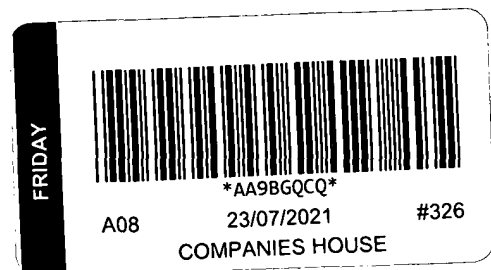


REGISTERED NUMBER: 04653583

TERRAQUEST SOLUTIONS LIMITED
ANNUAL REPORT AND CONSOLIDATED FINANCIAL
STATEMENTS
YEAR ENDED 31 DECEMBER 2020



TERRAQUEST SOLUTIONS LIMITED
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YEAR ENDED 31 DECEMBER 2020

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TERRAQUEST SOLUTIONS LIMITED
COMPANY INFORMATION
YEAR ENDED 31 DECEMBER 2020

DIRECTORS

N F Birks
T S Green
G Keal
V Krishna

COMPANY SECRETARY

Oakwood Corporate Secretary Limited

REGISTERED NUMBER

04653583

REGISTERED OFFICE

Quayside Tower
252-260 Broad Street
Birmingham
B1 2HF

BANKERS

Barclays Bank PLC
Corporate Banking
4th Floor Bridgwater House
Counterslip, Finzels Reach
Bristol
BS1 6BH

INDEPENDENT AUDITOR

Crowe U.K. LLP
Aquis House
49 - 51 Blagrove Street
Reading
Berkshire
RG1 1PL

TERRAQUEST SOLUTIONS LIMITED
STRATEGIC REPORT
YEAR ENDED 31 DECEMBER 2020

The directors present their strategic report on the group for the year ended 31 December 2020.

Fair review of the business

The TerraQuest Group consists of two main operating companies, namely TerraQuest Solutions Limited and its 75% subsidiary PortalPlanQuest Limited. Group Revenue for the year was £19,450,636 (2019: £21,276,364) whilst profit before tax increased to £5,180,975 (2019: £5,018,001). The directors consider that this represented a very successful outcome against the backdrop of the COVID-19 pandemic

Terraquest Solutions Limited has delivered a strong financial performance in 2020 in the context of a year during which large parts of the economy were thrown into turmoil by the COVID-19 pandemic. Turnover held at £14,819,658 (2019: £16,242,000), despite significant impact during April-June 2020 from the crisis, whilst EBITDA was increased to £3,993,789 (2019: £3,593,807).

The Financial Transaction Service, which collects application fees on behalf of every Local Planning Authority in England, saw numbers drop during the peak COVID months of April-June but then return to levels in excess of budget before the end of the year. A major success was the award of the 10-year contract to deliver a new versatile planning system for Northern Ireland in collaboration with DEF Software.

The prospects for 2021 are encouraging as the business expands its technology capability developing new software solutions and services in the Infrastructure and Planning market places. The solutions team has continued to expand during 2020 and will, in 2021, be in a position to provide software solutions with minimal support from external businesses. The company is also increasing its data revenue and profits. New data sets are being made available combined with our own unique data sets which fit well with the new software solutions being developed offering our customers significant value. Infrastructure, planning services, digitalisation and transformation services, consultancy, along with existing solutions, employee vetting and mapping services are showing steady growth.

The business has 2 main sectors, Data and Technology, and the two main service lines that cross these sectors are Planning and Infrastructure.

Planning has been propelled forward with TerraQuest commercialising the Planning Portal in England and Wales. TerraQuest is now seen as a market leader in Planning and dominant as a processor of Planning Applications nationwide. The Company also provides a service for validating planning applications to Local Planning Authorities and employs Planning Officers who are capable of recommending planning decisions for Authorities. Revenue increased to £7,176,626 (2019: £4,720,000). The current situation due to Covid-19 has seen a significant uptake in both PAVS and PACES services.

The Infrastructure division consists mainly of the provision of land referencing services for major transport, energy, and retail developments. TerraQuest continues to be a market leader in this sector and has been since inception in 1972. It is regularly invited to tender on all UK based contracts and the credibility it has earned over the years results in it being a front runner on most major contracts. This service continued to build on the growth achieved in 2019, achieving revenue of £4,048,430 (2019: £5,841,000), whilst achieving a gross profit margin of 44% (2019: 39%). TerraQuest is focused on quality and is not usually the cheapest solution, but does provide best Value For Money. The emphasis on quality is reaping rewards in not only securing but retaining many of its customers.

TERRAQUEST SOLUTIONS LIMITED
STRATEGIC REPORT (CONTINUED)
YEAR ENDED 31 DECEMBER 2020

Digitalisation and Transformation services have continued to develop well during the year on the back of the Company's reputation for delivering on difficult and complex data and system transformations. Revenue from the legacy outsourced contracts was however lower than in the previous year due to a major outsource contract coming to the end of its term resulting in revenue for the year of £3,041,064 (2019: £5,306,000).

PortalPlanQuest Limited's main business is the operation of the national planning portal together with associated services. Revenue increased by 22% during the year to £9,925,107 (2019: £8,156,724) whilst EBITDA increased to £2,625,267 (2019: £2,395,196).

Principal risks and uncertainties

The effective management of risks is a key feature to the continuing success of our group. Our approach is to identify principal risks and robustly mitigate the impact of these risks through a group-wide risk management process.

Macro economy

The side of the business concerned with planning has proved consistently resilient to macro economic effects and even the COVID epidemic only had a material impact over a 2-3 month period. The side of the business operating in the infrastructure environment is more dependent on macro economic influences notably Governmental and private investment in large infrastructure projects. Fortunately changes in these areas typically occur over a number of years and through careful monitoring of these changes the group is able to manage its cost base and business streams accordingly to minimise impact on the business.

Reputation

The ultimate success of the group relies upon maintaining a positive reputation in the public and amongst all stakeholders. Negative actions, behaviour, service and results will damage the business reputation and will affect the future of our group. This includes risk of negative publicity from actions of employees and suppliers. We are dependent on our strong management team and a skilled and motivated workforce, to deliver business objectives.

Liquidity

The group has strong liquidity risk management including access to the Group's long term funding facility agreement and a strong conversion of its profitable trading results into cash.

Risks arise from short term cash flow movements and renewal risk on maturity of facilities. The group is part of a group banking facility. This banking facility was put in place in December 2020 and is designed to service the group's needs until 2027.

Both short term and long term liquidity are monitored through the use of various tools including cashflow forecasts and proactive response to variances identified.

Business retention and new business

A strong bid pipeline and order book are essential to the success of the business. Risk management planning is needed to ensure new tenders are won and existing contracts are retained and these are particular strengths of the group. Successful re-tendering requires a combination of competitive pricing and client confidence in quality proposals based on evidence of historical delivery.

