

Company registered no: 02527130

CET Structures Ltd
Annual report and financial statements
for the year ended 31 March 2023

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CET Structures Ltd

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CET Structures Ltd

Board of directors and advisers

Directors

C Blair
D Phillips
N Kasmir
J Kitzie

Company number

02527130

Registered office

Homeserve,
Cable Drive,
Walsall,
West Midlands,
WS2 7BN

Independent auditors

RSM UK Audit LLP
Chartered Accountants,
10th Floor,
103 Colmore Row,
Birmingham,
West Midlands,
B3 3AG

CET Structures Ltd

Strategic report for the year ended 31 March 2023

The directors present their strategic report for the year ended 31 March 2023.

Principal activities

The principal activity of the company is providing a range of specialist services to the UK insurance markets. These include: home emergency response, claims management, subsidence investigations and drainage services.

The year was the first full year under the ownership of HomeServe Assistance Limited, with the company able to utilise fully the support services available.

Results and key performance indicators

Financial Statements Summary

The directors are pleased to report a consistent period of profitable trading despite more difficult economic factors in the year. Turnover decreased from £33.3m to £31.7m, a reduction of 5%, as shown in the accounts on page 10 and the table below.

The operating profit amounted to £1.8m (2022: £1.1m) with a retained profit for the financial year, of £1.3m (2022: £0.7m). The financial position of the company is shown on page 11.

	2023	2022
	£'000	£'000
Turnover	31,724	33,280
Gross profit	12,385	12,918
Operating profit	1,758	1,105
Depreciation and amortisation	828	1,597
Exceptional and non-recurring costs	-	507
Group management and other service charges	-	162
Underlying EBITDA	2,586	3,371
Gross Margin%	39.0%	38.8%
EBITDA Margin%	8.2%	10.1%

**Strategic report
for the year ended 31 March 2023 (continued)**

Results and key performance indicators (continued)

The directors continue to consider the company to be well placed for further growth particularly around its industry leading technology platform which continues to attract significant further investment to develop new features and extend into other activities.

On 9 June 2022, as part of its growth strategy, the company completed the acquisition of Ansa UK Limited for consideration of £2.16million primarily funded by a loan from HomeServe Assistance Limited.

Principal risks and uncertainties

The company maintains a risk register which is reviewed and updated on a regular basis and discussed and updated at regular meetings during the year, attended by executive directors and other senior management. The directors consider the principal risks and uncertainties facing the business are as follows:

GDPR and data security: The company's activities mean it holds a high volume of personal data relating to the management of insurance claims and loss of data by whatever means could carry substantial financial risk. The company takes its GDPR and data security responsibilities very seriously and uses latest cyber security software solutions plus the development of embedded security features within its Simplifi claims management platform. The company holds ISO27001 accreditation (Information security management) and holds monthly data security meetings as part of the information security management system.

Loss of key customer contracts: The company holds a number of material customer contracts which are fixed term and there is a risk that these may not be renewed or be lost in a competitive tender situation. The company manages the risk by delivering a high-quality service, establishing close relationships with its customers and continuing to develop leading edge technology to differentiate itself from competitors.

This report was approved by the board on 18th December 2023 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'N Kasmir', with a horizontal line drawn underneath it.

N Kasmir

Director

CET Structures Ltd

Directors' report for the year ended 31 March 2023

The directors present their report and the audited financial statements for the year ended 31 March 2023.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements, unless otherwise stated, were;

N Kasmir
J Kitzie
C Blair (appointed 1 August 2022)
D Phillips (appointed 1 August 2022)
P D Eglinton (resigned 16 August 2022)
S W Humphrey (resigned 31 August 2022)
P Wozencroft (resigned 31 October 2022)

Dividends

Dividends of £nil were paid (2022: £4,446,000 settled in specie by the transfer of intercompany balances) during the year and the directors do not recommend the payment of a final dividend (2022: £nil).

Strategic report

The following items have been reported on within the strategic report on pages 2 to 3:

- Principal activities
- Results
- Business review
- Future developments
- Key performance indicators
- Principal risks and uncertainties

Employees

Employees are essential to the company's interaction with other stakeholders and their individual commitment ensures successful trading and development of the business. We invest in employees through both training, remuneration and team initiatives.

