

THE TESTING GROUP LTD.  
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Company registered no: 11623468

Project C Topco Limited  
Annual report and financial statements  
for the period ended 31 March 2020



## **Project C Topco Limited**

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# **Project C Topco Limited**

## **Board of directors and advisers**

### **Officers and professional advisors**

#### **Directors**

M Silver	Chairman
P D Eglinton	Chief Executive
S W Humphrey	Finance Director
A J Dickin	
R C Thomas	

#### **Company number**

11623468

#### **Registered office**

3 Boundary Court  
Willow Farm Business Park  
Castle Donington  
Derby  
DE74 2UD

#### **Website**

[www.cet-uk.com](http://www.cet-uk.com)

#### **Bankers**

Clydesdale Bank Plc

#### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Donington Court  
Pegasus Business Park  
Castle Donington  
East Midlands  
DE74 2UZ

## Project C Topco Limited

### Strategic report for the period ended 31 March 2020

The directors present their strategic report for the period from incorporation on 15 October 2018.

On 23 November 2018, the company's subsidiary Project C Bidco Limited, acquired CET Group Holdings Limited. This was financed through private equity investment, management equity, shareholder loan notes and new bank loans. The new funding allowed existing loans to the previous shareholders to be repaid in full.

#### Principal activities

Following the acquisition on 23 November 2018 noted above, the company is now a holding company of a trading group which has two core activities - Infrastructure and Property Assurance. The group was restructured on 30 June 2019 such that these activities are now exclusively provided by separate legal entities in the group.

The **Infrastructure** business provides specialist testing and other services to the UK construction industry. Testing, monitoring, calibration and surveying services are delivered both on-site and off-site by a team of highly qualified technicians and in-house consultants. These activities are carried out by Construction Testing Solutions Limited.

**Property Assurance** provides services to property insurance markets including 24/7 home emergency response, underground services surveys, mapping and repairs, subsidence investigations including crack and level monitoring and building repair response. These activities are carried out by CET Structures Ltd.

#### Results and key performance indicators

The financial position of the group and company is shown on pages 14 and 15.

As this is the first period of accounts to be presented by the company the results relate to an extended period of trading from 23 November 2018 to 31 March 2020 and include no comparative financial information. The group accounts for the year ended 31 March 2019 were prepared for the previous holding company, CET Group Holdings Limited. Therefore, in order to illustrate the financial performance of the group, the directors present the following table in respect of group trading:

	Financial statements	Less pre- March 2019	Proforma year ended March 2020	Year ended March 2019
	£'000	£'000	£'000	£'000
Turnover	67,793	(17,754)	50,039	44,667
Gross profit	24,766	(6,331)	18,435	16,225
Operating profit before goodwill	4,071	(1,486)	2,585	3,184
Depreciation and software amortisation	1,941	(369)	1,571	647
Exceptional and non-recurring costs	911	107	1,018	1,081
<b>Underlying EBITDA</b>	<b>6,922</b>	<b>(1,748)</b>	<b>5,174</b>	<b>4,912</b>
Property Assurance			2,150	2,051
Infrastructure			3,658	3,440
Group overhead			(634)	(579)
<b>Underlying EBITDA</b>			<b>5,174</b>	<b>4,912</b>
Gross margin - % of turnover	36.5%	35.7%	36.8%	36.3%
Underlying EBITDA margin - % of turnover	10.2%	9.8%	10.3%	11.0%

## **Project C Topco Limited**

### **Strategic report for the period ended 31 March 2020 (continued)**

#### *Financial performance*

The key performance indicator used by the directors to measure the underlying performance of the group is earnings before interest, tax, depreciation, amortisation, exceptional items and other non-recurring items ('underlying EBITDA'). Underlying EBITDA for the period from the acquisition of CET Group Holdings Limited on 23 November 2018 to 31 March 2020 amounted to £6.9m. On an annualised basis for the year to 31 March 2020 this amounted to £5.2m, compared to £4.9m in the previous year. Gross margins have been broadly consistent at group level throughout the period and in comparison to the prior year.

The impact of the Covid-19 pandemic on these results is estimated to be in the range of £0.3m to £0.4m, as the UK lockdown period commenced towards the end of the financial year. The impact was most significant in the Infrastructure business with restricted construction site access and delayed contracts. In the Property Assurance business, the largest activity, Home Emergency claims management was largely unaffected as the company seamlessly moved its call centre activity to home-working. Investment in the previous 18 months in industry leading technology was key in making this happen. Underlying annualised EBITDA for Property Assurance was £2.2m a small increase year on year, with a similar position in the Infrastructure business which saw an increase in underlying EBITDA from £3.4m to £3.6m.