TERRAQUEST SOLUTIONS LIMITED
STRATEGIC REPORT (CONTINUED)
YEAR ENDED 31 DECEMBER 2020

Integrity, ethics, anti-bribery and corruption

In the sectors in which the group operates inherent risks of bribery, fraud and corruption are considered to be low. Nevertheless the group has in place a robust policy and internal control framework to be proactive where any risks might materialise.

Approved by the Board on 30 June 2021 and signed on its behalf by:

.....
G Keal
Director



TERRAQUEST SOLUTIONS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the consolidated financial statements for the year ended 31 December 2020.

Directors' of the company

The directors, who held office during the year, were as follows:

G Keal	
A C M Smith	Resigned 9 December 2020
B R Westran	Resigned 9 December 2020
Mears Group PLC	Resigned 9 December 2020
V Krishna	Appointed 9 December 2020
T S Green	Appointed 9 December 2020

N F Birks was appointed as a director after the year end on 4 March 2021.

Principal activity

The principal activity of the group is the provision of software and data driven services in the infrastructure, planning and property sectors in the UK.

Results and dividends

The results for the group show a profit after tax of £4,464,835 (2019: £3,585,357) for the year.

Dividends of £nil were paid during the year (2019: £6,000,000).

Risk management

The group's approach to risk management and a statement of the principal risks facing the business is set out in the Strategic Report.

Employment of disabled persons

Applications for employment by disabled employees are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities.

In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the group may continue.

It is the policy of the group that training, career development and promotion opportunities should be available to all employees.

Employee involvement

The group has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the group. This was achieved in 2020 through Management Presentations, Team briefings and company wide emails.

TERRAQUEST SOLUTIONS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Going concern

After making enquiries, the Directors believe that the group has adequate resources to continue in operational existence for the foreseeable future.

TerraQuest Solutions Limited was acquired from Mears Group PLC on 9 December 2020 by Mason Bidco Limited, an acquisition vehicle funded by Apse Capital, Management and Mears Group PLC along with debt funding from Apera. This deal was based on a seven year plan through to the completion of the term loans. The budget for 2021 was for a higher EBITDA than this plan, and the group has started well, exceeding this budget in the first five months of 2021. Management are pursuing a range of opportunities to further grow the business and with no known material adverse expectations in the foreseeable future are of the opinion that the group has adequate resources to meet its obligations as they fall due and, for this reason, they continue to adopt the going concern basis in preparing the consolidated financial statements.

Directors' liabilities

The group has Directors & Officers' liability insurance in place. Directors are granted an indemnity from the group in respect of liabilities incurred as a result of their position in office. However this indemnity does not cover Directors or officers in the event of being proven to have acted dishonestly or fraudulently.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 International Financial Reporting Standards (International Accounting Standards and applicable law in conformity with the requirements of the Companies Act 2006). 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 group at the end of the year and of the profit or loss of the group for that year. In preparing those financial statements the directors are required to:

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

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities. The directors are responsible for ensuring that the strategic report, the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

TERRAQUEST SOLUTIONS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

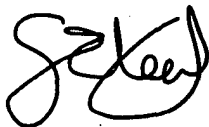
Disclosure of information to the auditors

Each director has taken 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 group and company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the group and company's auditor is unaware.

Auditor

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

The Directors' Report was approved by the Board on: 30 June 2021.
and signed on its behalf by

A handwritten signature in black ink, appearing to read 'G. Keal', written over a horizontal line.

G. Keal
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TERRAQUEST SOLUTIONS LIMITED

Opinion

We have audited the financial statements of Terraquest Solutions Limited (the "parent company") and its subsidiaries (the "group") for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Parent Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Parent Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, Parent Company Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TERRAQUEST SOLUTIONS LIMITED (CONTINUED)

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 this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Other matters

We draw attention to the fact that the corresponding figures presented with these financial statements are unaudited. Our opinion is not modified in respect of this matter.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TERRAQUEST SOLUTIONS LIMITED (CONTINUED)

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

We identified the greatest risks of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and revenue recognition. Our audit procedures to respond to management override risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases. Our audit procedures to respond to revenue recognition risks included sample testing a sample of revenue across the year and contract assets as at year end to agree to supporting documentation, and reviewing a sample of revenue transactions either side of the year end to ensure this has been recognised correctly.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TERRAQUEST SOLUTIONS LIMITED (CONTINUED)

Use of our report

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



Christine Dobson (Senior statutory auditor)
for and on behalf of
Crowe U.K. LLP
Statutory Auditor
Aquis House
49-51 Blagrove Street
Reading
Berkshire
RG1 1PL

Date: 30 June 2021

TERRAQUEST SOLUTIONS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED
31 DECEMBER 2020

	Notes	2020 £	Unaudited 2019 £
Revenue	4	19,450,636	21,276,364
Cost of sales		<u>(7,057,489)</u>	<u>(9,029,437)</u>
Gross profit		12,393,147	12,246,927
Administrative expenses		(7,199,805)	(7,114,914)
Other income	5	<u>48,504</u>	<u>-</u>
Operating profit	6	5,241,846	5,132,013
Finance income	8	-	130,436
Finance expense	9	<u>(60,871)</u>	<u>(244,448)</u>
Profit before tax		5,180,975	5,018,001
Tax on profit	10	<u>(75,866)</u>	<u>(961,432)</u>
Profit and total comprehensive income for the year		<u>5,105,109</u>	<u>4,056,569</u>
Total comprehensive income for the year - owners		4,464,835	3,585,357
Total comprehensive income for the year – non-controlling interest		<u>640,274</u>	<u>471,212</u>
Total comprehensive income for the year		<u>5,105,109</u>	<u>4,056,569</u>

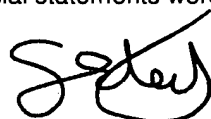
The above results are derived from continuing activities.

The notes on pages 19 to 43 form part of these financial statements.

TERRAQUEST SOLUTIONS LIMITED
REGISTERED NUMBER: 04653583
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED
31 DECEMBER 2020

	Notes	2020 £	Unaudited 2019 £
Non-current assets			
Intangible assets	12	5,447,389	3,389,245
Property, plant and equipment	13	402,427	575,755
Right of use assets	14	1,067,150	732,438
Deferred tax assets	10	77,534	92,000
Total non-current assets		6,994,500	4,789,438
Current assets			
Receivables	15	2,132,738	2,703,800
Cash at bank and in hand		9,130,326	4,749,416
Total current assets		11,263,064	7,453,216
Total assets		18,257,564	12,242,654
Non-current liabilities			
Lease liabilities	16	(842,373)	(641,331)
Amounts owed to related parties	17	-	(6,085,580)
Total non-current liabilities		(842,373)	(6,726,911)
Current liabilities			
Lease liabilities	16	(303,644)	(147,251)
Trade and other payables	18	(12,496,643)	(5,920,097)
Income tax liability	10	(1,017,832)	(956,432)
Total current liabilities		(13,818,119)	(7,023,780)
Total liabilities		(14,660,492)	(13,750,691)
Total net assets / (liabilities)		3,597,072	(1,508,037)
Capital and reserves			
Called up share capital	19	50,000	50,000
Share premium account		35,385	35,385
Retained earnings		3,310,430	(1,154,405)
Attributable to equity of parent		3,395,815	(1,069,020)
Attributable to non-controlling interests		201,257	(439,017)
Total equity		3,597,072	(1,508,037)

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

 30th JUNE 2021

G Keal
Director

The notes on pages 19 to 43 form part of these financial statements.