Every effort is made to ensure the future career development of existing staff. The health and safety at work of all employees is reviewed by the directors to ensure that high standards are maintained. It is also our policy to ensure that:

- Full and fair consideration is given to all applicants for employment, irrespective of colour or creed.
- Disabled persons are given equal consideration for employment, training, career development and promotional opportunities. In cases where existing employees become disabled (whether from illness or accident) every effort will be made to continue their employment, in the same or some other job more suited to their disability.
- Employees are kept regularly informed on matters affecting them as employees and consulted on matters affecting the company and the employees' interests, primarily via internal news updates and regular meetings.
- Achieving a common awareness by all employees in relation to the financial and economic factors that affect the performance of the company is encouraged.

CET Structures Ltd

Directors' report for the year ended 31 March 2023 (continued)

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in market and credit risk. Liquidity and interest rate risk is managed by the group with the company operating within its cash resources and balances. The company has in place risk management processes that seek to limit the adverse effects on the financial performance of the company.

Credit risk: The company has implemented policies that require appropriate credit checks on potential customers before sales are made and monitoring of credit levels.

Market risk: The company is pursuing strategies to strengthen its position in the UK market and to open new markets in both its core divisions.

Going concern

The Directors are required to consider the appropriateness of the going concern basis when preparing the financial statements. The Directors have taken notice of the Financial Reporting Council guidance in respect of Going Concern which recommends the reasons for this decision to be explained.

The company is a subsidiary of HomeServe Limited and meets its working capital and capital investment requirements from cash flows generated from operations and medium term intercompany loans.

In evaluating the going concern assumption, the directors have prepared cash flow forecasts for the period to 30 September 2024 and compared these, together with a range of severe but plausible sensitivities, to the available cash and bank facilities. The sensitivities applied to the forecasts demonstrate sufficient headroom and a number of actions within the control of directors, which can further increase the headroom or mitigate any declines.

As a result, the directors have a reasonable expectation that the company will be able to continue to meet its liabilities as they fall due for the foreseeable future and it is therefore appropriate to prepare the financial statements on a going concern basis.

Directors' indemnities

The company maintained liability insurance for its directors and officers. This is a qualifying third party indemnity provision for the purposes of the Companies Act 2006, and was in place during the financial year and up to the date of signing these financial statements.

CET Structures Ltd

Directors' report for the year ended 31 March 2023 (continued)

Statement of directors' responsibilities in respect of the financial statements

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

In the case of each director in office at the date the Directors' Report is approved:

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

Auditors

RSM UK Audit LLP remained as auditors during the year.

This report was approved by the board on 18th December 2023 and signed on its behalf.



N Kasmir
Director

CET Structures Ltd

Independent auditors' report to the members of CET Structures Ltd

Opinion

We have audited the financial statements of CET Structures Limited (the 'company') for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

CET Structures Ltd

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

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

CET Structures Ltd

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and inspecting correspondence with local tax authorities.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to the Health and Safety at Work Act 1974 and General Data Protection Regulation (GDPR). We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these laws and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, obtaining revenue documentation and confirming the revenue has been correctly recognised in line with FRS 102.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.

Benjamin Lawrance

Benjamin Lawrance (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
10th Floor
103 Colmore Row
Birmingham
B3 3AG

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CET Structures Ltd

Statement of comprehensive income for the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Turnover	5	31,724	33,280
Cost of sales		<u>(19,339)</u>	<u>(20,362)</u>
Gross profit		12,385	12,918
Administrative expenses		<u>(10,627)</u>	<u>(11,813)</u>
Operating profit	6	1,758	1,105
Interest payable and similar expenses	9	<u>(101)</u>	<u>(2)</u>
Profit before taxation		1,657	1,103
Tax on profit	10	<u>(361)</u>	<u>(410)</u>
Profit and total comprehensive income for the financial year		<u>1,296</u>	<u>693</u>

The notes on pages 13 to 24 form part of these financial statements.

CET Structures Ltd

Statement of financial position as at 31 March 2023

	Note	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Fixed assets					
Intangible assets	11		2,402		2,034
Tangible assets	12		164		218
Investments	13		<u>2,164</u>		<u>1</u>
			4,730		2,253
Current assets					
Debtors	14	4,851		3,928	
Cash at bank and in hand		<u>2,389</u>		<u>2,309</u>	
		7,240		6,237	
Creditors: amounts falling due within one year	15	<u>(5,144)</u>		<u>(4,966)</u>	
Net current assets			2,096		1,271
Total assets less current liabilities			<u>6,826</u>		<u>3,524</u>
Creditors: amounts falling due in more than one year	16		(2,041)		-
Provisions for liabilities	17		<u>(118)</u>		<u>(153)</u>
Net assets			<u>4,667</u>		<u>3,371</u>
Capital and reserves					
Called up share capital	18		74		74
Other reserves	19		18		18
Profit and loss account	19		<u>4,575</u>		<u>3,279</u>
Total equity			<u>4,667</u>		<u>3,371</u>