Exceptional items principally related to acquisitions and their integration or potential transactions together with other initiatives designed to separate operations in two focussed subsidiaries for property assurance and testing respectively including investment in external consultancy input to improve efficiency. This includes professional and consultancy costs. Non-recurring costs largely comprise staff severance and settlement payments arising from strategic changes and short-term interim costs to manage changes.

#### *Acquisitions*

In February 2019 the group acquired the trade and assets of a smaller testing business, Enverity, and in August 2019 acquired a further testing business, Esseltest Limited. Both acquisitions have been successfully integrated into the Infrastructure business and will provide a platform for future growth.

#### *Outlook*

Construction and the fulfilment of insurance claims were both permitted activities during the UK lockdown period following the Covid-19 pandemic and as such the group's core activities in Infrastructure and Property Assurance were able to continue trading. There were lower levels of trading in the infrastructure with activity (initially at around 70% of expectation) but this has increased on a monthly basis and the business is now operating at close to prior year levels in most of its key regions. Some of the Property Assurance activities were impacted in the first quarter of the new financial year but these have now returned to near normal levels. The Home Emergency business has been least impacted as noted above.

Notwithstanding the Covid-19 position, with long term relationships established in both the insurance and construction industries and with an expectation of reasonable market conditions in both segments for the foreseeable future, the Directors remain confident over future growth opportunities for the group.

## **Project C Topco Limited**

### **Strategic report for the period ended 31 March 2020 (continued)**

#### *Cash flow and indebtedness*

Net cash inflow from operating activities amounted to £7.3m in the period (which is after the exceptional costs of £1.0m). This compares to an underlying EBITDA as noted above of £6.9m. The directors are pleased to report an operating cashflow of 105% of EBITDA which underlines the positivity of the group's cash position ahead of the period most impacted by the Covid-19 pandemic.

Net investment in capital expenditure in the period amounted to £2.3m, including £1.1m of software development costs primarily related to the group's job management application "Simplifi" for use in the Property Assurance business. As noted previously, this technology has been key in enabling the seamless operation of the group's Home Emergency activities during the Covid-19 pandemic. Additionally, during the period, £1.5m of new vehicles were financed by hire purchase contracts and a further £0.6m was spent on two small acquisitions in the Infrastructure business. In terms of the acquisition of CET Group Holdings Limited, the inflow of new funding and repayment of previous shareholder loans are included in the cashflow statement. Towards the end of the period and in order to improve liquidity at the onset of the pandemic, the group drew down £2m of funds under its revolving credit facility, which subsequent to the period end has been repaid.

The cash balances were £4.6m at the period end, which the directors consider a strong position of liquidity at a time when the impact of Covid-19 on the business was not known.

#### **Principal risks and uncertainties**

The principal external uncertainties facing the group as well as the overall economic environment are:

Infrastructure division - levels of Government infrastructure spending. The Directors believe this risk is mitigated by published Government infrastructure spending plans and a strong order book.

Property Assurance division – impact of unusual weather patterns adversely affecting activities in certain service areas. The Directors believe this risk is mitigated by the budget assumption of no major storms in the sales numbers and by growth in recent years of revenues such as Home Emergency that directly benefit from unusual weather. This trend is expected to continue. In addition, by strategically positioning higher up the supply chain to be closer to the ultimate clients CET can better control, anticipate and therefore better manage both relationships and seasonal trading peaks and troughs.

The Covid-19 pandemic has severely impacted the overall UK and global economy although the activities of the group have continued to be required as it delivers core services including the provision of home emergency services and support services to the construction industry. The impact of the pandemic has been outlined earlier in the report.

The directors have considered the risks around the UK exit from the European Union and believe the group should not face a significant adverse impact. The group does not have import or export business and insurance claims volumes are not linked to economic activity. The group has not noted any reduction in construction activity in the markets in which it operates over uncertainty specifically due to Brexit.

Our Business Assurance Manager, reporting directly to the Chief Executive, assists in managing and mitigating the effects of operational risks within the businesses. A risk matrix is maintained and updated by the executive management of the business and which is considered by the board on a regular basis.

## **Project C Topco Limited**

### **Strategic report for the period ended 31 March 2020 (continued)**

#### **The Directors' duties**

The directors of the company, as for all UK companies, must act in accordance with the general duties set out in section 172 of the Companies Act 2006. This is summarised as follows:

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term,
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers and others,
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the company.

#### **Strategic decisions**

As noted earlier in this report the group operates in two business areas and the strategic decision was taken for separate subsidiaries to concentrate on the respective activities. This was to provide a focused platform for further organic and acquisitive growth. The group has continued to strategically invest in technology and its claims management system "Simplifi" is fast being recognised as a leader in its field. At the outset of the Covid pandemic the group was able to seamlessly move its call centre operations to homeworking ahead of the announced lockdown as a result its technological innovation.

