

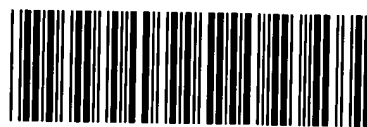
**Alcumus Holdings Limited**

**Annual report and financial statements**

**Registered number 06955372**

**For the year ended 31 December 2020**

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## Contents

Company information	1
Strategic Report	2
Directors' Report	4
Statement of Directors' responsibilities	5
<i>Independent auditor's report to the members of Alcumus Holdings Limited</i>	6
Profit and Loss Account and Other Comprehensive Income	10
Balance Sheet	11
Statement of Changes in Equity	12
Notes	13

## Company Information

### Directors

A Franklin  
M Williams  
T Jackson  
NW Rosenberg

### Secretary

Mrs Suzie Chetri

### Registered office

Axys House  
Heol Crochendy, Parc Nantgarw  
Cardiff  
CF15 7TW

### Registered number

06955372 (England and Wales)

### Auditor

KPMG LLP  
3 Assembly Square  
Britannia Quay  
Cardiff  
CF10 4AX

### Bankers

HSBC Bank plc  
Level 7  
Thames Tower  
Reading  
RG1 1LX

NatWest  
250 Bishopsgate  
London  
EC2M 4AA

CEDL III S.ă.r.l./CEDL III (Levered) S.ă.r.l., CEDL SMA S.ă.r.l., CEDL I S.ă.r.l.  
51 Avenue John F Kennedy  
L-1855 Luxembourg

## Strategic Report

The Directors present their strategic report of Alcumus Holdings Limited ("the company") for the year ended 31 December 2020.

### Business review and key performance indicators

As an intermediate holding company no trading revenue was generated. A review of the company's operations is not relevant in isolation of a review of the operations of the Alcumus group to which it belongs ("the group"), which is set out in the consolidated financial statements of Alcumus Group Limited. Administrative expenses are mainly payroll related.

The loss before tax was £11,169,319 (2019: loss of £14,686,078). Net liabilities at 31 December 2020 were £82,529,564 (2019: £71,362,014). Net current liabilities were £35,477,940 (2019: £14,461,525). The financial statements have been prepared on a going concern basis for reasons set out in note 1 to the financial statements.

In November 2020, Alcumus reorganised its UK operations from a product-centric organisational design to one that is customer-centric. There are now just two UK divisions - one focused on Small & Medium-sized customers and the other focused on large Enterprise customers. This is a very important step towards unlocking the potential to cross-sell our products and ensuring that our propositions are tailored to the specific needs of our customers.

Banyard Solutions, which was acquired in June, has been fully integrated into the UK Enterprise division and has added a market-leading Permit To Work and Control of Work offering to Alcumus's existing world-class software solutions aimed at large Enterprise customers.

ContractorCheck, which was also acquired halfway through the year, has been integrated into the existing eCompliance business in Canada, with the businesses combining to form a North America division under common leadership. Tyler Davey joined Alcumus in October 2020 as CEO for this North America division.

### Principal risks and uncertainties

The execution of the company's strategy is subject to several risks and uncertainties. Principal among these is a decline in the number of businesses requiring compliance or certification services in addition to adverse changes in the regulatory or commercial environment.

The Directors have considered the impact of the current COVID-19 pandemic on the business, with a particular focus on its effect on the Group's and Company's employees, customers and suppliers. The Group has adapted well, swiftly and successfully moving to remote working, and helping to support its customers through the pandemic. The Directors consider the Group to have sufficient financial resources to continue for the foreseeable future, in spite of the ongoing situation.

In mitigation of such risks, Alcumus keeps under continuous review the relevance of its products and services to the prevailing regulatory and commercial environments. These risks are also mitigated through Alcumus' strategy of multi-year subscription periods and service revenue cycles.

### Financial risk management

As a holding company, the operating risks of the company are largely related to the performance of the subsidiary companies however it is exposed to some financial risks that include the effects of changes in liquidity risk and interest rate cash flow risk.

