

**Company Registration No. 04325755**

**HOLDGROVE LIMITED**

**Annual Report and Financial Statements**

**For the 18 months ended 30 September 2019**

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# **HOLDGROVE LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS 2019**

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**HOLDGROVE LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS 2019**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

S Lathrope  
C Pennington

**COMPANY SECRETARY**

R Forrest (resigned 30 September 2020)  
N Forrest (appointed 1 October 2020)

**REGISTERED OFFICE**

Fourth Floor  
D Mill  
Dean Clough  
Halifax  
West Yorkshire  
HX3 5AX

**SOLICITORS**

Squire Patton Boggs (UK) LLP  
Trinity Court  
16 John Dalton Street  
Manchester  
M60 8HS

**AUDITOR**

Deloitte LLP  
Statutory Auditor  
1 City Square  
Leeds  
LS1 2AL

# **HOLDGROVE LIMITED**

## **STRATEGIC REPORT**

We present our annual report and the audited financial statements for the 18 month period ended 30 September 2019.

### **PRINCIPAL ACTIVITY**

The Company is an intermediate holding company. The directors expect the Company to continue in this activity for the foreseeable future.

### **OWNERSHIP AND FINANCING**

The ultimate parent undertaking of the Company is SSP Topco Limited, a company incorporated in the United Kingdom. The 'Group' hereon in is defined as the group of companies 100% owned by SSP Topco Limited. SSP Topco Limited is owned and controlled by Lloyds Development Capital, Scottish Equity Partners and management.

During the period the Company made revisions to its accounting reference period, and here presents financial statements for the 18 month period to 30 September 2019 versus comparators shown for the 12 months to 31 March 2018. As such, the current 18 month period results are not directly comparable to the prior 12 month period. This enabled key funding issues in the Group to be addressed, as described in the Going Concern note within the Directors' Report. Directors note that the registered accounting reference date is 29 September, although these financial statements are drawn up to 30 September 2019 as allowed under the provisions of the Companies Act.

### **STRATEGY AND OBJECTIVES**

The Company through its subsidiaries is committed to the following key long term objectives:

- To supply market leading broker and insurer software solutions through a consolidated product set on a single SSP Digital Insurance Platform;
- To complete the development and launch of our new SSP Broking platform providing class leading capability across commercial and personal lines for brokers;
- To establish IQH as the market leading product in risk selection and pricing for both insurer and broker channels; and
- To complete the extensive overhaul of our data centres and transition fully to a secure, stable and easily scalable Cloud-based infrastructure.

### **STRATEGIC REVIEW**

The Company has been dormant as defined in section 1169 of the Companies Act 2006 throughout the 18 month period and preceding financial year. It is anticipated that the Company will remain dormant for the foreseeable future. As the Company is dormant, no income statement is presented in these financial statements and no key performance indicators have been identified.

### **FUTURE PROSPECTS**

As detailed in the going concern section of the Directors' Report, the Group is very pleased to report that it has exchanged contracts on the sale of the entire share capital of SSP Midco 2 Limited and its subsidiary undertakings to Volaris Group UK Holdco Ltd. Completion of this transaction is expected in January 2021 or shortly thereafter following Regulatory approval. This new structure will significantly reduce the debt and interest burden on the Group, provide financial security and allow the Group to progress its investments in market leading products and a move to a robust and secure Cloud based platform. It will also allow the Group to benefit from Volaris's in-depth expertise of growing software businesses through their long-term, "buy and hold" approach. If the proposed sale does not complete the Directors of the Group will be required to find an alternative way to restructure the debt of the business if it is to be able to meet its liabilities as they fall due.

The Covid-19 pandemic has resulted in the SSP Group adopting remote working across its sites. This has had little impact on the efficiency and effectiveness of the workforce or on the service provided by SSP Group to its customer base. The Directors would like to express their thanks to all SSP staff for their commitment and understanding during this difficult period. We have seen however that transaction levels across the whole market have reduced and that some capital projects have been deferred. The impact of Covid-19 in these areas has been incorporated into the Group forecasts used for going concern purposes.