#### **Our employees**

Employees are essential to the group's interaction with other stakeholders and their individual commitment ensures successful trading and development of the business. We invest in employees through both training, remuneration and team initiatives. Assessing health and safety for employees has been paramount in the Covid-19 outbreak as well as those who employees come into contact with and has guided the actions taken including significant home working and related office restrictions.

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

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

As directors, we are committed to promoting a culture mental health awareness and wellbeing amongst its employees. This includes the appointment and training of a mental health first aid team, subscription to various assistance services and fund-raising initiatives for mental health charities. During the year we won an award for best employee engagement initiative from a major customer, based on our investment in Mental Health Awareness.

## **Project C Topco Limited**

### **Strategic report for the period ended 31 March 2020 (continued)**

#### ***Business relationships***

Customer relationships and high standards of service are key to maintaining and growing the group's business. The group has a broad customer base and seeks to provide the right range of products and services to aid customer efficiencies and to support the customer operations and as a result benefit the group from growing sales. Ongoing communication occurs through the sales and operational teams, and through the company websites and email.

Suppliers are key to the business in respect of supporting operations, ensuring business continuity and that the quality of delivery is maintained. There is regular communication with major suppliers and agreements are in place to incentivise efficiency for supplier and the group and the group policy is to consistently meet payment terms. The group monitors its supplier base in order to maintain continuity and mitigate any potential supply risks which could arise in the present pandemic or from future changes.

#### ***Shareholders***

The group is controlled by Palatine Private Equity with a stake held by the directors and senior Management. The directors have monthly meetings with the shareholders and regular informal contact on all matters of significance as and when they arise. The shareholders monitor and have oversight of annual plans, budgets, initiatives and longer-term plans and the directors are party to an investor agreement with the group.

#### ***Community and environment***

The group both promotes and encourages engagement with and employee involvement in community and charitable projects. During the year this has included raising money for mental health charities, supporting the local children's hospital and providing Christmas gifts for distribution by local charities.

The group is a strong advocate of its environment responsibilities in terms of reduction of waste, monitoring energy usage and taking measure to reduce its carbon footprint. It has long been a holder of ISO 14001 regarding its environmental management system.

This report was approved by the board on 12 October 2020 and signed on its behalf.



**Peter Eglinton**  
Chief Executive



**Stephen Humphrey**  
Finance Director



## **Project C Topco Limited**

### **Directors' report for the period ended 31 March 2020**

The directors present their report and the audited consolidated financial statements for the period ended 31 March 2020. The company was incorporated on 15 October 2018.

#### **Directors**

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

P D Eglinton (appointed 23 November 2018)  
S W Humphrey (appointed 23 November 2018)  
A J Dickin (appointed 29 October 2018)  
R C Thomas (appointed 29 October 2018)  
M Silver (appointed 17 April 2019)  
M R Hughes (appointed 15 October 2018, resigned 29 October 2018)

#### **Dividends**

The directors do not recommend the payment of a dividend.

#### **Strategic report**

The following items have been included within the strategic report on pages 2 to 5:

- Principal activities
- Results
- Business review
- Future developments
- Key performance indicators
- Principal risks and uncertainties
- The directors' duties under s172 of the Companies Act including those relating to employees and other group stakeholders

#### **Financial risk management**

The group's operations expose it to a variety of financial risks that include the effects of changes in liquidity, interest rate and credit risk. The group has in place risk management processes that seek to limit the adverse effects on the financial performance of the group.

*Interest rate risk:* In order to ensure stability of cash flows and hence manage interest rate risk, the group will periodically investigate the hedging of interest rates. As the majority of interest on the external funding in the parent companies can be rolled up there are currently none in place.

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

*Liquidity risk:* The group uses long-term finance and rolled up interest arrangements together with bank facilities that are designed to ensure the group has sufficient available funds for operations and planned expansions.

#### **Directors' indemnities**

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

## **Project C Topco Limited**

### **Directors' report for the period ended 31 March 2020 (continued)**

#### **Going concern**

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

The Group made an operating profit of £4.1m before goodwill amortisation for the period ended 31 March 2020, had net current assets of £1.25m (including cash of £4.6m) at 31 March 2020 and net liabilities of £4.7m, including long term shareholder held debt of £24.8m, at the same date.

The Group meets its working capital requirements, and services bank debt, from cash flows generated from operations, with revolving banking facilities of £2m also available. The bank debt facilities include a loan of £4.6m repayable by quarterly instalments and an £8.5m loan repayable in full at maturity in November 2024 with interest paid quarterly. Interest can be rolled up by the Group on all shareholder debt.