The financial statements on pages 10 to 24 were approved by the board of directors and authorised for issue on 18th December 2023 and were signed on its behalf by:



N Kasmir
Director

The notes on pages 13 to 24 form part of these financial statements.
Registered number: 02527130

CET Structures Ltd

Statement of changes in equity for the year ended 31 March 2023

	Called up share capital £'000	Other reserve £'000	Profit and loss account £'000	Total equity £'000
Balance as at 1 April 2021	74	18	7,032	7,124
Profit for the financial year and total comprehensive income	-	-	693	693
Dividends paid of £60.13 per share	-	-	(4,446)	(4,446)
Balance as at 31 March 2022	74	18	3,279	3,371
Profit for the financial year and total comprehensive income	-	-	1,296	1,296
Balance as at 31 March 2023	74	18	4,575	4,667

CET Structures Ltd

Notes to the financial statements for the year ended 31 March 2023

1. General information

The company provides a range of specialist outsourcing services to the insurance industry including home emergency response, claims management, subsidence investigations and drainage services. The company is a private company limited by shares and is incorporated and domiciled in the UK. The address of the principle place of business and registered office is Homeserve, Cable Drive, Walsall, West Midlands, WS2 7NB

2. Compliance statement

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006 including the provisions of the Large and Medium- sized Companies and Groups (Accounts and Reports) Regulations 2008.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. These financial statements are prepared on a going concern basis and under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest whole £1,000.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

The company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Going Concern

The Directors are required to consider the appropriateness of the going concern basis when preparing the financial statements. The Directors have taken notice of the Financial Reporting Council guidance in respect of Going Concern which recommends the reasons for this decision to be explained.

The company is a subsidiary of Homeserve Limited and meets its working capital and capital investment requirements from cash flows generated from operations and medium term intercompany loans.

In evaluating the going concern assumption, the directors have prepared cash flow forecasts for the period to 31 December 2024 and compared these, together with a range of severe but plausible sensitivities, to the available cash and bank facilities. The sensitivities applied to the forecasts demonstrate sufficient headroom and a number of actions within the control of directors, which can further increase the headroom or mitigate any declines.

As a result, the directors have a reasonable expectation that the company will be able to continue to meet its liabilities as they fall due for the foreseeable future and it is therefore appropriate to prepare the financial statements on a going concern basis.

CET Structures Ltd

Notes to the financial statements for the year ended 31 March 2023 (continued)

3 Summary of significant accounting policies (continued)

Group accounts exemption

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

The financial statements of the company are consolidated in the financial statements of Homeserve Limited. These consolidated financial statements are available from its registered office, at Cable Drive, Walsall, WS2 7BN.

Reduced disclosure

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised through the statement of comprehensive income over its estimated economic life of 5 years.

Acquired rights to customer contracts, lists or relationships are capitalised and amortised over their estimated economic life of 5 years.

Software and software development costs

Software and development costs are costs directly attributable to the acquisition or production of IT technologies in the year. These are capitalised within intangible assets and amortised over four to ten years. No amortisation is charged until an asset is available for use.

CET Structures Ltd

Notes to the financial statements for the year ended 31 March 2023 (continued)

3 Summary of significant accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Cost includes the original purchase price of the asset and costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Motor vehicles	-	33.3% straight line
Equipment	-	25% straight line
Short Leasehold improvements	-	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Fixed asset Investments

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

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Turnover

Turnover comprises revenue in respect of services supplied during the year recognised by the company on performance of the service, exclusive of Value Added Tax and trade discounts.

CET Structures Ltd

Notes to the financial statements for the year ended 31 March 2023 (continued)

3 Summary of significant accounting policies (continued)

Operating leases

Rentals under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits, retirement benefits. For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Pensions

The company contributes towards a pension scheme under the government auto enrolment initiative and contributes to the personal pension plans of certain staff and directors. The charge in the statement of comprehensive income represents the amount paid into the schemes during the year.