### **PRINCIPAL RISKS AND UNCERTAINTIES AND FINANCIAL RISK MANAGEMENT**

The key risks to which the business is exposed are summarised as follows:

- Economic risk: general economic environment influencing the willingness of customers to commit to investment in IT solutions. In mitigation, the SSP SaaS platforms will offer these customers an alternative to high capital cost projects;

# **HOLDGROVE LIMITED**

## **STRATEGIC REPORT (continued)**

### **PRINCIPAL RISKS AND UNCERTAINTIES AND FINANCIAL RISK MANAGEMENT (continued)**

- Industry risk: failure to anticipate or react to changes in the industry model such as the consolidation of major customers and insurers moving pricing and rating onto their own systems. This is mitigated by constant engagement with the wider insurance sector through industry events and research and the ongoing development of SSP products to ensure that the Company provides up to date and market leading capabilities to its customers;
- Industry risk: competitors developing their products and targeting market share, mitigated by a clear and comprehensive product development roadmap in all areas including a consolidation of existing capabilities into a new SSP Digital Insurance Platform;
- Finance risk: breach of banking covenants before the plan to drive revenue and profit growth is fully completed. Subsequent to 30 September 2019 banking covenants were breached and the Group has worked closely with its banking partners to manage this risk and to also ensure that sufficient cash is available to allow the Group to continue its investment and restructuring programme;
- Finance risk: the availability of sufficient working capital to allow the Group to continue its investment and restructuring programme. The Group is working closely with its investors and banks to ensure access to adequate funding;
- Finance risk: interest rate movements impacting Group bank debt. This is mitigated by the use of financial instruments such as interest rate swaps;
- Finance risk: credit risk attached to trade receivables, mitigated by credit checks on new customers. Management considers the balance sheet amount of trade receivables reflects the recoverable amount;
- Capability risk: failure to retain key skilled resources in an increasingly competitive market leading to reputation damage through compromise on quality and the timeliness of delivery. This is mitigated by the investment in HR initiatives, incentive plans and the development of the working environment; and
- Infrastructure risk: damage to revenue and reputation through service failure or a security breach. In mitigation, SSP has continued to invest heavily in its managed service infrastructure to ensure the hosting environment, data security procedures and disaster recovery plan are as robust as possible. The Company has also signed a contract with a leading international group to transition to a Cloud-based infrastructure.

### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's activities expose it and the Company to a number of potential financial risks including cash flow risk, credit risk, liquidity risk, currency risk and interest rate risk. The use of financial derivatives to manage these risks is approved by the Board of Directors. The Group does not use derivative financial instruments for speculative purposes.

### **CASH FLOW / INTEREST RATE RISK**

The Group's activities expose it to the financial risks of changes in interest rates. The Group uses interest rate contracts to hedge these exposures. The latest contract expired in June 2019 and although a new contract has not been executed at the time of signing these accounts, the directors are monitoring this risk closely.

### **CREDIT RISK**

The Group's principal financial assets are bank balances and cash, trade and other receivables.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

# **HOLDGROVE LIMITED**

## **STRATEGIC REPORT (continued)**

### **LIQUIDITY RISK**

The Group held cash of £4.0m at 30 September 2019 (31 March 2018: £7.4m) and an undrawn revolving credit facility of £nil (2018: £8.0m). There is a risk that there will be insufficient cash in the short term to cover financing commitments and to fund ongoing operations and future developments, mitigated by an ongoing focus on working capital management, whilst working closely with the Group's investors and lenders to complete the transaction referred to above, where contracts have already been exchanged.

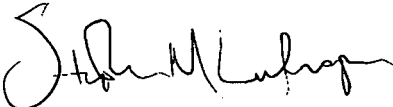
### **CURRENCY RISK**

The Group undertakes activities in a number of territories and certain transactions are denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are monitored on an on-going basis with the option of placing forward contracts.

### **BREXIT RISK**

Although the Group continues to monitor the UK's implementation of Brexit, based on the latest available information at the time of signing these financial statements, we do not believe that Brexit will substantially impact the Group's operations.

Approved by the Board of Directors and signed on behalf of the Board



**S Lathrope**

Director

28 December 2020

# **HOLDGROVE LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report on the affairs of the Company together with the financial statements for the 18 months ended 30 September 2019.

The Company's principal activities, principal risks and uncertainties and future prospects are presented in the Strategic Report.