In evaluating the going concern assumption, the directors have prepared cash flow forecasts for the period to 31 March 2022 and compared these, together with a range of severe but plausible sensitivities, to the available bank facilities and the related covenant requirements.

One of the banking covenants was not met at 30 June 2020 because of the impact of reduced trading in March, April and May 2020, which will continue to affect annualised financial measures included in the covenant calculations. The Group's bank waived compliance with the missed covenant test, and improved trading from June 2020 is anticipated to enable compliance with all covenants in the forecasts for future testing periods.

The Group's businesses were able to substantially continue operating during the full lockdown, with continuing demand for property assurance services and, to a lesser extent, infrastructure construction activity. The businesses returned to near capacity when measures were eased, which gives the directors confidence that a significant degree of fluctuation and local lock downs can be managed and will not result in a major decline in turnover, EBITDA or cash. The sensitivities applied to the forecasts demonstrate sufficient covenant headroom and a number of actions within the control of directors, including repaying debt, which can further increase the headroom or mitigate any declines. In addition, the directors are confident the bank will continue to support the Group, noting that the facilities also allow for shareholders to provide additional equity or mezzanine loan injections to remedy covenant breaches, in the event that they may be required.

After consideration of the forecasts and sensitivities and the range of support available, the directors conclude the level of uncertainty connected with the ongoing Covid-19 pandemic is not significant. As a result, the directors have a reasonable expectation that the Group and company will be able to continue to meet its liabilities as they fall due for the foreseeable future and it is therefore appropriate to prepare the financial statements on a going concern basis.

## Project C Topco Limited

### Directors' report for the period ended 31 March 2020 (continued)

#### Streamlined energy and carbon reporting ('SECR')

This report relates to all operational locations, comprising the head office locations in Castle Donnington, other office and laboratory locations. All locations are leased. The group operates a large fleet of company vans and mileage is considered to be significant as many employees travel to site locations to carry out testing and inspection as part of infrastructure projects. There is also some more minor business mileage completed in private vehicles, for business purposes, and the cost of the fuel has been reimbursed by the company.

The group is reporting on its UK energy use for the 2019 calendar year (January to December) and the associated GHG emissions. It relates to the activities for which the group is responsible, such as the combustion of gas at group premises and the consumption of fuel for the purposes of transport, alongside the purchase of electricity by the group for its own use. The methodology for calculating the UK GHG annual emissions has been based on the GHG Protocol Corporate Standard and the government conversion factors for greenhouse gas reporting, 2019 have been used. Emissions for previous years have not been included as this is the first year of reporting. The emissions reported will form the baseline for future comparisons.

Data has been obtained from both physical meter readings and financial records, with gas and electricity consumption obtained from invoices. Mileage from the fleet of company vehicles is recorded via a telemetry system that is in place. Business mileage in private vehicles has been calculated through expense claims.

SECR reporting area	Year ended 31 December 2019
Emissions from activities for which the company is responsible including combustion of fuel and operation of facilities (Scope 1)/ tCO <sub>2</sub> e	5,434,999 kWh = 999.2 tonnes CO <sub>2</sub> e
Emissions from purchase of electricity, heat, steam and cooling purchased for own use (Scope 2)/ tCO <sub>2</sub> e	193,986 kWh = 366 tonnes CO <sub>2</sub> e
Emissions from combustion of vehicle fuel for transport purposes (Scope 1)/ tCO <sub>2</sub> e	5,183,698 kWh = 2,377.6 tonnes CO <sub>2</sub> e
Total gross emissions (Scope 1 and 2)/ tCO <sub>2</sub> e	3,743 tonnes CO <sub>2</sub> e
Intensity ratio: tCO <sub>2</sub> e based on £m of revenue	74.4 tonnes per £m of group revenue

The group's strategic aim is to build sales and revenue through increased delivery of its services. Therefore it is anticipated that there may be an increase in absolute energy consumption and to ensure that energy efficiency is being managed, the intensity ratio is based on £mn revenue.

Energy efficiency measures have been implemented with communications issued to employees to encourage energy efficient behaviours. This includes:

- Shut down procedures at the end of each day and prohibiting idling of vehicles.
- A review of the fleet has been completed on the tyre pressures to ensure they are achieving the lowest emissions possible.
- Tyre gauges and pumps are made available to ensure that the appropriate tyre pressure is maintained by the workforce.
- All vehicles are Euro 6 standard
- The group has a fleet telemetry system in place for all its fleet.

The telemetry system also includes a CO<sub>2</sub> programme that tracks driver and vehicle performance to calculate carbon emissions. The system is certified by The Energy Saving Trust and provides details on how to improve environmental performance and reduce carbon footprint. In 2019 the Group achieved Gold Certification for reducing CO<sub>2</sub> emissions in the year and the group expects further progress to report in the current year.