#### *Liquidity risk*

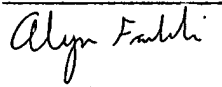
Alcumus manages liquidity across the group through regular review of cash requirements to ensure each company has sufficient available funds for operations and planned growth.

## Strategic Report *(continued)*

### *Interest rate cash flow risk*

The company has interest bearing assets but no interest-bearing liabilities. Interest bearing assets include only cash balances, all of which earn interest at variable rates.

By order of the board

A handwritten signature in black ink, reading 'Alyn Franklin', is positioned above a horizontal line.

**A Franklin**  
*Director*

21 December 2021

Axys House,  
Heol Crochendy, Parc Nantgarw,  
Cardiff  
CF15 7TW

## Directors' Report

The Directors present their annual report and the audited financial statements for Alcumus Holdings Limited ("the company") for the year ended 31 December 2020.

### Principal activities

The principal activity of the company during the year was that of an intermediate holding company within the Alcumus Group. Alcumus is a market-leading provider of technology-enabled compliance risk management and certification services, supporting both UK and International clients with their testing, inspection and certification and governance, risk and compliance strategies.

### Results and dividends

The loss for the financial year amounted to £11,167,550 (2019: £14,777,288). The Directors made payment of a dividend of £Nil (2019: £Nil).

### Directors

The Directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

A Franklin  
M Williams  
T Jackson  
NW Rosenberg

### Directors' qualifying third party indemnity provisions

Professional indemnity cover for the purposes of the Companies Act 2006 has been taken out with a reputable insurance broker. This was in force during the financial year and up to the date of signing the financial statements.

### Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



**A Franklin**  
Director

21 December 2021

Axys House,  
Heol Crochendy, Parc Nantgarw,  
Cardiff  
CF15 7TW

## **Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

### **Opinion**

We have audited the financial statements of Alcumus Holdings Limited ("the company") for the year ended 31 December 2020 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.



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

### **Fraud and breaches of laws and regulations – ability to detect**

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

#### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

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

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

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. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

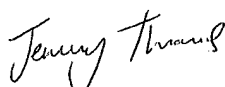
### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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.



**Jeremy Thomas (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
3 Assembly Square  
Britannia Quay  
Cardiff  
CF10 4AX

22 December 2021

**Profit and Loss Account and Other Comprehensive Income**  
*for the year ended 31 December 2020*

	<i>Note</i>	<b>2020</b> £	2019 £
<b>Turnover</b>		-	-
Cost of sales		-	-
		<hr/>	<hr/>
<b>Gross loss</b>		-	-
Administrative expenses	3	(3,816,957)	(6,133,043)
Other operating (expense)/income	4	(80,380)	7,572
		<hr/>	<hr/>
<b>Operating loss</b>		(3,897,337)	(6,125,471)
Gain on disposal of subsidiary		-	273,205
Income from shares in group undertakings		-	76,238
Interest payable and similar expenses	7	(7,305,011)	(8,918,035)
Interest receivable and similar income	8	33,029	7,985
		<hr/>	<hr/>
<b>Loss before taxation</b>		(11,169,319)	(14,686,078)
Tax on profit/(loss)	9	1,769	(91,210)
		<hr/>	<hr/>
<b>Loss for the financial year</b>		(11,167,550)	(14,777,288)
		<hr/>	<hr/>
<b>Total comprehensive expense for the year</b>		(11,167,550)	(14,777,288)
		<hr/>	<hr/>

The notes form part of these financial statements.