### **DIRECTORS**

The directors who served during the 18 month period and subsequently were as follows, except as noted:-

S Lathrope	
C Pennington	(appointed 4 September 2018)
L Walker	(resigned 31 May 2018)
S Cargill	(resigned 2 May 2018)

### **DIVIDENDS**

The directors do not recommend the payment of a dividend either in the year or subsequently (2018: £nil).

### **GOING CONCERN**

In April 2018, the directors entered into negotiations with its Group lenders and investors to reset banking covenants and to provide further funds to support the business during a period of significant investment in its products and infrastructure. On 27 November 2018, an agreement was reached with the banks to reset covenants until the end of the loan term with a further option to roll some interest payments. The revolving facility was reset to £6m. The investors provided a further £7.6m of funds and management £0.3m of funds through the issue of additional loan notes.

In August 2019, when reviewing forecasts the Directors noted a risk that the Group would breach its revised banking covenants and also experience liquidity issues. It was also noted that the B1/B2 facilities and RCF facility were set to expire in June 2021 and May 2021 respectively.

As a result, the Directors entered into negotiations with its investors and lenders to find a solution to these issues.

To assist with liquidity during this period the lenders deferred interest and loan repayments on the B1 facility from March 2020 and on the B2 facility from December 2019. The banks also provided forbearance letters in respect of the breach of the EBITDA covenants from the quarter ended 31 December 2019 onwards

At the date of signing these accounts the Group has exchanged contracts on the sale of the entire share capital of SSP Midco 2 Limited and its subsidiary undertakings by SSP Topco Limited to Volaris Group UK Holdco Limited. Completion of the transaction is expected in January 2021 or shortly thereafter following receipt of FCA approval.

Subject to the transaction completing, proceeds from the sale of shares and from the issue of £65m of loan notes by SSP Midco 2 Limited will be used to repay the RCF facility and accrued interest held in SSP Limited and to part pay the B1/B2 facility and accrued interest held in SSP Midco 1 Limited. The remaining bank debt will be written off by the lenders.

The loan notes, which will be guaranteed by Constellation Software Inc, the ultimate parent company of Volaris Group UK Holdco Limited, incur cash interest of 1% and accrue interest at 4.75% with principal and accrued interest repayable after 7 years

Forecasts indicate that this reduced interest burden will allow the Group to pay its liabilities as they fall due for at least 12 months from the date of signing of these accounts.

Constellation Software Inc is a publicly traded group of vertical market software companies generating revenues of USD 3,490 million and cash flows from operations of USD 708 million in the year to 31 December 2019. Constellation Software Inc operates a "buy and hold" philosophy, with the intention of running businesses as going concerns over the long term.

The forecasts referred to above cover the period to March 2025, were prepared to support the transaction process and have been subject to third party review throughout the process. An initial version submitted to banks and potential investors in November 2019 has also be used as the basis for impairment calculations as detailed in note 12 to these financial statements. These forecasts were later adjusted to reflect the impact of the Covid-19 pandemic on the Group,

# **HOLDGROVE LIMITED**

## **DIRECTORS' REPORT (continued)**

### **GOING CONCERN (continued)**

and it is these later forecasts that supported the transaction, adjusted for future loan note interest and an updated opening cash position, that form the basis of the going concern assessment (see Future Prospects section of Strategic Report).

The Directors have highlighted that, as the transaction has not completed at the date of signing these financial statements, material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and meet its liabilities as they fall due. However, as a result of the exchange of contracts on the above transaction, these financial statements have been prepared on a going concern basis. As such, in these financial statements, no adjustments have been made to reflect any write down in the value of assets that would be required should the Group be unable to continue as a going concern. If the transaction is not completed and an alternative funding agreement is not reached with lenders, the business will not be able to meet its liabilities as they fall due and the value of assets including investments and intercompany receivables may not be realisable.

### **DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the persons who are directors at the date of approval of this report confirm that:

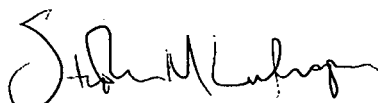
- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's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

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

### **AUDITOR**

Deloitte have expressed their willingness to continue in office as auditor and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board



**S Lathrope**

Director

28 December 2020



## **HOLDGROVE LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

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

Company law requires the directors to prepare financial statements for each financial period. 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 and applicable law), including FRS101 Reduced Disclosure Framework. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOLDGROVE LIMITED**

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### **Opinion**

In our opinion the financial statements of Holdgrove Limited:

- give a true and fair view of the state of the company's affairs as at 30 September 2019 and of its result for the 18 month period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 12.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We 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 Financial Reporting Council's (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.