## Project C Topco Limited

### Directors' report for the period ended 31 March 2020 (continued)

#### Statement of directors' responsibilities in respect of the financial statements

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

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, *subject to any material departures disclosed and explained in the financial statements*;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are also responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

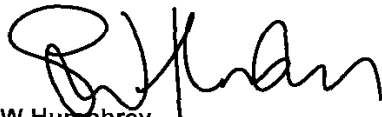
In the case of each director in office at the date the Directors' Report is approved:

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

#### Auditors

PricewaterhouseCoopers LLP were appointed as the first auditors of the company and continue in office under section 487 of the Companies Act 2006.

This report was approved by the board on 12 October 2020 and signed on its behalf.



S W Humphrey  
Director and Company Secretary

# Project C Topco Limited

## Independent auditors' report to the members of Project C Topco Limited

### Report on the audit of the financial statements

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#### Opinion

In our opinion, Project C Topco Limited's group financial statements and parent company financial statements (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 March 2020 and of the group's loss and cash flows for the 17 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and Financial Statements (the "Annual Report"), which comprise: the consolidated and company statements of financial position as at 31 March 2020, the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated and company statements of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and parent company's ability to continue as a going concern.

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#### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

## Project C Topco Limited

### Independent auditors' report to the members of Project C Topco Limited (continued)

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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#### **Responsibilities for the financial statements and the audit**

##### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements set out on page 10, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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

##### *Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

##### *Use of this report*

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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#### **Other required reporting**

##### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.

*Matt Palmer*

Matt Palmer (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
East Midlands, 12 October 2020

## Project C Topco Limited

### Consolidated statement of comprehensive income for the period ended 31 March 2020

	Note	2020 £'000
Turnover	5	67,793
Cost of sales		<u>(43,027)</u>
Gross profit		24,766
Administrative expenses		<u>(20,695)</u>
Operating profit before goodwill amortisation		4,071
Goodwill amortisation		<u>(4,127)</u>
Operating loss	6	(56)
Interest payable and similar charges	7	<u>(4,667)</u>
Loss before taxation		(4,723)
Tax on loss	10	<u>(535)</u>
Loss and total comprehensive expense for the financial period		<u>(5,258)</u>

The results relate to the period from incorporation on 15 October 2018 to 31 March 2020 with trading commencing on 23 November 2018.

All activity relates to acquired continuing operations.

The notes on pages 18 to 33 form part of these financial statements.

## Project C Topco Limited

### Consolidated statement of financial position as at 31 March 2020

	Note	2020 £'000
<b>Fixed assets</b>		
Intangible assets	12	28,193
Tangible assets	13	<u>3,486</u>
		31,679
<b>Current assets</b>		
Debtors	15	8,970
Cash at bank and in hand		<u>4,637</u>
		13,607
<b>Creditors: amounts falling due within one year</b>	16	<u>(12,356)</u>
<b>Net current assets</b>		1,251
<b>Total assets less current liabilities</b>		32,930
<b>Creditors: amounts falling due after more than one year</b>	17	(37,339)
<b>Provisions for liabilities</b>	18	<u>(294)</u>
<b>Net liabilities</b>		<u>(4,703)</u>
<b>Capital and reserves</b>		
Called up share capital	20	10
Share premium account		545
Profit and loss account	21	<u>(5,258)</u>
<b>Total shareholders' deficit</b>		<u>(4,703)</u>

The financial statements on pages 13 to 33 were approved by the board of directors on 12 October 2020 and signed on its behalf by:

  
**P D Eglinton**  
Chief Executive

  
**S W Humphrey**  
Finance Director

The notes on pages 18 to 33 form part of these financial statements.

**Registered number: 11623468**



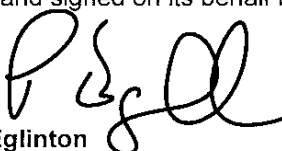
## Project C Topco Limited

### Company statement of financial position as at 31 March 2020

	Note	2020 £'000
<b>Fixed assets</b>		
Investments	14	<u>535</u>
<b>Current assets</b>		
Debtors	15	20
Cash at bank and in hand		<u>-</u>
		20
<b>Creditors: amounts falling due within one year</b>	16	<u>-</u>
<b>Net current assets</b>		<u>20</u>
<b>Total assets less current liabilities</b>		<u>555</u>
<b>Net assets</b>		<u>555</u>
<b>Capital and reserves</b>		
Called up share capital	20	10
Share premium account		545
Profit and loss account	21	<u>-</u>
<b>Total equity</b>		<u>555</u>

Under Section 408 of the Companies Act 2006 the parent company is exempt from the requirement to present its own statement of comprehensive income. The result for the financial period, of the parent company, as approved by the Board, was £nil.