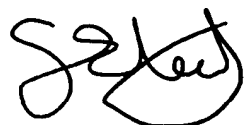
TERRAQUEST SOLUTIONS LIMITED
REGISTERED NUMBER: 04653583
PARENT COMPANY STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED
31 DECEMBER 2020

	Notes	2020 £	2019 £
Non-current assets			
Investments	11	750	750
Intangible assets	12	5,447,389	3,389,245
Property, plant and equipment	13	400,857	565,348
Right of use assets	14	1,067,150	732,438
Deferred tax assets	10	71,400	86,000
Total non-current assets		6,987,546	4,773,781
Current assets			
Receivables	15	1,989,588	3,618,893
Cash at bank and in hand		4,548,612	1,553,613
Total current assets		6,538,200	5,172,506
Total assets		13,525,746	9,946,287
Non-current liabilities			
Lease liabilities	16	(842,373)	(641,331)
Amounts owed to related parties	17	-	(6,085,580)
Total non-current liabilities		(842,373)	(6,726,911)
Current liabilities			
Lease liabilities	16	(303,644)	(147,251)
Trade and other payables	18	(9,067,133)	(2,309,473)
Income tax liability	10	(519,802)	(513,872)
Total current liabilities		(9,890,579)	(2,970,596)
Total liabilities		(10,732,952)	(9,697,507)
Total net assets		2,792,794	248,780
Capital and reserves			
Called up share capital	19	50,000	50,000
Share premium account		35,385	35,385
Retained earnings		2,707,409	163,395
Shareholder's funds		2,792,794	248,780

As permitted by Section 408 of the Companies Act 2006 no separate parent company statement of comprehensive income has been included in these financial statements. The parent company profit for the period was £2,544,014 (2019: £2,171,723).

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

G Keal
Director



30th JUNE 2021

The notes on pages 19 to 43 form part of these financial statements.

TERRAQUEST SOLUTIONS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED
31 DECEMBER 2020

Group	Share capital £	Share premium £	Retained earnings £	Equity attributable to owners of parent company £	Non-controlling interest £	Total equity £
At 1 January 2019	50,000	35,385	1,260,238	1,345,623	(910,229)	435,394
Comprehensive income for the year	-	-	3,585,357	3,585,357	471,212	4,056,569
Dividends	-	-	(6,000,000)	(6,000,000)	-	(6,000,000)
At 31 December 2019 (unaudited)	50,000	35,385	(1,154,405)	(1,069,020)	(439,017)	(1,508,037)
Comprehensive income for the year	-	-	4,464,835	4,464,835	640,274	5,105,109
Dividends	-	-	-	-	-	-
At 31 December 2020	<u>50,000</u>	<u>35,385</u>	<u>3,310,430</u>	<u>3,395,815</u>	<u>201,257</u>	<u>3,597,072</u>

The notes on pages 19 to 43 form part of these financial statements.

TERRAQUEST SOLUTIONS LIMITED
PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED
31 DECEMBER 2020

Company	Share capital	Share premium	Retained earnings	Total
	£	£	£	£
At 1 January 2019	50,000	35,385	3,991,672	4,077,057
Comprehensive income for the year	-	-	2,171,723	2,171,723
Dividends	-	-	(6,000,000)	(6,000,000)
At 31 December 2019	50,000	35,385	163,395	248,780
Comprehensive income for the year	-	-	2,544,014	2,544,014
Dividends	-	-	-	-
At 31 December 2020	<u>50,000</u>	<u>35,385</u>	<u>2,707,409</u>	<u>2,792,794</u>

The notes on pages 19 to 43 form part of these financial statements.

TERRAQUEST SOLUTIONS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
31 DECEMBER 2020

	2020	Unaudited 2019
	£	£
Cash flows from Operating Activities		
Net profit for the year	4,464,835	3,585,357
Adjustments for:		
Amortisation of intangible assets	832,650	435,070
Impairment of intangible assets	604,626	-
Depreciation of property, plant and equipment	544,561	421,121
Financial income	-	(130,436)
Financial expense	60,081	244,448
Income tax expense	75,866	961,432
Decrease in inventories	-	63,449
Decrease in debtors	571,062	6,523,201
Increase / (decrease) in creditors	490,966	(4,591,477)
Income tax paid	-	-
Movement in non-controlling interest	<u>640,274</u>	<u>471,213</u>
Net cash generated by operating activities	<u>8,284,921</u>	<u>7,983,378</u>
Cash flows from investing activities		
Financial income received	-	130,436
Purchases of intangible assets	(3,495,420)	(1,350,028)
Purchases of property, plant and equipment	<u>(78,727)</u>	<u>(281,940)</u>
Net cash used in investing activities	<u>(3,574,147)</u>	<u>(1,501,532)</u>
Cash flows from financing activities		
Interest paid	(42,240)	(244,448)
Payment of lease liabilities	(287,624)	(145,349)
Dividends paid to owners of the parent	<u>-</u>	<u>(6,000,000)</u>
Net cash used in financing activities	<u>(329,864)</u>	<u>(6,389,797)</u>
Increase in cash	4,380,910	92,049
Cash balances at 1 January 2020	<u>4,749,416</u>	<u>4,657,367</u>
Cash balances at 31 December 2020	<u>9,130,326</u>	<u>4,749,416</u>

The notes on pages 19 to 43 form part of these financial statements.