### **Material uncertainty related to going concern**

We draw attention to note 2 in the financial statements, which indicates that if the proposed sale of the entity does not complete post signing, it could create the need for additional funding that is as yet not committed. As stated in note 2, these events or conditions, along with the other matters as set forth in note 2 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Other information**

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

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOLDGROVE LIMITED (continued)**

## **Responsibilities of directors**

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

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

## **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.

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

## **Report on other legal and regulatory requirements**

### **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 18 month period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

### **Matters on which we are required to report by exception**

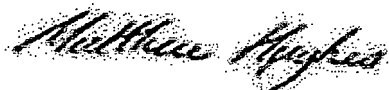
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters

### **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.



Matthew Hughes ACA Bsc (Hons) (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Leeds, United Kingdom  
28 December 2020

**HOLDGROVE LIMITED**  
**Registered No: 04325755**

**BALANCE SHEET**

**As at 30 September 2019**

	<b>Note</b>	<b>30 Sept 2019 £'000</b>	<b>31 Mar 2018 £'000</b>
<b>NON-CURRENT ASSETS</b>			
Investments in subsidiaries	6	2,231	2,231
<b>CURRENT ASSETS</b>			
Trade and other receivables	7	8,385	8,385
<b>TOTAL ASSETS</b>		<u>10,616</u>	<u>10,616</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	(10,428)	(10,428)
<b>NET CURRENT LIABILITIES</b>		<u>(2,043)</u>	<u>(2,043)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>188</u>	<u>188</u>
<b>NET ASSETS</b>		<u>188</u>	<u>188</u>
<b>EQUITY</b>			
Called-up share capital	9	63	63
Share premium account		123	123
Other reserves		2	2
Retained earnings		-	-
<b>EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY</b>		<u>188</u>	<u>188</u>

The notes on the proceeding pages form an integral part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 28 December 2020.  
Signed on behalf of the Board of Directors



**C Pennington**  
Director

# **HOLDGROVE LIMITED**

## **STATEMENT OF CHANGES IN EQUITY**

**For the 18 month period ended 30 September 2019**

		<b>Share capital £'000</b>	<b>Share premium account £'000</b>	<b>Other reserves £'000</b>	<b>Retained earnings £'000</b>	<b>Total £'000</b>
	<b>Note</b>					
At 1 April 2017		63	123	2	-	188
Comprehensive result for the year		-	-	-	-	-
At 31 March 2018	9	<u>63</u>	<u>123</u>	<u>2</u>	<u>-</u>	<u>188</u>
Comprehensive result for the 18 month period		-	-	-	-	-
At 30 September 2019	9	<u>63</u>	<u>123</u>	<u>2</u>	<u>-</u>	<u>188</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**For the 18 month period ended 30 September 2019**

**1. GENERAL INFORMATION**

Holdgrove Limited (the Company) is a private company limited by shares and is incorporated in England, United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on page 2.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. This is also the currency that these financial statements are presented in.

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements, because it is included in the group financial statements of SSP Topco Limited. The group financial statements of SSP Topco Limited are available to the public and can be obtained as set out in note 11.

The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015 other than those relating to legal changes and has not applied the amendments to the Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 that are effective for accounting period beginning on or after 1 January 2016.

**2. ACCOUNTING POLICIES**

**Basis of accounting**

The Company meets the definition of a qualifying entity under Financial Reporting Standard (FRS 101) 'Reduced Disclosure Framework' issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions.

The financial statements are prepared under the historical cost convention as modified by financial instruments recognised at fair value.

The principal accounting policies are summarised below. They have all been applied consistently throughout the current 18 month period and prior year.

**Investments**

Investments are included in the balance sheet at cost less any provision for permanent diminution in value.

**Going concern**

In April 2018, the directors entered into negotiations with its Group lenders and investors to reset banking covenants and to provide further funds to support the business during a period of significant investment in its products and infrastructure. On 27 November 2018, an agreement was reached with the banks to reset covenants until the end of the loan term with a further option to roll some interest payments. The revolving facility was reset to £6.0m. The investors provided a further £7.6m of funds and management £0.3m of funds through the issue of additional loan notes.