**Balance Sheet**  
*at 31 December 2020*

	Note	2020	2019
		£	£
<b>Fixed assets</b>			
Intangible assets	10	432,461	693,788
Tangible assets	11	3,894,662	4,480,533
Investments	12	67,585,920	54,627,570
		<hr/>	<hr/>
		71,913,043	59,801,891
<b>Current assets</b>			
Debtors	13	175,606,440	99,671,233
Cash at bank and in hand		3,249,626	4,997,063
		<hr/>	<hr/>
		178,856,066	104,668,296
Creditors: amounts falling due within one year	14	(214,334,006)	(119,129,821)
		<hr/>	<hr/>
<b>Net current liabilities</b>		(35,477,940)	(14,461,525)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		36,435,103	45,340,366
Creditors: amounts falling due after more than one year	15	(118,828,137)	(116,564,081)
Provisions	17	(136,530)	(138,299)
		<hr/>	<hr/>
<b>Net liabilities</b>		(82,529,564)	(71,362,014)
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	18	176,812	176,812
Share premium account	18	93,750	93,750
Share based payment reserve	18	92,550	92,550
Profit and loss account		(82,892,676)	(71,725,126)
		<hr/>	<hr/>
<b>Deficit on shareholder's funds</b>		(82,529,564)	(71,362,014)
		<hr/>	<hr/>

These financial statements were approved by the board of Directors on 21 December 2021 and were signed on its behalf by:

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**A Franklin**  
Director

Company registered number: 06955372

**Statement of Changes in Equity**  
*for the year ended 31 December 2020*

	<b>Called up share capital £</b>	<b>Share premium account £</b>	<b>Share based payment reserve £</b>	<b>Profit and loss account £</b>	<b>Deficit on shareholder's funds £</b>
Balance at 1 January 2019	176,812	93,750	92,550	(56,947,838)	(56,584,726)
<b>Comprehensive expense for the financial year</b>					
Loss for the financial year	-	-	-	(14,777,288)	(14,777,288)
<b>Total comprehensive expense for the financial year</b>	-	-	-	(14,777,288)	(14,777,288)
<b>At 31 December 2019</b>	<b>176,812</b>	<b>93,750</b>	<b>92,550</b>	<b>(71,725,126)</b>	<b>(71,362,014)</b>
Balance at 1 January 2020	176,812	93,750	92,550	(71,725,126)	(71,362,014)
<b>Comprehensive expense for the financial year</b>					
Loss for the financial year	-	-	-	(11,167,550)	(11,167,550)
<b>Total comprehensive expense for the financial year</b>	-	-	-	(11,167,550)	(11,167,550)
<b>At 31 December 2020</b>	<b>176,812</b>	<b>93,750</b>	<b>92,550</b>	<b>(82,892,676)</b>	<b>(82,529,564)</b>

The notes form part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Alcumus Holdings Limited (the “Company”) is a private company incorporated, domiciled and registered in England and Wales in the UK, the company’s registered number is 06955372 and the registered office address is Axys House, Heol Crochendy, Parc Nantgarw, Cardiff, CF15 7TW.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS 102”). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

The Company’s ultimate parent undertaking, Alcumus Group Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Alcumus Group Limited are available to the public and may be obtained from Axys House, Heol Crochendy, Parc Nantgarw, Cardiff, CF15 7TW. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Alcumus Group Limited include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share Based Payments* and,
- Certain disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

#### 1.2 Going concern

Notwithstanding net current liabilities of £35,477,940 and net liabilities of £82,529,564 as at 31 December 2020, and a loss of £11,167,550 for the year then ended, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company is financed by bank loans held on behalf of the Alcumus Group and by intercompany balances.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate parent company, Alcumus Group Limited, to meet its liabilities as they fall due for that period.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.2 Going concern (continued)

Those forecasts are dependent on Alcumus Group Limited not seeking repayment of the amounts currently due to the group, which at 31 December 2020 amounted to £203,432,459, and providing additional financial support during that period. Alcumus Group Limited has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The forecasts for the Alcumus group indicate that, even after taking account of reasonably possible downsides, the Group will continue its positive EBITDA performance and generate positive operating cash flows in the forthcoming financial year and for the foreseeable future. As a result, the Group is expected to remain in full compliance with its loan covenants and to be able to meet its financial obligations as they fall due.