TERRAQUEST SOLUTIONS LIMITED
PARENT COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
31 DECEMBER 2020

	2020 £	2019 £
Cash flows from Operating Activities		
Net profit for the year	2,544,014	2,171,723
Adjustments for:		
Amortisation of intangible assets	832,650	435,070
Impairment of intangible assets	604,626	-
Depreciation of property, plant and equipment	535,724	406,004
Financial income	-	(130,436)
Financial expense	60,871	186,574
Income tax expense	20,530	524,872
Decrease in inventories	-	63,449
Decrease in debtors	1,629,305	5,751,569
Increase / (decrease) in creditors	672,080	(419,341)
Income tax paid	-	-
Net cash generated by operating activities	<u>6,899,800</u>	<u>8,988,683</u>
Cash flows from investing activities		
Financial income received	-	130,436
Purchases of intangible assets	(3,495,420)	(1,350,028)
Purchases of property, plant and equipment	<u>(78,727)</u>	<u>(281,940)</u>
Net cash used in investing activities	<u>(3,574,147)</u>	<u>(1,501,532)</u>
Cash flows from financing activities		
Interest paid	(43,030)	(186,574)
Payment of lease liabilities	(287,624)	(145,349)
Dividends paid to owners of the parent	-	<u>(6,000,000)</u>
Net cash used in financing activities	<u>(330,654)</u>	<u>(6,331,923)</u>
Increase in cash	2,994,999	1,555,228
Cash balances at 1 January 2020	<u>1,553,613</u>	<u>398,385</u>
Cash balances at 31 December 2020	<u>4,548,612</u>	<u>1,553,613</u>

The notes on pages 19 to 43 form part of these financial statements.

TERRAQUEST SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020

1 General information

The principal activity of the group is the provision of software and data driven services in the infrastructure, planning and property sectors in the UK.

The company is a private company limited by shares (registered number 04653583), which is incorporated and domiciled in the UK. The address of the registered office is Quayside Tower 252-260, Broad Street, Birmingham, B1 2HF.

2 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to the period presented.

At 31 December 2019, the group and company was exempt from the requirement to prepare consolidated financial statements as it met the requirement under section 400 of the Companies Act 2006 and was included by full consolidation in the consolidated financial statements of its previous parent, Mears Group PLC. Consequently, the comparatives are unaudited. However the audited financial statements of the company TerraQuest Solutions Limited are available from Companies House.

2.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and IFRS Interpretation Committee ('IFRS IC') interpretations in conformity with the requirements of the Companies Act 2006, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

2.2 Consolidation

The consolidated financial statements incorporate the financial statements of the company and all subsidiary undertakings. All financial information is drawn up to 31 December.

The results of companies acquired or disposed of are included in the group statement of comprehensive income after or up to the date that control passes respectively. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Where a group entity transacts with an associate of the group, profits and losses are eliminated to the extent of the group's interest in the relevant associate.

As a consolidated statement of comprehensive income is published, a separate statement of comprehensive income for the parent company is omitted from the group financial statements by virtue of the Companies Act 2006 section 408.

TERRAQUEST SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED
31 DECEMBER 2020

2.3 Application of new and revised International Financial Reporting Standards (IFRSs)

New and revised Standards and Interpretations applied

The group has adopted the new interpretations and revised standards effective for the year ended 31 December 2020, none of which has had a significant impact on the group. The new adopted standards in the annual financial statements for the year ended 31 December 2020 are:

- Definitions of a Business (Amendments to IFRS 3);
- Interest Rate Benchmark Reform - IBOR 'phase 2' (Amendments to IFRS 9, IAS 39 and IFRS7); and
- COVID-19 Related Rent Concessions (Amendments to IFRS 16).

New and revised standards and interpretations in issue but not yet effective

There are a number of standards, amendments to standards and interpretations which have been issued by the IASB that are effective which the group decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2022:

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018 - 2020 (Amendments to IFRS 1, IFRS 9, IFRS16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

These accounting standards and amendments are not expected to have a material impact on the group.

2.4 Going Concern

After making enquiries, the Directors believe that the group has adequate resources to continue in operational existence for the foreseeable future.

TerraQuest Solutions Limited was acquired from Mears Group PLC on 9 December 2020 by Mason Bidco Limited, an acquisition vehicle funded by Apse Capital, Management and Mears Group PLC along with debt funding from Apera. This deal was based on a seven year plan through to the completion of the term loans. The budget for 2021 was for a higher EBITDA than this plan, and the group has started well, exceeding this budget in the first five months of 2021. Management are pursuing a range of opportunities to further grow the business and with no known material adverse expectations in the foreseeable future are of the opinion that the group has adequate resources to meet its obligations as they fall due and, for this reason, they continue to adopt the going concern basis in preparing the consolidated financial statements.

TERRAQUEST SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED
31 DECEMBER 2020

2.5 Revenue

IFRS 15 provides a single, principles-based, five-step model to be applied to all sales contracts as outlined below. It is based on the transfer of control of goods and services to customers and replaces the separate models for goods, services and construction assets. The detail below sets out the principal types of contract and how the revenue is recognised in accordance with IFRS 15.

Contracts with customers have a wide variation of goods and services being provided to customers with differing performance obligations and levels of complexity. IFRS 15 does not apply to lease contracts within the scope of IFRS 16 'Leases'. None of the group's contracts are considered to have a significant financing component.

In the case of long term contracts, turnover reflects the contract activity during the year and represents the proportion of total contract value for which the benefit of work completed to date has been transferred to the customer. When the outcome can be assessed reliably, contract turnover and associated costs are recognised as turnover and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date. The stage of completion of the contract at the balance sheet date is assessed by comparing the value of work certified to date with the total value of the contract. Where the outcome of a contract cannot be estimated reliably turnover is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

In the case of a fixed price contract, the outcome is deemed to be estimated reliably when all the following conditions are satisfied:

- it is probable that economic benefits associated with the contract will flow to the group;
- both the contract costs to complete the contract and the stage of completion at the balance sheet date can be measured reliably; and
- the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

The gross amount due from customers for contract work is presented as an asset for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. The gross amount due to customers for contract work is presented as a liability for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less losses). Variations to contracts are included to the extent that they have been agreed with the customer. Full provision is made for losses on all contracts in the year in which the loss is first foreseen.

Revenue is recognised in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers. For advertising services, the group recognises revenue based on the fulfilment of its performance obligations, and is measured at the balance sheet date by identifying progress against performance obligations. For mapping sales and other services, the group recognises revenue at the point of sale as the performance obligation is satisfied upon delivery of the service to the customer.

Technology and data services

Revenue represents amounts recoverable from clients for technology and data services provided during the year. Revenue is recognised either at a point in time, where the performance obligation is completed instantaneously such as processing a planning application, or over time, where the services are delivered over time. For this latter category, revenue is recognised by reference to the stage of completion of the actual services provided at the reporting date, as a proportion of the total services to be provided.

TERRAQUEST SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED
31 DECEMBER 2020

2.6 Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

2.7 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Pension costs

Defined contribution pension plans

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

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plans are held separately from the group in independently administered funds.

2.10 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted at the reporting date in the countries where the group operates and generates income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

TERRAQUEST SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED
31 DECEMBER 2020

2.10 Current and deferred taxation (continued)

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

2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Leasehold property improvements	over the period of the lease
Plant and equipment	25% per annum, reducing balance
Fixtures and fittings	20% per annum, straight line
Office equipment	25% per annum, reducing balance

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.12 Intangible assets

Development costs incurred on software development are capitalised when all the following conditions are satisfied:

- completion of the software module is technically feasible so that it will be available for use;
- the group intends to complete the development of the module and use it;
- the software will be used in generating probable future economic benefits;
- there are adequate technical, financial and other resources to complete the development and to use the software; and
- the expenditure attributable to the software during its development can be measured reliably.