CET Structures Ltd

Notes to the financial statements for the year ended 31 March 2023 (continued)

3 Summary of significant accounting policies (continued)

Financial instruments

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Financial liabilities

Basic financial liabilities, including trade and other payables, accruals and loans from fellow group companies that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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

Equity instruments

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

4. Critical accounting estimates and judgements

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

CET Structures Ltd

Notes to the financial statements for the year ended 31 March 2023 (continued)

4. Critical accounting estimates and judgements (continued)

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

Useful economic lives of tangible and intangible assets

The annual depreciation or amortisation charges for tangible and intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See notes 11 and 12 for the carrying amount of the software assets, property plant and equipment, and note 3 for the useful economic lives applied for each class of assets.

5. Turnover

All turnover arose within the United Kingdom and relates to services to insurance markets.

6. Operating profit

The operating profit is stated after (crediting)/charging:

	2023 £'000	2022 £'000
Amortisation – intangible fixed assets	717	1,196
Exceptional impairment	-	299
Depreciation of tangible fixed assets:		
- owned by the company	111	102
Auditors' fees for the audit of the company	40	37
Impairment of trade debtors	-	125
Operating lease rentals:		
- plant and machinery	44	55
- property leases	89	85
Cost of management and other services from parent company	-	162
Exceptional costs	-	262
Non-recurring costs	-	245

CET Structures Ltd

Notes to the financial statements for the year ended 31 March 2023 (continued)

7. Staff costs

Staff costs, including directors' remuneration and payroll costs capitalised in software development, were as follows:

	2023 £'000	2022 £'000
Wages and salaries	6,805	6,944
Social security costs	617	631
Other pension costs	141	126
	<u>7,563</u>	<u>7,701</u>

The average monthly number of employees, including the non-executive directors, during the year was as follows:

	2023 No.	2022 No.
Directors	5	4
Administration (including call centre operations)	<u>245</u>	<u>273</u>
	<u>250</u>	<u>277</u>

8. Directors' remuneration

	2023 £'000	2022 £'000
Emoluments	<u>250</u>	<u>519</u>
Compensation for loss of office	<u>93</u>	<u>-</u>
Pension contributions	<u>5</u>	<u>11</u>

During the year retirement benefits were accruing to 2 directors (2022 – 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £163,000 including £93,000 of compensation for loss of office (2022 £157,000). The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £2,000 (2022 £5,000).

9. Interest payable and similar expenses

	2023 £'000	2022 £'000
Interest payable to group undertakings	101	-
Bank interest and similar charges payable	<u>-</u>	<u>2</u>
	<u>101</u>	<u>2</u>

CET Structures Ltd

Notes to the financial statements for the year ended 31 March 2023 (continued)

10. Tax on profit

	2023 £'000	2022 £'000
Analysis of tax charge in the year		
Current tax		
UK corporation tax charge on profit for the year	425	471
Adjustments in respect of prior years	(29)	(116)
	<u>396</u>	<u>355</u>
Deferred tax		
Origination and reversal of timing differences	(51)	(73)
Change in rate	10	29
Adjustments in respect of prior years	6	99
	<u>(35)</u>	<u>55</u>
Tax charge on profit	<u><u>361</u></u>	<u><u>410</u></u>

Factors affecting future and current tax charges

The UK Government in its 2021 Budget announced that the main UK corporate rate would be maintained at 19% until 31 March 2023, before being increased to 25% from 1 April 2023. This proposal was substantively enacted on 24 May 2021 and the Company's deferred taxes re-measured accordingly.

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022 - higher than) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023 £'000	2022 £'000
Profit before taxation	<u>1,657</u>	<u>1,103</u>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	315	210
Effects of:		
Expenses not deductible for tax purposes	71	188
Deferred tax rate change	10	29
Differing deferred tax rate	(12)	-
Adjustments in respect of prior years	<u>(23)</u>	<u>(17)</u>
Tax charge for the year (see note above)	<u><u>361</u></u>	<u><u>410</u></u>

CET Structures Ltd

Notes to the financial statements for the year ended 31 March 2023 (continued)

11. Intangible assets

	Customer contracts	Software costs	Goodwill	Total
Cost	£'000	£'000	£'000	£'000
At 1 April 2022	1,100	3,255	1,578	5,933
Additions	-	1,085	-	1,085
At 31 March 2023	1,100	4,340	1,578	7,018
Accumulated amortisation				
At 1 April 2022	(788)	(1,688)	(1,423)	(3,899)
Charge for the year	(220)	(342)	(155)	(717)
At 31 March 2023	(1,008)	(2,030)	(1,578)	(4,616)
Net book value				
At 31 March 2023	92	2,310	-	2,402
At 31 March 2022	312	1,567	155	2,034