The financial statements on pages 13 to 33 were approved by the board of directors on 12 October 2020 and signed on its behalf by:

  
P D Eglinton  
Chief Executive

  
S W Humphrey  
Finance Director

The notes on pages 18 to 33 form part of these financial statements  
Registered number: 11623468

## Project C Topco Limited

### Consolidated statement of changes in equity for the period ended 31 March 2020

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total shareholders' deficit £'000
Issue of share capital	10	545	-	555
Loss and total comprehensive expense for the financial period	-	-	(5,258)	(5,258)
<b>Balance as at 31 March 2020</b>	<b>10</b>	<b>545</b>	<b>(5,258)</b>	<b>(4,703)</b>

### Company statement of changes in equity for the period ended 31 March 2020

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
Issue of share capital	10	545	-	555
Result and total comprehensive income for the financial period	-	-	-	-
<b>Balance as at 31 March 2020</b>	<b>10</b>	<b>545</b>	<b>-</b>	<b>555</b>

## Project C Topco Limited

### Consolidated statement of cash flows for the period ended 31 March 2020

	Note	2020 £'000
Cash inflow from operating activities	22	7,292
Taxation paid		<u>(348)</u>
<b>Net cash generated from operating activities</b>		<b>6,944</b>
<b>Cash flows from investing activities</b>		
Purchase of a business and subsidiaries (net of cash acquired)	12	(14,582)
Purchase of intangible fixed assets	12	(1,146)
Purchase of tangible fixed assets		(1,170)
Proceeds from disposal of tangible assets		<u>59</u>
<b>Net cash used in investing activities</b>		<b>(16,839)</b>
<b>Cash flows from financing activities</b>		
Share capital issued		555
Bank loans advanced		16,000
Other loans advanced		22,173
Loan issue costs paid		(1,692)
Bank loan repayments		(2,266)
Repayment of shareholder loans		(18,257)
Repayment of preference share liabilities		(703)
Hire purchase payments		(449)
Interest paid		<u>(829)</u>
<b>Net cash from financing activities</b>		<b><u>14,532</u></b>
<b>Net increase in cash and cash equivalents at the end of the period</b>		<b><u>4,637</u></b>

Non-cash items comprise £3,327,000 of interest payable which is rolled up and not paid, the amortisation of £415,000 of loan issue costs included in interest payable and the purchase of fixed assets which is presented net of £1,546,000 funded by hire purchase agreements.

The group was acquired during the year with financing from the new parent company being utilised to repay the former shareholders' loans and accrued interest.

The notes on pages 18 to 33 form part of these financial statements.

## **Project C Topco Limited**

### **Notes to the financial statements for the period ended 31 March 2020**

**1. General information**

The company is a holding company for a group which provides a range of specialist outsourcing services to the insurance and construction industries including home emergency response, claims management, *subsidence investigations and drainage services (comprising the Property Assurance division)* and materials testing, environmental and geotechnical investigations (comprising the Infrastructure division). The company is a private company limited by shares and is incorporated and domiciled in the UK. The address of the registered office is 3 Boundary Court, Willow Farm Business Park, Castle Donington, Derby, DE74 2UD.

**2. Compliance statement**

The group and individual financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006. The group has adopted the December 2017 amendments to FRS102 in these financial statements.

**3. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These financial statements are the first period for which the company has reported.

These financial statements are prepared on a going concern basis, under the historical cost convention and as modified by the recognition of certain financial assets and liabilities measured at fair value.

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

**Basis of consolidation and parent company exemptions**

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings at 31 March 2020. The results of the subsidiary undertakings are included from the date that effective control passed to the company. On acquisition, all the subsidiary undertakings' assets and liabilities at that date of acquisition are recorded under purchase accounting at fair value, having regard to condition at the date of acquisition. All changes to those assets and liabilities and the resulting gains and losses that arise after the company gained control are included in the post-acquisition results. All sales and profit figures relate to external transactions only.

The company has taken the exemption available to qualifying entities within FRS102 not to prepare an entity cash flow statement.

## **Project C Topco Limited**

### **Notes to the financial statements**

### **for the period ended 31 March 2020 (continued)**

#### **3. Summary of significant accounting policies (continued)**

##### **Going concern**

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

The Group made an operating profit of £4.1m before goodwill amortisation for the period ended 31 March 2020, had net current assets of £1.25m (including cash of £4.6m) at 31 March 2020 and net liabilities of £4.7m, including long term shareholder held debt of £24.8m, at the same date.