Development costs not meeting the criteria for capitalisation are expensed as incurred. Careful judgement by management is applied when deciding whether the recognition requirements for development costs have been met. This is necessary as the economic success of any development is uncertain and may be subject to future technical problems at the time of recognition. Judgements are based on the information available at each balance sheet date. In addition, all internal activities related to the research and development of new software are continually monitored by management.

TERRAQUEST SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED
31 DECEMBER 2020

2.12 Intangible assets (continued)

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Directly attributable costs include employee costs incurred on software development.

Amortisation

Amortisation commences upon completion of the asset and is shown within other administrative expenses. Until the asset is available for use on completion of the project, the assets are subject to impairment testing only. Development expenditure is amortised over the period expected to benefit.

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Software development expenditure	20% per annum, straight line
Software	33% per annum, reducing balance

2.13 Impairment of assets

For the purposes of assessing impairment, assets are tested individually.

Intangible assets not yet available for use are tested for impairment at least annually. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in the statement of comprehensive income for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal evaluation. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

2.14 Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

TERRAQUEST SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED
31 DECEMBER 2020

2.15 Financial instruments

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The group's accounting policies in respect of financial instruments transactions are explained below:

Financial assets, loans and receivables

The assets generated from goods or services transferred to customers are presented as either receivables or contract assets, in accordance with IFRS 15. The assessment of impairment of receivables or contract assets is in accordance with IFRS 9 'Financial Instruments'.

All cash flows from customers are solely payments of principal and interest, and do not contain a significant financing component. Financial assets generated from all of the group's revenue streams and therefore initially measured at their fair value, which is considered to be their transaction price (as defined by IFRS 15) and are subsequently measured at amortised cost.

Under IFRS 9, the group recognises a loss allowance for expected credit losses (ECL) on financial assets subsequently measured at amortised cost using the 'simplified approach'. Individually significant balances are reviewed separately for impairment based on the credit terms agreed with the customer. Other balances are grouped into credit risk categories and reviewed in aggregate.

Trade receivables, contract assets and cash at bank and in hand are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables and contract assets are initially recorded at fair value net of transaction costs, being invoiced value less provisional estimate for impairment should this be necessary due to a loss event. Trade receivables are subsequently remeasured at invoiced value, less an updated provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the profit and loss account.

Cash and cash equivalents include cash at bank and in hand and bank deposits available with no notice or less than three months' notice from inception that are subject to an insignificant risk of changes in value. Bank overdrafts are presented as current liabilities to the extent that there is no right of offset with cash balances.

Following initial recognition, financial assets are subsequently remeasured at amortised cost using the effective interest rate method.

Financial liabilities

The group's financial liabilities are overdrafts, trade and other payables including accrued expenses, and amounts owed to group companies.

All interest related charges are recognised as an expense in finance costs in the profit and loss account with the exception of those directly attributable to the construction of a qualifying asset, which are capitalised as part of that asset.

TERRAQUEST SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED
31 DECEMBER 2020

2.15 Financial instruments (continued)

Bank and other borrowings are initially recognised at fair value net of transaction costs. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognised respectively in finance income and finance costs. Borrowing costs are recognised as an expense in the period in which they are incurred with the exception of those which are directly attributable to the construction of a qualifying asset, which are capitalised as part of that asset.

Trade payables on normal terms are not interest bearing and are stated as their fair value on initial recognition and subsequently amortised cost.

Contingent consideration is initially recognised at fair value and is subsequently measured at fair value through the profit and loss account.

2.16 Leases

The group has adopted and applied IFRS 16 '*Leases*.'

At lease commencement date, the group recognises an asset and a lease liability on the statement of financial position. The right of use asset is measured at cost, which matches the initial measurement of the lease liability, and depreciated on a straight-line basis over the lease term.

The lease liability is measured at the present value of the future lease payments discounted using the group's incremental borrowing rate. On transition to IFRS 16, the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 2.29%. For new leases entered into in 2020, the group's current incremental borrowing rate of 7.5% has been applied to lease liabilities. Lease payments include fixed payments, variable payments based on an index and payments arising from options reasonably certain to be exercised.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The group has recognised lease liabilities up to the end of the lease term.

The group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right of use asset and a lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right of use assets and lease liabilities are presented separately.

2.17 Reserves

Financial instruments issued by the group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. Ordinary shares are classified as equity instruments.

The share premium accounts represents the amount received by the company for its ordinary share in excess of its par value.

Retained earnings includes all current and prior period retained profits and losses.

TERRAQUEST SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED
31 DECEMBER 2020

2.18 Share Capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

2.19 Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the company and group's financial statements in the period in which the dividends are approved by the group's shareholders.

3. Judgement in applying accounting policies and key sources of estimation uncertainty

The application of the group's accounting policies requires the directors to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and of income and expense. These estimates and associated assumptions are based on historical experience and various other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making judgments about the net book amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision only affects that year, or in the year of revision and future years if the revision affects both current and future years.

Set out below is a summary of the principal estimates and judgements that could have a significant effect upon the group's financial results:

Useful life of intangible assets and impairment review

The directors establish a reliable useful life of intangible assets. This estimate is based on the expected useful life of the asset and the predicted life of a product. The group reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

At each reporting period end date, the group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Further details are included in note 2.12 and 2.13.

TERRAQUEST SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED
31 DECEMBER 2020

4. Revenue

An analysis of revenue by class of business is as follows:

	2020 £	Unaudited 2019 £
Revenue from contracts with customers		
Technology Services	12,974,142	13,134,911
Data Services	<u>6,476,494</u>	<u>8,141,453</u>
	<u>19,450,636</u>	<u>21,276,364</u>

The revenue and profit before tax are attributable to the one principal activity of the group. All revenue is derived from within the United Kingdom.

5. Other income

	2020 £	Unaudited 2019 £
Government grants	<u>48,504</u>	<u>-</u>

Government grants are made up of income received under the Coronavirus Job Retention Scheme.

6. Operating profit

The operating profit is stated after including the following administrative expenses:

	2020 £	Unaudited 2019 £
Depreciation expense	252,055	271,828
Depreciation on right of use assets	292,506	149,293
Amortisation expense	832,650	435,070
Impairment expense	604,626	-
Operating lease expense	87,370	72,078
Auditors' remuneration - audit	60,500	35,000
- taxation compliance services	14,835	35,000
- other services	10,000	-
Exceptional items	<u>-</u>	<u>4,856</u>

Exceptional items comprise £nil (2019: £4,856) in respect of the striking off of two dormant subsidiary companies, TerraQuest Limited and TerraQuest Group Limited.

Expenses classified by nature do not differ materially from expenses classified by function.