In August 2019, when reviewing forecasts the Directors noted a risk that the Group would breach its revised banking covenants and also experience liquidity issues. It was also noted that the B1/B2 facilities and RCF facility were set to expire in June 2021 and May 2021 respectively.

As a result, the Directors entered into negotiations with its investors and lenders to find a solution to these issues.

To assist with liquidity during this period the lenders deferred interest and loan repayments on the B1 facility from March 2020 and on the B2 facility from December 2019. Lenders also provided forbearance letters in respect of the breach of EBITDA covenants at certain quarters during 2020.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the 18 month period ended 30 September 2019**

**2. ACCOUNTING POLICIES**

**Going concern (continued)**

At the date of signing these accounts the Group has exchanged contracts on the sale of the entire share capital of SSP Midco 2 Limited and its subsidiary undertakings by SSP Topco Limited to Volaris Group UK Holdco Limited. Completion of the transaction is expected in January 2021 or shortly thereafter following receipt of FCA approval.

Subject to the transaction completing, proceeds from the sale of shares and from the issue of £65m of loan notes by SSP Midco 2 Limited will be used to repay the RCF facility and accrued interest held in SSP Limited and to part pay the B1/B2 facility and accrued interest held in SSP Midco 1 Limited. The remaining bank debt will be written off by the lenders.

The loan notes, which will be guaranteed by Constellation Software Inc, the ultimate parent company of Volaris Group UK Holdco Limited, incur cash interest of 1% and accrue interest at 4.75% with principal and accrued interest repayable after 7 years.

Forecasts indicate that this reduced interest burden will allow the Group to pay its liabilities as they fall due for at least 12 months from the date of signing of these accounts.

Constellation Software Inc is a publicly traded group of vertical market software companies generating revenues of USD 3,490 million and cash flows from operations of USD 708 million in the year to 31 December 2019. Constellation Software Inc operates a “buy and hold” philosophy, with the intention of running businesses as going concerns over the long term.

The forecasts referred to above cover the period to March 2025, were prepared to support the transaction process and have been subject to third party review throughout the process. An initial version submitted to banks and potential investors in November 2019 has also been used as the basis for impairment calculations as detailed in note 12 to these financial statements. These forecasts were later adjusted to reflect the impact of the Covid-19 pandemic on the Group, and it is these later forecasts that supported the transaction, adjusted for future loan note interest and an updated opening cash position, that form the basis of the going concern assessment (see Future Prospects section of Strategic Report).

The Directors have highlighted that, as the transaction has not completed at the date of signing these financial statements, material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern and meet its liabilities as they fall due. However, as a result of the exchange of contracts on the above transaction, these financial statements have been prepared on a going concern basis. As such, in these financial statements, no adjustments have been made to reflect any write down in the value of assets that would be required should the Group be unable to continue as a going concern. If the transaction is not completed and an alternative funding agreement is not reached with lenders, the business will not be able to meet its liabilities as they fall due and the value of assets including investments and intercompany receivables may not be realisable.

**3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company’s accounting policies, which are described in note 2 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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.

**Going concern (Note 2)**

As set out note 2, the Director’s assessment that the transaction to sell the business will complete and provide liquidity headroom to the business is a key in determining whether these financial statements should be prepared on a going concern basis. The directors consider the application of the going concern basis of preparation to the financial statements to be a key area of uncertainty.

**Impairment of investments (Note 8)**

The directors consider the impairment of investments to be the key area of judgement and uncertainty. They assess annually whether any investment has suffered any impairment based on value-in-use calculations that require the use of estimates. No impairment was identified in the year

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the 18 month period ended 30 September 2019**

**4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

All the directors during the 18 month period were employed and remunerated by SSP Midco 2 Limited or SSP Limited for their services to the group as a whole. The directors received total emoluments of £1,273,000 (2018: £1,033,000) from SSP Midco 2 Limited or SSP Limited during the period, but it is not practicable to allocate this between their services as executives of SSP Midco 2 Limited or SSP Limited and as directors of the other group companies. The remuneration of the highest paid director was £734,000 (2018: £476,000). Pension contributions were not made in respect of the highest paid director in either period. There were no other employees.