The Group meets its working capital requirements, and services bank debt, from cash flows generated from operations, with revolving banking facilities of £2m also available. The bank debt facilities include a loan of £4.6m repayable by quarterly instalments and an £8.5m loan repayable in full at maturity in November 2024 with interest paid quarterly. Interest can be rolled up by the Group on all shareholder debt.

In evaluating the going concern assumption, the directors have prepared cash flow forecasts for the period to 31 March 2022 and compared these, together with a range of severe but plausible sensitivities, to the available bank facilities and the related covenant requirements.

One of the banking covenants was not met at 30 June 2020 because of the impact of reduced trading in March, April and May 2020, which will continue to affect annualised financial measures included in the covenant calculations. The Group's bank waived compliance with the missed covenant test, and improved trading from June 2020 is anticipated to enable compliance with all covenants in the forecasts for future testing periods.

The Group's businesses were able to substantially continue operating during the full lockdown, with continuing demand for property assurance services and, to a lesser extent, infrastructure construction activity. The businesses returned to near capacity when measures were eased, which gives the directors confidence that a significant degree of fluctuation and local lock downs can be managed and will not result in a major decline in turnover, EBITDA or cash. The sensitivities applied to the forecasts demonstrate sufficient covenant headroom and a number of actions within the control of directors, including repaying debt, which can further increase the headroom or mitigate any declines. In addition, the directors are confident the bank will continue to support the Group, noting that the facilities also allow for shareholders to provide additional equity or mezzanine loan injections to remedy covenant breaches, in the event that they may be required.

After consideration of the forecasts and sensitivities and the range of support available, the directors conclude the level of uncertainty connected with the ongoing Covid-19 pandemic is not significant. As a result, the directors have a reasonable expectation that the Group and company will be able to continue to meet its liabilities as they fall due for the foreseeable future and it is therefore appropriate to prepare the financial statements on a going concern basis.

##### **Goodwill**

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. Goodwill is being amortised through the statement of comprehensive income over a period of 3 to 20 years.

##### **Investments**

Investments are shown at cost less any provision for impairment.

## **Project C Topco Limited**

### **Notes to the financial statements**

### **for the period ended 31 March 2020 (continued)**

#### **3. Summary of significant accounting policies (continued)**

##### **Intangible fixed assets**

Software and development costs are costs directly attributable to the acquisition or production of IT technologies in the year. These are capitalised within intangible assets and amortised over a similar life to other computer equipment of four years. Amortisation begins when an asset becomes available for use.

Intangible assets acquired as part of an acquisition in prior years including customer relationships are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. On adopting the amendments to FRS102 in the current year, intangible assets that cannot be realised separately from an acquired business are no longer recognised and form part of the overall goodwill. Intangible assets created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred.

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment. Intangible assets are amortised on a straight line basis over their estimated useful lives. Customer lists and related customer relationships are amortised over 8 years.

##### **Tangible fixed assets and depreciation**

Accumulated depreciation is provided on the cost (or valuation where appropriate) of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. Cost includes the original purchase price of the asset and costs attributable to bringing the asset to its working condition for its intended use. Where there is evidence of impairment, fixed assets are written down to this recoverable amount. Any such write down would be charged to operating profit. The principal annual rates used are:

Motor vehicles	-	Straight line over three years
Equipment	-	Straight line over four years
Leasehold property improvements	-	Straight line over four years

##### **Turnover**

Turnover comprises the invoiced value of goods and services supplied by the Group recognised on performance of completed tests or services, exclusive of Value Added Tax and net of trade discounts.

##### **Taxation**

The taxation expense or credit comprises current and deferred tax recognised in the profit for the financial period or in other comprehensive income or equity if it arises from amounts recognised in other comprehensive income or directly in equity. Current tax is provided at amounts expected to be paid (or recovered) in respect of the taxable profits for the period using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred. Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

##### **Pensions**

The group operates an auto-enrolment (defined contribution) pension scheme and contributes into personal pension plans for certain staff. The charge in the statement of comprehensive income represents the amounts payable into the schemes during the year. The group has no final salary (defined benefit) pension arrangements.

## **Project C Topco Limited**

### **Notes to the financial statements for the period ended 31 March 2020 (continued)**

#### **3. Summary of significant accounting policies (continued)**

##### **Hire purchase assets**

Hire purchase arrangements that transfer substantially all the risks and rewards incidental to ownership are classified as hire purchase obligations and are capitalised at commencement of the arrangement as assets at the fair value of the asset or, if lower, the present value of the minimum payments calculated using the interest rate implicit in the arrangements. Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Costs in respect of operating leases are charged to the income statement on a straight line basis over the lease term.