Consequently, the directors are confident that Alcumus Group Limited has the ability to provide the support described above, and that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

#### 1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### 1.4 Basic financial instruments

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.



## Notes (continued)

### 1 Accounting policies (continued)

#### 1.4 Basic financial instruments (continued)

##### *Investments in subsidiaries*

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

#### 1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives are as follows:

- Motor vehicles 4 years
- Fixtures, fittings and equipment 3 years
- Freehold property 50 years
- Freehold improvements 3-5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

#### 1.6 Intangible assets

##### *Research and development*

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.6 Intangible assets (continued)

##### Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Capitalised development costs 3 years
- Licences, copyright and technical information 10 years

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that an intangible asset may be impaired.

#### 1.7 Impairment excluding deferred tax assets

##### Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### 1.8 Employee benefits

##### Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.9 Expenses

##### *Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### *Finance lease*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

##### *Interest receivable and Interest payable*

Interest payable and similar expenses include interest payable, finance expenses on finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Interest receivable and similar income includes interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

#### 1.10 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

#### 1.11 Related party transactions

The company has taken advantage of the exemption under FRS 102 from disclosing transactions with members of the same group that are wholly owned.

## Notes (continued)

### 2 Judgements in applying accounting policies and key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### *Impairment of debtors*

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

#### *Impairment of investments*

The company makes an estimate of the recoverable value of investments. When assessing impairment of investments, management considers factors including the underlying performance of the subsidiary.

#### *Intangible assets*

The company exercises judgement to determine useful lives and residual values of intangible fixed assets. The assets are amortised down to their residual values over their estimated useful lives.

### 3 Expenses and auditor's remuneration

Included in operating loss are the following:

	2020 £	2019 £
Amortisation of intangible fixed assets	880,458	800,903
Depreciation of tangible fixed assets	427,333	690,578
	<u>          </u>	<u>          </u>

	2020 £	2019 £
<i>Auditor's remuneration</i>		
Audit of the company's financial statements	12,000	3,600
	<u>          </u>	<u>          </u>

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, Alcumus Group Limited.

### 4 Other operating (expense)/income

	2020 £	2019 £
(Loss)/profit on disposal of tangible fixed assets	(80,380)	7,572
	<u>          </u>	<u>          </u>

## Notes (continued)

### 5 Staff numbers and costs

Staff costs were as follows:

	2020 £	2019 £
Wages and salaries	6,007,091	5,825,686
Social Security costs	651,026	556,175
Other pension costs	198,635	188,341
	<u>6,856,752</u>	<u>6,570,202</u>

The average number of employees during the year, including the Directors, was as follows:

	2020 Number	2019 Number
Sales and marketing	29	8
Management and administration	93	114
	<u>122</u>	<u>122</u>

### 6 Directors' remuneration

Certain Directors of the company were paid by other members of the group of which the company is a member. Amounts receivable by these Directors in respect of services provided to the company were estimated to be £1,000 (2019: £1,000).

### 7 Interest payable and similar expenses

	2020 £	2019 £
Finance leases and hire purchase contracts	106,692	157,083
Interest on loan	6,347,197	8,144,902
Amortisation of deal costs	732,005	608,001
Other interest payable	119,117	8,049
	<u>7,305,011</u>	<u>8,918,035</u>

### 8 Interest receivable and similar income

	2020 £	2019 £
Bank interest receivable	8,057	7,985
Other interest receivable	24,972	-
	<u>33,029</u>	<u>7,985</u>

## Notes (continued)

### 9 Taxation

	2020 £	2019 £
<b>Current tax</b>		
UK corporation tax	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	31,615	30,976
Adjustments in respect of previous periods	(44,428)	63,495
Tax rate changes	11,044	(3,261)
<b>Total deferred tax</b>	<b>(1,769)</b>	<b>91,210</b>
<b>Total tax (all recognised in the Profit and Loss Account)</b>	<b>(1,769)</b>	<b>91,210</b>