**5. INCOME STATEMENT**

No Income Statement is presented with these financial statements because the company has not received income, incurred expenditure or recognised any gains or losses during either the 18 month period under review or the preceding financial year. There have been no movements in equity attributable to the owners of the company.

Fees payable to the Company's auditor for the audit of the Company's financial statements of £1,000 (2018: £1,000) have been met by a fellow group undertaking.

**6. INVESTMENT IN SUBSIDIARIES**

	<b>Investment in subsidiary undertakings £'000</b>
<b>Cost</b>	
As at 1 April 2018 and as at 30 September 2019	2,231
<b>Provision for impairment</b>	
As at 1 April 2018 and as at 30 September 2019	-
<b>Net book value</b>	
As at 30 September 2019	2,231
<b>Net book value</b>	
As at 31 March 2018	2,231

At 30 September 2019 the company held directly or indirectly 100% of the allotted ordinary share capital of the following undertakings.

<b>Name of company</b>	<b>Country of registration</b>	<b>Holding</b>	<b>Nature of business</b>
Sectornet Limited	England & Wales	Ordinary shares	Dormant
SSP (Asia Pacific) Pty Limited	Australia	Ordinary shares	Software house

The registered office of Sectornet Limited is Fourth Floor D Mill, Dean Clough, Halifax, HX3 5AX.

The registered office of SSP (Asia Pacific) Pty Limited is Level 3, 293 Camberwell Road, Camberwell, Vic 3124.



# HOLDGROVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the 18 month period ended 30 September 2019

### 7. TRADE AND OTHER RECEIVABLES

	30 Sept 2019 £'000	31 Mar 2018 £'000
Amounts due from group undertakings due in less than one year	<u>8,385</u>	<u>8,385</u>

Amounts owed by group undertakings are repayable on demand and held at amortised cost.

### 8. TRADE AND OTHER PAYABLES

	30 Sept 2019 £'000	31 Mar 2018 £'000
Amounts due to group undertakings	<u>10,428</u>	<u>10,428</u>

Amounts owed to group undertakings are repayable on demand and held at amortised cost.

### 9. CALLED-UP SHARE CAPITAL

	30 Sept 2019 £'000	31 Mar 2018 £'000
<i>Authorised</i> 62,924 Ordinary shares of £1 each	<u>63</u>	<u>63</u>
<i>Called-up, allotted and fully paid</i> 62,924 Ordinary shares of £1 each	<u>63</u>	<u>63</u>

The Company has one class of ordinary shares which carry no rights to fixed income.

### 10. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose details of related party transactions with other wholly owned group companies.

### 11. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The ultimate parent undertaking of the Company is SSP Topco Limited, a company incorporated in the United Kingdom. The SSP group of companies headed by SSP Topco Limited is owned and controlled by Lloyds Development Capital, Scottish Equity Partners and management.

At the reporting date, the Company has been included in the group consolidated financial statements of SSP Midco 2 Limited which is the smallest group that prepares consolidated financial statements that include the financial statements of the Company. The largest group that prepares consolidated financial statements that include the financial statements of the Company is SSP Topco Limited. Copies of those financial statements will be available at the following address: Fourth Floor D Mill, Dean Clough, Halifax, HX3 5AX.

The immediate parent undertaking of the Company is SSP Limited, a company incorporated in the United Kingdom. Copies of those financial statements will be available at the following address: Fourth Floor D Mill, Dean Clough, Halifax, HX3 5AX.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the 18 month period ended 30 September 2019**

**12. SUBSEQUENT EVENTS**

As detailed in the going concern section of the Directors Report, post the balance sheet date the Group has been involved in a transaction process. At the date of signing these financial statements contracts have been exchanged on a deal where SSP Topco Limited sells the entire share capital of SSP Midco 2 Limited and its subsidiary undertakings to new investors. It is anticipated that completion of the deal will be formalised in January 2021 or shortly thereafter.

The Covid-19 pandemic led SSP group to adopt remote working across all its UK and International sites. To date, the business has experienced little impact on efficiency and effectiveness from remote working and the Directors expect this to continue should offices need to remain closed into 2021. The impact of Covid-19 on trading is detailed in the Strategic Report.