12. Tangible assets

	Motor vehicles	Equipment	Short Leasehold improvements	Total
Cost	£'000	£'000	£'000	£'000
At 1 April 2022	11	436	14	461
Additions	-	57	-	57
At 31 March 2023	11	493	14	518
Accumulated depreciation				
At 1 April 2022	(5)	(224)	(14)	(243)
Charge for the year	(3)	(108)	-	(111)
At 31 March 2023	(8)	(332)	(14)	(354)
Net book value				
At 31 March 2023	3	161	-	164
At 31 March 2022	6	212	-	218

CET Structures Ltd

Notes to the financial statements for the year ended 31 March 2023 (continued)

13. Investments

	Investments in subsidiary companies £'000
Cost and net book value	
At 1 April 2022	1
Additions – acquisition of Ansa (UK) Limited	2,163
At 31 March 2023	2,164

Subsidiary undertakings

The following were subsidiary undertakings of the company and are registered at Homeserve, Cable Drive, Walsall, West Midlands, WS2 7BN.

Name		Class of shares	Holding
Ansa (UK) Limited	Drainage services	Ordinary	100%
Construction and Engineering Testing Group Limited	Dormant	Ordinary	100%
Property Assure Limited	Dormant	Ordinary	100%
Simplifi Technologies Limited	Dormant	Ordinary	100%

14. Debtors

	2023 £'000	2022 £'000
Trade debtors	4,528	3,811
Corporation tax	102	-
Other debtors	64	-
Prepayments and accrued income	157	117
	4,851	3,928

Trade debtors are stated after provisions for impairment of £209,000 (2022: £214,000).

15. Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Trade creditors	2,561	3,276
Corporation tax	-	321
Other taxation and social security	751	665
Other creditors	143	29
Accruals and deferred income	1,689	675
	5,144	4,966

CET Structures Ltd

Notes to the financial statements for the year ended 31 March 2023 (continued)

16. Creditors: amounts falling due in more than one year

	2023 £'000	2022 £'000
Amounts owed to group undertakings	<u>2,041</u>	<u>-</u>

Loans amounting to £2,041,000 are due for repayment in June 2027 and bear interest at 3% over base rates.

17. Provisions for liabilities

	2023 £'000	2022 £'000
Deferred tax	<u>118</u>	<u>153</u>

The movement in deferred tax in the year is as follows:

	2023 £'000	2022 £'000
At beginning of year	135	98
(Credit)/charge for the year	<u>(17)</u>	<u>55</u>
At end of year	<u>118</u>	<u>153</u>

The deferred tax liability is made up as follows:

	2023 £'000	2022 £'000
Accelerated capital allowances	135	173
Short term timing differences	<u>(17)</u>	<u>(20)</u>
	<u>118</u>	<u>153</u>

18. Called up share capital

	2023 £'000	2022 £'000
Allotted, called up and fully paid		
73,933 (2022: 73,933) Ordinary shares of £1 each	<u>74</u>	<u>74</u>

Ordinary shares all have equal rights to dividends and upon a winding up.

19. Reserves

The profit and loss account relates to cumulative gains and losses recognised in the statement of income.

The other reserve is a capital redemption reserve which relates to the maintenance of the capital on purchase of own shares by a transfer of the nominal value redeemed.

CET Structures Ltd

Notes to the financial statements for the year ended 31 March 2023 (continued)

20. Pension commitments

At the year-end pension contributions of £23,000 (2022 - £28,000) were outstanding and have been included within other creditors.

21. Operating lease commitments

At 31 March the company had commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Payments falling due in:				
Within 1 year	64	85	29	38
Between 2 and 5 years	-	149	8	42
	<u>64</u>	<u>234</u>	<u>37</u>	<u>80</u>

22. Capital commitments and contingencies

At 31 March 2023, the company had capital expenditure commitments of £nil contracted but not provided for (2022 - £nil).

23. Related party transactions

The company has taken advantage of the exemption under Financial Reporting Standard 102 not to disclose details of transactions with other entities that are part of the same group, where group financial statements are publicly available and 100% of the voting rights are controlled within the group.

24. Ultimate parent undertaking and controlling party

The company's ultimate parent undertaking is Brookfield Corporation. Homeserve Limited is the intermediate parent company and the only company to prepare consolidated financial statements at 31 March 2023 which include the company. There is no individual controlling party.

Copies of the financial statements of Homeserve Limited can be obtained from the registered office at Cable Drive, Walsall, WS2 7BN.