### Reconciliation of effective tax rate

	2020 £	2019 £
Loss before tax	(11,169,319)	(14,686,078)
Tax using the UK corporation tax of 19% (2019: 19%)	(2,122,171)	(2,790,355)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	79,409	327,511
Adjustments in respect of previous periods	(44,428)	63,495
Income not taxable for tax purposes	-	(14,485)
Fixed asset differences	48,345	75,792
Remeasurement of deferred tax for changes in tax rates	11,044	(3,261)
Group relief surrendered without payment	2,026,032	2,551,073
Additional reduction for R&D expenditure	-	(118,560)
<b>Total tax</b>	<b>(1,769)</b>	<b>91,210</b>

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020. This change was substantively enacted on 17 March 2020, and the UK deferred tax balance as at 31 December 2020 has been calculated based on this rate. In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will increase the company's future current tax and deferred tax balances accordingly.

## Notes (continued)

### 10 Intangible assets

	Development costs £	Licences, copyright and technical information £	Total £
<b>Cost or valuation</b>			
At 1 January 2020	2,586,262	21,454	2,607,716
Additions	3,700,036	-	3,700,036
Disposals (to other group companies)	(3,680,471)	-	(3,680,471)
<b>At 31 December 2020</b>	<b>2,605,827</b>	<b>21,454</b>	<b>2,627,281</b>
<b>Accumulated amortisation</b>			
At 1 January 2020	1,903,873	10,055	1,913,928
Charge for the year	875,127	5,331	880,458
Disposals (to other group companies)	(599,566)	-	(599,566)
<b>At 31 December 2020</b>	<b>2,179,434</b>	<b>15,386</b>	<b>2,194,820</b>
<b>Net book value</b>			
At 31 December 2020	426,393	6,068	432,461
At 31 December 2019	682,389	11,399	693,788

### 11 Tangible assets

	Freehold property £	Freehold improvements £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
<b>Cost</b>					
At 1 January 2020	3,300,000	929,288	686,978	1,447,829	6,364,095
Additions	-	5,501	-	244,504	250,005
Disposals	-	-	(632,752)	-	(632,752)
<b>At 31 December 2020</b>	<b>3,300,000</b>	<b>934,789</b>	<b>54,226</b>	<b>1,692,333</b>	<b>5,981,348</b>
<b>Accumulated depreciation</b>					
At 1 January 2020	188,496	490,754	232,428	971,884	1,883,562
Charge for the year	66,000	80,528	42,100	238,705	427,333
Disposals	-	-	(224,209)	-	(224,209)
<b>At 31 December 2020</b>	<b>254,496</b>	<b>571,282</b>	<b>50,319</b>	<b>1,210,589</b>	<b>2,086,686</b>
<b>Net book value</b>					
At 31 December 2020	3,045,504	363,507	3,907	481,744	3,894,662
At 31 December 2019	3,111,504	438,534	454,550	475,945	4,480,533

## Notes (continued)

### 11 Tangible assets (continued)

#### Leased tangible assets

At 31 December 2020 the depreciation charge in the period and net carrying amount of assets leased under a finance lease was as follows:

#### Group

	2020 Depreciation £	2019 Depreciation £	2020 Net book value £	2019 Net book value £
Motor vehicles	42,100	173,607	3,907	454,550
Fixtures & Fittings	29,787	33,612	21,569	51,106
	<u>71,887</u>	<u>207,219</u>	<u>25,476</u>	<u>505,656</u>

### 12 Fixed asset investments

The following were 100% subsidiary undertakings of the company at the year end:

Name	Registered office	Class of shares	Principal activity
Alcumus Sypol Limited (direct)	Note 1	Ordinary	Software
Alcumus Info Exchange Ltd (direct)	Note 1	Ordinary	Software
Alcumus ISOQAR Ltd (direct)	Note 1	Ordinary	Certification services
Alcumus PSM Ltd (direct)	Note 1	Ordinary	Accreditation
Alcumus Safecontractor Limited (direct)	Note 1	Ordinary	Accreditation
eCompliance Management Solutions Inc	Note 2	Ordinary	Software
Alcumus ContractorCheck Inc	Note 2	Ordinary	Accreditation
Banyard Solutions Ltd	Note 1	Ordinary	Accreditation
Alcumus Banyard Holdings Ltd	Note 1	Ordinary	Accreditation

Note 1) The registered office address of these entities is Axys House, Heol Crochendy, Parc Nantgarw, Cardiff, CF15 7TW.

Note 2) The registered office address of this entity is 111 Queen Street East, Toronto, Ontario, M5C 1S2, Canada.



## Notes (continued)

### 12 Fixed asset investments (continued)

	Investments in subsidiary companies £
<b>Cost and net book value</b>	
At 1 January 2020	54,627,570
Acquisition	12,958,350
	<hr/>
At 31 December 2020	67,585,920
	<hr/> <hr/>

On 30 June 2020, the Company acquired 100% of the ordinary share capital of Alcumus Banyard Holdings Limited (previously known as Azure Group Holdings Limited) for total consideration of £3,531,890, including professional fees of £221,018 and loan notes of £1,000,000 which sit in Alcumus Midco Limited.

On 30 June 2020, Alcumus ContractorCheck Inc, a newly incorporated subsidiary of Alcumus Group Limited, acquired the trade and assets of ContractorCheck for total consideration of £9,426,460 including professional fees of £463,720.

### 13 Debtors

	2020 £	2019 £
Trade debtors	368,214	436,612
Amounts owed by group undertakings	168,839,933	97,052,773
Other debtors	1,177,648	1,128,761
Corporation tax	-	255,954
Amounts owed by group undertakings – other	4,529,976	-
Prepayments and accrued income	690,669	797,133
	<hr/>	<hr/>
	175,606,440	99,671,233
	<hr/> <hr/>	<hr/> <hr/>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Amounts owed by group undertakings – other reflects amounts owed by fellow subsidiaries in relation to VAT payments made by the company on their behalf.

## Notes (continued)

### 14 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	812,973	554,177
Amounts owed to group undertakings	204,432,459	116,443,469
Other taxation and social security	-	401,810
Obligations under finance leases	436,826	608,848
Other creditors	6,101,734	200,782
Corporation Tax	14,570	-
Accruals	2,535,444	920,735
	<u>214,334,006</u>	<u>119,129,821</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

### 15 Creditors: amounts falling due after more than one year

	2020 £	2019 £
Shares classified as debt	21,250	21,250
Bank loans	117,932,011	115,470,553
Obligations under finance leases	874,876	1,072,278
	<u>118,828,137</u>	<u>116,564,081</u>

Bank loans are stated net of unamortised issue costs of £3,814,219 (2019: £4,529,447).

There was a £120.0 million term loan facility in place at 31 December 2020. The bank loans outstanding at 31 December 2020 are due for repayment in full as follows:

- £90.0 million term loan facility, due 17 December 2025. Interest is charged at LIBOR plus 7% margin.
- £30.0 million term loan facility, due 17 June 2025. Interest is charged at LIBOR plus 2.75% margin.

There was a £120,000,000 term loan facility in place for the Company at 31 December 2019. Interest totalling £1,746,230 due in 2020 was capitalised, thus increasing the facility to £121,746,230 in the year.

### 16 Hire purchase and finance leases

	2020 £	2019 £
Minimum lease payments under hire purchase fall due as follows:		
Within one year	436,826	608,848
Between 1-2 years	319,113	397,233
Between 2-5 years	555,763	675,045
	<u>1,311,702</u>	<u>1,681,126</u>

The obligations under finance leases and hire purchase contracts are secured on the related assets which are held in specific group entities. All lease obligations in relation to the group are now held in Alcumus Holdings Limited.