TERRAQUEST SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED
31 DECEMBER 2020

7. Staff costs

	2020 £	<i>Unaudited</i> 2019 £
Wages and salaries	5,922,978	6,902,845
Social security costs	608,257	693,161
Pension costs	<u>304,196</u>	<u>276,588</u>
	<u>6,835,431</u>	<u>7,872,594</u>

The average number of employees during the year were:

	2020 No.	<i>Unaudited</i> 2019 No.
Administration and support	<u>208</u>	<u>234</u>

Directors' remuneration

	2020 £	<i>Unaudited</i> 2019 £
Wages and salaries	13,322	-
Compensation for loss of office	90,567	-
Pension costs	<u>1,257</u>	<u>-</u>
	<u>105,146</u>	<u>-</u>

The Statutory Directors were remunerated through other group companies for the period 1 January 2020 to 30 November 2020 and for the prior year as previously part of Mears Group PLC. During this time no remuneration was paid in respect of their positions as statutory directors of TerraQuest Solutions Limited.

8. Finance income

	2020 £	<i>Unaudited</i> 2019 £
Interest paid by group undertakings	<u>-</u>	<u>130,436</u>

TERRAQUEST SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED
31 DECEMBER 2020

9. Finance expense

	2020 £	Unaudited 2019 £
Interest paid to group undertakings	-	218,719
Interest expense on leases	<u>60,871</u>	<u>25,729</u>
	<u>60,871</u>	<u>244,448</u>

10. Taxation

	2020 £	Unaudited 2019 £
a) Corporation tax		
Current tax on profits for the year	1,017,832	956,432
Adjustments in respect of previous periods	(956,432)	-
Deferred tax		
Origination and reversal of timing differences	<u>14,466</u>	<u>5,000</u>
Total tax expense per accounts	<u>75,866</u>	<u>961,432</u>

b) Factors affecting the tax charge for the period

The tax assessed for the period is lower (2019: higher) than the standard rate of corporation tax in the UK (19%). The differences are explained as below:

	2020 £	Unaudited 2019 £
Profit on ordinary activities before tax	<u>5,180,975</u>	<u>5,018,001</u>
Tax expense at standard rate of corporation tax in the UK 19% (2019: 19%)	984,385	953,420
Effect of timing differences	291	16,054
Expenses not deductible for tax purposes	11,398	(10,762)
Adjustments to tax charge in respect of prior periods	(956,432)	-
Remeasurement of deferred tax for changes in tax rates	(5,875)	-
Deferred tax not recognised	42,099	-
Changes in pension fund prepayment	-	2,720
Total tax charge for period	<u>75,866</u>	<u>961,432</u>

TERRAQUEST SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED
31 DECEMBER 2020

10. Taxation (continued)

Factors that may affect future tax charges

The March 2021 Budget announced that the rate will increase from 19% to 25% from 1 April 2023 for companies with taxable profits in excess of £250,000. For those businesses that have taxable profits between £50,000 and £250,000 a margin rate relief scheme will be introduced to bridge the gap between the 19% rate and 25% rate providing a gradual increase in rate throughout this band.

Deferred tax asset

Group

	Accelerated capital allowances £
At 1 January 2019	97,000
Charge to Income Statement	<u>(5,000)</u>
At 1 January 2020 (unaudited)	92,000
(Charge) / credited to Income Statement	<u>(14,466)</u>
At 31 December 2020	<u>77,534</u>

Company

	Accelerated capital allowances £
At 1 January 2019	97,000
Charge to Income Statement	<u>(11,000)</u>
At 1 January 2020	86,000
(Charge) / credited to Income Statement	<u>(14,600)</u>
At 31 December 2020	<u>71,400</u>

Deferred tax is calculated as temporary differences under the liability method.

TERRAQUEST SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED
31 DECEMBER 2020

11. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost	
Cost at 1 January 2020 and 31 December 2020	<u><u>750</u></u>
Net book value at 31 December 2020	<u><u>750</u></u>
<i>Net book value at 31 December 2019</i>	<u><u>750</u></u>

The following were subsidiary undertakings of the company and have been included within the consolidated accounts:

Name	Class of Shares	Holding	Registered Office	Nature of business
PortalPlanQuest Limited	Ordinary	75%	Quayside Tower, 252-260 Broad Street, Birmingham, B1 2HF.	Professional services

At 31 December 2020, the company also indirectly held 75% of the issued ordinary share capital of Planning Portal Limited, a dormant company.

TERRAQUEST SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED
31 DECEMBER 2020

12. Intangible assets

Group

	Software £	Internally generated software development costs £	Total £
Cost			
At 1 January 2020	586,513	4,483,122	5,069,635
Additions	<u>21,872</u>	<u>3,473,548</u>	<u>3,495,420</u>
At 31 December 2020	<u>608,385</u>	<u>7,956,670</u>	<u>8,565,055</u>
Amortisation			
At 1 January 2020	527,460	1,152,930	1,680,390
Amortisation charge	41,222	791,428	832,650
Impairment	<u>-</u>	<u>604,626</u>	<u>604,626</u>
At 31 December 2020	<u>568,682</u>	<u>2,548,984</u>	<u>3,117,666</u>
Net book value			
At 31 December 2020	<u>39,703</u>	<u>5,407,686</u>	<u>5,447,389</u>
<i>At 31 December 2019 (unaudited)</i>	<u><i>59,053</i></u>	<u><i>3,330,192</i></u>	<u><i>3,389,245</i></u>

Development expenditure is internally generated and relates to the development of external revenue-generating projects and internal cost-saving projects, which is amortised over its useful economic life of five years. Software is computer software purchased from third parties for use within the business.

At each reporting period end date, the group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. An impairment loss of £604,626 was recognised in the statement of comprehensive income for the amount by which the asset's carrying amount exceeded its recoverable amount.

Amortisation of intangible assets is included within other administrative expenses.

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12. Intangible assets (continued)

Company

	Software £	Internally generated software development costs £	Total £
Cost			
At 1 January 2020	582,036	4,483,122	5,065,158
Additions	<u>21,872</u>	<u>3,473,548</u>	<u>3,495,420</u>
At 31 December 2020	<u>603,908</u>	<u>7,956,670</u>	<u>8,560,578</u>
Amortisation and impairment			
At 1 January 2020	522,983	1,152,930	1,675,913
Amortisation charge	41,222	791,428	832,650
Impairment	<u>-</u>	<u>604,626</u>	<u>604,626</u>
At 31 December 2020	<u>564,205</u>	<u>2,548,984</u>	<u>3,113,189</u>
Net book value			
At 31 December 2020	<u>39,703</u>	<u>5,407,686</u>	<u>5,447,389</u>
<i>At 31 December 2019</i>	<u><i>59,053</i></u>	<u><i>3,330,192</i></u>	<u><i>3,389,245</i></u>

Development expenditure is internally generated and relates to the development of external revenue-generating projects, which is amortised over its useful economic life of five years. Software is computer software purchased from third parties for use within the business.

