J Richards, a director of the Company, during the year ended 31 December 2022 of £11,040 (2021: £Nil). Dividends were paid to K James, a director of the Company, during the year ended 31 December 2022 of £1,380 (2021: £Nil).

Included in other creditors were Director loan accounts with a balance as at 31 December 2022 £Nil (2021: £(297)), all amounts were non-interest bearing.

On 31 December 2021 M Proctor exercised 3,500,000 options for Ordinary Shares. An amount payable was due to the Company in respect of this transaction of £Nil (2021: £106,712), residing in other receivables as at the 31 December 2022. Additionally including in other payables as at 31 December 2022 is amounts payable of £848,582 (2021: £Nil) in respect of employer social security costs due on M Proctor share options exercised.

On 3 December 2021 J Richards was granted 2,000,000 Ordinary Shares. An amount payable was due to the company in respect of this transaction of £20,000 (2021: £20,000), residing in other receivables as at the 31 December 2022. Additionally, a further amount was payable by J Richards in respect of the PAYE balance due on the Ordinary Shares granted, paid by the Company, amounts due at 31 December 2022 were £286,684 (2021: £Nil). The amounts due from J Richards are interest free and repayable on the earliest of 5 years or the sale of their shares owned in Facilities by ADF Plc.

30 Business acquisition

On 30 November, the Group completed the acquisition of 100% of the share capital of Location 1 Group Ltd for consideration of an initial cash payment of £4,429,646 and £1,879,575 consideration paid in shares, through Facilities by ADF. A further payment of contingent consideration, up to maximum value of £4,059,788, was valued on acquisition at £877,892, giving a total consideration of £7,187,113.

The principal reason for the acquisition was to increase the Group's synergies, to optimize the Group's coverage of the UK television and film production market in which it operates.

In the period from 30 November 2022 to 31 December 2022, the acquired business contributed £718,011 to Group revenues and a profit of £6,716 to the Group's comprehensive profit. If the acquisition had taken place on 1 January 2022, the acquired business would have contributed £9,436,502 to Group revenues and a profit of £146,727 to the Group's comprehensive profit.

Location 1 Group Ltd latest financial year end, prior to acquisition, was 30 September 2021. On acquisition the Group extended the period ended due 30 September 2022 to 31 December 2022, to align with the Group accounting period end. The results of have been consolidated as at 31 December 2022 for inclusion in these consolidated annual financial statements.

The following table summarises the fair value of assets acquired, and liabilities assumed at the acquisition date There were no differences identified between the book cost and fair value of assets and liabilities acquired:

	Fair value £'000
Property, plant and equipment	3,153
Right of use assets	919
Trade and other receivables	1,337
Cash	835
Trade and other payables	(1,362)
Hire purchase and loans	(3,443)
Lease liabilities	(919)
Deferred tax liability	(544)
Total fair value	**(24)**
Consideration	7,187
Goodwill	**7,211**

The goodwill of £7,211,397 comprises the potential value of additional synergies which is not separately recognised. Acquisition costs totalled £78,312 and are disclosed within the statement of comprehensive income within non-recurring items, certain additional costs totalling £122,844, which were directly attributable to the share raise, were recognised against Share Premium.

Purchase consideration	£'000
Cash	4,430
Share consideration	1,880
Contingent consideration	878
Total Consideration	**7,187**

Contingent consideration is payable up to maximum value of £4,059,788, payable in cash, over a three-year period, based on set performance criteria. Performance criteria is set against adjusted EBITDA targets of Location 1 Group Ltd, at each year, across a three-year period. The contingent consideration is payable on a scaling basis based on the level of Adjusted EBITDA gained. The minimum payment of contingent consideration is £Nil. The contingent consideration has been discounted to present value and adjusted based on management expectation of probability of outcome of reaching Adjusted EBITDA targets.

The net cash sum expended on Acquisition in the year ended 31 December 2022 is as follows:

Analysis of cash flows on acquisition	£'000
Cash paid as consideration on acquisition	(4,430)
Cash acquired at acquisition	835
Net cash outflow on acquisition	**(3,595)**

31 Changes in liabilities from financing activities

	At 1 January 2021 £'000	Financing cash flows £'000	Interest £'000	New borrowings non - cash £'000	New borrowings business acquisition £'000	At 31 December 2021 £'000
Lease liabilities	9,373	(2,953)	344	5,501	-	12,265
Borrowings	946	(618)	14	-	-	342
Total liabilities from financing activities	10,319	(3,571)	358	5,501	-	12,607

	At 1 January 2020 £'000	Financing cash flows £'000	Interest £'000	New borrowings non - cash £'000	New borrowings business acquisition £'000	At 31 December 2022 £'000
Lease liabilities	12,265	(3,585)	695	10,935	919	21,229
Borrowings	342	(349)	7	-	-	-
Total liabilities from financing activities	12,607	(3,934)	702	10,935	919	21,229

32 Ultimate controlling party

The Directors do not consider there to be one ultimate controlling party.

33 Post balance sheet events

There are no post balance sheet events to disclose.

COMPANY INFORMATION

Directors	J Richards M Proctor N Evans A W L Innes (appointed 9 May 2022) WVS Wijeratne
Registered office	Ground Floor 31 Oldfield Road, Bocoam Park, Pencoed, Bridgend CF35 5LJ
Company Secretary	One Advisory Limited 201 Temple Chambers, 3-7 Temple Avenue, London EC4Y 0DT
Company's registered number	13761460
Independent auditor	Crowe U.K. LLP 55 Ludgate Hill, London EC4M 7JW
Registrars	Neville Registrars Limited Neville House, Steelpark Rd, Halesowen B62 8HD
Solicitors	Acuity Law LLP 3 Assembly Square Cardiff CF10 4PL
Nominated Adviser and Broker	Cenkos Securities plc 6.7.8 Tokenhouse Yard, London EC2R 7AS
Bankers	HSBC UK Bank Plc Wales Corporate Banking Centre, 5th Floor, 5 Callaghan Square, Cardiff CF10 5BT

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