## Notes (continued)

### 17 Deferred taxation

	Deferred taxation (asset)/liability £
At 1 January 2020	138,299
Credited to the profit and loss account	(1,769)
	<hr/>
<b>At 31 December 2020</b>	<b>136,530</b>
	<hr/> <hr/>

The deferred tax balance is made up as follows:

	2020 £	2019 £
Losses	(12,951)	(11,587)
Accelerated capital allowances	157,050	156,659
Short term temporary differences	(7,569)	(6,773)
	<hr/>	<hr/>
Deferred tax liability/(asset)	<b>136,530</b>	<b>138,299</b>
	<hr/> <hr/>	<hr/> <hr/>

### 18 Capital and reserves

	2020 £	2019 £
<i>Called up share capital</i>		
<b>Allotted, called up and fully paid</b>		
187,500 (2019: 187,500) "A class" ordinary shares of £0.50 each	93,750	93,750
32,500 (2019: 32,500) "B class" ordinary shares of £1 each	32,500	32,500
8,750 (2019: 8,750) "C class" ordinary shares of £1 each	8,750	8,750
6,250 (2019: 6,250) "D class" ordinary shares of £1 each	6,250	6,250
15,000 (2019: 15,000) "E class" ordinary shares of £0.50 each	7,500	7,500
35,000 (2019: 35,000) "G class" ordinary shares of £0.50 each	17,500	17,500
10,425 (2019: 10,425) "H class" ordinary shares of £1 each	10,425	10,425
13,705 (2019: 13,705) "I class" ordinary shares of £0.01 each	137	137
	<hr/>	<hr/>
	<b>176,812</b>	<b>176,812</b>
	<hr/> <hr/>	<hr/> <hr/>

"A class" 50p ordinary shares receive one vote each and rank pari passu with classes B, C, D, E and H, for dividends and rights to capital on liquidation. Only "A class" ordinary shares receive a vote during a Default Period, as defined by the company's Articles of Association.

"B class", "C class" and "H class" £1 ordinary shares receive one vote each and rank pari passu with classes A, D and E for dividends and rights to capital on liquidation.

"D class" and "E class" ordinary shares receive no vote and rank pari passu with classes A, B, C and H for dividends and rights to capital on liquidation.

"G class" 50p deferred shares receive no vote and have no rights to dividends or rights to capital on liquidation, other than return of the initial investment.

"I class" £0.01 ordinary shares receive one vote each and have no rights to dividends. In the event of a return of capital upon liquidation or otherwise the holders of "I class" ordinary shares are entitled to receive up to 5% of the amount available for distribution, in preference to the rights to capital of other share classes, subject to the amount available for distribution exceeding certain threshold amounts as defined in the company's articles of association.

## Notes (continued)

### 18 Capital and reserves (continued)

#### Share premium account

The share premium account represents amounts received on the issue of share capital in excess of the nominal value of share capital, less any costs incurred as a result of the issue.

#### Share based payment reserve

The share based reserve represents accumulated costs of share based payments recorded in the Statement of Comprehensive Income but which do not result in a liability and so are added back in reserves.

### 19 Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	2020 £	2019 £
Less than one year	-	20,000
Between one and five years	-	-
	<hr/>	<hr/>
	-	20,000
	<hr/>	<hr/>

During the year, there were no expenses recognised in respect of operating leases (2019: £20,000).

### 20 Parent undertaking and controlling party

The immediate parent undertaking is Alcumus Bidco Limited, a company incorporated in the United Kingdom. The ultimate parent undertaking is Alcumus Group Limited, which is the only group to consolidate these financial statements. The consolidated financial statements of Alcumus Group Limited can be obtained from Axys House, Heol Crochendy, Parc Nantgarw, Cardiff, CF15 7TW.

The Directors do not consider there to be an ultimate controlling party. Funds managed by Inflexion Equity Partners LLP have an economic interest of 80% in the equity share capital of Alcumus Group Limited as at 31 December 2020.