At each reporting period end date, the company reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. An impairment loss of £604,626 was recognised in the statement of comprehensive income for the amount by which the asset's carrying amount exceeded its recoverable amount.

Amortisation of intangible assets is included within other administrative expenses.

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13. Tangible Fixed Assets

Group

	Leasehold improvements £	Furniture, fittings and equipment £	Other property, plant and equipment £	Total £
Cost				
At 1 January 2020	231,521	1,332,714	760,571	2,324,806
Additions	<u>9,469</u>	<u>68,613</u>	<u>645</u>	<u>78,727</u>
At 31 December 2020	<u>240,990</u>	<u>1,401,327</u>	<u>761,216</u>	<u>2,403,533</u>
Depreciation				
At 1 January 2020	60,629	1,095,849	592,573	1,749,051
Depreciation charge	<u>45,223</u>	<u>154,486</u>	<u>52,346</u>	<u>252,055</u>
At 31 December 2020	<u>105,852</u>	<u>1,250,335</u>	<u>644,919</u>	<u>2,001,106</u>
Net book value				
At 31 December 2020	<u>135,138</u>	<u>150,992</u>	<u>116,297</u>	<u>402,427</u>
<i>At 31 December 2019 (unaudited)</i>	<i><u>170,892</u></i>	<i><u>236,865</u></i>	<i><u>167,998</u></i>	<i><u>575,755</u></i>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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13. Tangible Fixed Assets (continued)

Company

	Leasehold improvements £	Furniture, fittings and equipment £	Other property, plant and equipment £	Total £
Cost				
At 1 January 2020	185,001	1,309,633	740,817	2,235,451
Additions	<u>9,469</u>	<u>68,613</u>	<u>645</u>	<u>78,727</u>
At 31 December 2020	<u>194,470</u>	<u>1,378,246</u>	<u>741,462</u>	<u>2,314,178</u>
Depreciation				
At 1 January 2020	19,152	1,073,114	577,837	1,670,103
Depreciation charge	<u>40,196</u>	<u>154,140</u>	<u>48,882</u>	<u>243,218</u>
At 31 December 2020	<u>59,348</u>	<u>1,227,254</u>	<u>626,719</u>	<u>1,913,321</u>
Net book value				
At 31 December 2020	<u>135,122</u>	<u>150,992</u>	<u>114,743</u>	<u>400,857</u>
<i>At 31 December 2019</i>	<i><u>165,849</u></i>	<i><u>236,519</u></i>	<i><u>162,980</u></i>	<i><u>565,348</u></i>

14. Right of use assets

Group and company

	Equipment £	Property £	Vehicles £	Total £
Cost				
At 1 January 2020	29,726	836,015	15,990	881,731
Additions	<u>-</u>	<u>627,218</u>	<u>-</u>	<u>627,218</u>
At 31 December 2020	<u>29,726</u>	<u>1,463,233</u>	<u>15,990</u>	<u>1,508,949</u>
Depreciation				
At 1 January 2020	3,727	134,966	10,600	149,293
Depreciation charge	<u>5,973</u>	<u>281,276</u>	<u>5,257</u>	<u>292,506</u>
At 31 December 2020	<u>9,700</u>	<u>416,242</u>	<u>15,857</u>	<u>441,799</u>
Net book value				
At 31 December 2020	<u>20,026</u>	<u>1,046,991</u>	<u>133</u>	<u>1,067,150</u>
<i>At 31 December 2019</i>	<i><u>25,999</u></i>	<i><u>701,049</u></i>	<i><u>5,390</u></i>	<i><u>732,438</u></i>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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15. Receivables due within one year

	Group		Company	
	2020	<i>Unaudited</i> 2019	2020	2019
	£	£	£	£
Trade receivables	1,351,978	1,223,888	1,280,282	1,187,217
Amounts due from related parties and group undertakings	-	737,935	-	1,846,763
Prepayments	319,167	526,798	247,713	402,152
Other receivables	5,732	25,754	5,732	10,929
Contract assets	455,861	189,425	455,861	171,832
	<u>2,132,738</u>	<u>2,703,800</u>	<u>1,989,588</u>	<u>3,618,893</u>

There is no bad debt provision at 31 December 2020 or 31 December 2019 and there are no expected credit losses. The directors consider historically available information in relation to bad debts on a regular basis. The typical credit terms offered to customers are 30 business days. There have been no credit losses in the year to 2020 or 2019.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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16. Lease liabilities

Due after one year

	Group		Company	
	2020	<i>Unaudited</i> 2019	2020	2019
	£	£	£	£
Lease liabilities	<u>842,373</u>	<u>641,331</u>	<u>842,373</u>	<u>641,331</u>

Due within one year

	Group		Company	
	2020	<i>Unaudited</i> 2019	2020	2019
	£	£	£	£
Lease liabilities	<u>303,644</u>	<u>147,251</u>	<u>303,644</u>	<u>147,251</u>

	Group		Company	
	2020	<i>Unaudited</i> 2019	2020	2019
	£	£	£	£
Due with 1 year	303,644	147,251	303,644	147,251
Due within 2 – 5 years	842,373	641,331	842,373	641,331
Due after 5 years	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,146,017</u>	<u>788,582</u>	<u>1,146,017</u>	<u>788,582</u>

The fair value of lease obligations as at 31 December 2020 is estimated to be £1,146,017 (2019: £788,582) using a weighted average incremental borrowing rate of 2.29% for those leases active on transition to IFRS 16 on 1 January 2019. For new leases entered into in 2020, the group's current incremental borrowing rate of 7.5% has been applied to lease liabilities. All leases are on a fixed repayment basis and obligations under finance leases are secured by the lessors' right over the leased assets.

The net book value of right to use assets at 31 December 2020 is £1,067,150 (2019: £732,438). See note 14 for further details.

The group recognised expenses of £292,506 (2019: £149,293) in relation to depreciation of these assets and incurred finance costs of £60,871 (2019: £25,729). Cash outflows in relation to the payments of leases totalled £356,613 (2019: £171,078).

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17. Other payables due after one year

	Group		Company	
	2020	<i>Unaudited</i> 2019	2020	2019
	£	£	£	£
Amounts owed to related undertakings	<u>-</u>	<u>6,085,580</u>	<u>-</u>	<u>6,085,580</u>

During the year, the group repaid loans of £6,085,580 to Mears Group PLC, the ultimate parent company until 9 December 2020. Interest of £nil (2019: £186,574) was paid on these loans.

18. Trade and other payables due within one year

	Group		Company	
	2020	<i>Unaudited</i> 2019	2020	2019
	£	£	£	£
Trade payables	1,057,246	1,478,253	986,684	920,458
Amounts owed to related parties and group undertakings	3,220,480	320,660	3,597,091	325,819
Other taxation and social security	1,386,035	645,579	838,830	430,159
Accrued expenses and deferred income	3,332,523	639,217	3,257,371	555,700
Contract liabilities	337,533	-	298,655	-
Other payables	<u>3,162,826</u>	<u>2,836,388</u>	<u>88,502</u>	<u>77,337</u>
	<u>12,496,643</u>	<u>5,920,097</u>	<u>9,067,133</u>	<u>2,309,473</u>

Amounts owed to related parties and group undertakings are unsecured and repayable on demand. Interest of £nil (2019: £nil) was payable in relation to these amounts owed.

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19. Share capital

	2020 £	2019 £
Allotted, issued and fully paid		
50,000 (2019: 50,000) Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

Each ordinary share has a right to one vote and to participate pari passu in the distribution of dividends. Each ordinary share also has an equal right to participate in the distribution of capital, including on a winding up.

20. Dividends

	2020 £	2019 £
Final dividend of £nil (2019: £120) per ordinary share	<u>-</u>	<u>6,000,000</u>

21. Financial instruments

Financial risk management

The group is exposed to interest rate risk, credit risk and liquidity risk. Senior management oversees the management of these risks, by ensuring that actions that expose the group to financial risk are governed by the appropriate policies and procedures and that financial risks are identified.

The board of directors review and agrees policies for managing each of these risks, which are summarised below.

Interest rate risk

There is a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in exchange rates and interest rates.

Credit risk

Credit risk is the risk that an issuer or counterparty to a financial instrument will cause the group financial loss by failing to discharge an obligation.

There is no bad debt provision at 31 December 2020 or 31 December 2019 and there are no expected credit losses. The directors consider historically available information in relation to bad debts on a regular basis. The typical credit terms offered to customers are 30 business days. There have been no credit losses in the year to 2020 or 2019.

Concentration of credit risk relates to the risk of losing a customers that makes up a large percentage of revenue. The group does not consider that they are over reliant on any one customer and that concentration risk is not currently seen as a significant risk.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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21. Financial instruments (continued)

Liquidity risk

Liquidity risk is the possibility that the group has insufficient cash available to settle its financial liabilities as they fall due.

Both short term and long term liquidity are monitored through the use of various tools including cashflow forecasts and proactive response to variances identified.

Assets available to provide liquidity are detailed as follows:

	2020 £	<i>Unaudited</i> 2019 £
Group		
Financial assets measured at amortised cost	10,943,897	6,926,418
Financial liabilities measured at amortised cost	<u>(11,919,092)</u>	<u>(12,148,680)</u>
	2020 £	2019 £
Company		
Financial assets measured at amortised cost	6,290,487	4,770,354
Financial liabilities measured at amortised cost	<u>(9,075,665)</u>	<u>(8,753,476)</u>

Included within Financial instruments held at amortised cost are trade receivables, other receivables, accrued income, cash at bank, finance leases, trade payables, amounts due and owed to related parties, other payables and accruals.

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22. Analysis of movement in net funds

Group

	1 January 2020 £	Cash flows £	New finance leases £	Other non- cash changes £	31 December 2020 £
Cash and cash equivalent	4,749,416	4,380,910	-	-	9,130,326
Lease liabilities	(788,582)	287,624	(645,059)	-	(1,146,017)
Net funds	3,960,834	4,668,534	(645,059)	-	7,984,309

Company

	1 January 2020 £	Cash flows £	New finance leases £	Other non- cash changes £	31 December 2020 £
Cash and cash equivalent	1,553,613	2,994,999	-	-	4,548,612
Lease liabilities	(788,582)	287,624	(645,059)	-	(1,146,017)
Net funds	765,031	3,282,623	(645,059)	-	3,402,595

23. Contingent liabilities

TerraQuest Solutions Limited and the other companies in the group headed by Mears Group PLC have entered into a Composite Accounting Agreement with the bank, whereby each company has provided a guarantee to the bank and, under the terms of the guarantees, the bank is authorised to allow set-off for interest purposes and in certain circumstances to set-off debit and credit balances within the Composite Accounting System. The bank has a fixed and floating charge over the assets of TerraQuest Solutions Limited and PortalPlanQuest Limited in respect of this arrangement.

As at year end TerraQuest Solutions Limited are no longer part of the group headed by Mears Group PLC, and as such have agreed with the bank that they will be withdrawing from the Composite Accounting Agreement from 9th July 2021.

Glas Trust Corporation Limited acting as Trustee for the lenders to the group has registered a fixed and floating charge over all of the assets of TerraQuest Solutions Limited, after the year end, as of 22nd January 2021 as part of the security obligations undertaken in return for the group funding.

24. Pension costs

The group operates defined contribution pension schemes. The pensions charge for the year amounted to £304,196 (2019: £276,588). At 31 December 2020 there were amounts outstanding of £52,521 (2019: £58,238) in respect of contributions to the schemes.

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25. Related party transactions

During the year PortalPlanQuest Limited, a subsidiary of the company, made sales of £108,000 (2019 - £108,000) to TerraQuest Solutions Limited. PortalPlanQuest Limited made purchases of £5,221,580 (2019 - £3,575,362) from TerraQuest Solutions Limited. At the year end, TerraQuest Solutions Limited owed £163,611 to PortalPlanQuest Limited (2019 - £1,103,672 owed from PortalPlanQuest Limited to TerraQuest Solutions Limited) in respect of sales, purchases and other transactions as described above.

During the year purchases and sales were made to and from Mears Group PLC, who was the parent of TerraQuest Solutions Limited until 9th December 2020. In the period to 9th December 2020, sales of £1,116,336 were made to Mears Group PLC, and purchases of £1,173,385 were made from Mears Group PLC.

At the year end £3,220,490 was owed by the group, £3,433,490 by the company, to Mason Bidco Limited, the parent of TerraQuest Solutions Limited, in respect of loans made and expenses paid on behalf of Mason Bidco Limited.

26. Controlling party

On 9 December 2020 100% of the share capital was transferred from Mears Group PLC to Mason Bidco Limited. As at 31 December 2020 the company's immediate parent company is Mason Bidco Limited by virtue of its 100% shareholding.

The registered address of Mason Bidco Limited is 3rd Floor 1 Ashley Road, Altrincham, Cheshire, United Kingdom, WA14 2DT. The first set of accounts will be for the period from incorporation on 3 October 2020 to 31 December 2021.

As at 31 December 2020, the ultimate parent company is Mason Topco Limited. The registered address of Mason Topco Limited is 3rd Floor 1 Ashley Road, Altrincham, Cheshire, United Kingdom, WA14 2DT. The first set of accounts will be for the period from incorporation on 30 September 2020 to 31 December 2021.

Mason Topco Limited is owned by a number of shareholders and individually no shareholder is able to exert control.