##### **Financial instruments**

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

##### ***Financial assets***

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

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

##### ***Financial liabilities***

Basic financial liabilities, including trade and other payables, bank borrowings, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Loans are initially stated at the fair value of the consideration received after deduction of wholly attributable issue costs. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method including the amortisation of loan issue costs to the profit and loss account over the expected period to maturity of the relevant borrowings.

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

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

##### **Exceptional items**

The group classifies certain one-off charges or credits that have a material impact on the group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the group.

**Project C Topco Limited**  
**Notes to the financial statements**  
**for the period ended 31 March 2020 (continued)**

**4. Critical accounting judgements and estimates**

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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.

**Useful economic lives of tangible and intangible assets**

The annual depreciation or amortisation charge for tangible and intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See notes 12 and 13 for the carrying amount of the software, property plant and equipment, and note 3 for the useful economic lives for each class of assets.

**Goodwill amortisation**

The Group uses an estimate for the useful life of goodwill and the amortisation charge in line with accepted practice and the nature of the businesses acquired. There is no current indication that the group's businesses will not continue to trade profitably and hence the life may be longer than the estimate used to amortise goodwill.

**Fair values and intangible assets on acquisition of a business**

Fair values are applied on the acquisition of a subsidiary which involve a degree of judgement and estimation in particular in the identification and evaluation of intangible assets. The values are derived from the business cash flow forecasts and assumptions based on experience and factors relevant to the nature of the business activity.

**Investments**

The carrying values of investments are reviewed and tested for impairment when there is an indication that the value of the assets might be impaired. When carrying out impairment tests these would be based upon future cash flow forecasts and these forecasts would include management judgements and assumptions which may not always accurately predict future events.

**5. Turnover**

An analysis of turnover by class is as follows:

	2020 £'000
Insurance property assurance markets	39,138
Infrastructure markets	28,655
	<hr/> 67,793 <hr/>

All turnover arose within the United Kingdom.

The whole of the turnover and loss on ordinary activities before taxation is attributable to the group's principal activities.



## **Project C Topco Limited**

### **Notes to the financial statements for the period ended 31 March 2020 (continued)**

#### **6. Operating loss**

	2020 £'000
This is stated after charging/(crediting):	
Amortisation of intangible software assets	633
Amortisation of goodwill	4,127
Depreciation of tangible fixed assets	1,289
Exceptional items (see note below)	605
Other non-recurring costs (see note below)	306
Profit on sale of tangible fixed assets	(25)
Auditors remuneration for:	
The audit of the Company	5
The audit of its subsidiaries pursuant to legislation	77
Operating lease rentals – plant and machinery	1,131
Operating lease rentals – property leases	<u>723</u>

Exceptional items principally relate to acquisitions and their integration or potential transactions together with other initiatives designed to separate operations in two focussed subsidiaries for property assurance and testing respectively including investment in external consultancy input to improve efficiency. This includes professional and consultancy costs. Non-recurring costs largely comprise staff severance and settlement payments arising from strategic changes and short term interim costs to manage changes.

The directors separately identify these costs as they consider these are all non-recurring or discretionary investment and remuneration unrelated to continuing core activity.

#### **7. Interest payable and similar charges**

	2020 £'000
On bank loans and overdrafts	878
On shareholder loans	3,327
On hire purchase obligations	47
Amortisation of loan issue costs	415
	<u>4,667</u>

Interest on shareholders' loan notes accrued in the period but not required to be paid amounted to £3,327,000.

**Project C Topco Limited**  
**Notes to the financial statements**  
**for the period ended 31 March 2020 (continued)**

**8. Staff costs and key management remuneration (including directors)**

	2020 £'000
Wages and salaries	20,193
Social security costs	1,893
Other pension costs	392
	<u>22,478</u>

The aggregate remuneration for key management, comprising the parent company directors and members of the senior management team of the major trading subsidiaries, was £1,637,000.

The average monthly number of staff employed by the group during the period was as follows:

	2020 Number
Directors	5
Administration (including call centre)	266
Site and laboratory workers	274
	<u>545</u>

**9. Remuneration of the directors**

	2020 £'000
Aggregate emoluments	<u>583</u>

The above emoluments include pension contributions of £19,000.

*The highest paid director received aggregate emoluments of £320,000 and £14,000 of pension contributions for the period.*

During the period retirement benefits were accruing to 2 directors in respect of defined contribution pension schemes.

**Project C Topco Limited**  
**Notes to the financial statements**  
**for the period ended 31 March 2020 (continued)**

**10. Tax on loss**

	2020 £'000
<b>Corporation tax</b>	
Current period	278
<b>Deferred tax</b>	
Origination and reversal of timing differences	232
Change in rate	25
Total deferred tax charge	<u>257</u>
<b>Total tax charge for the period</b>	<u><b>535</b></u>

**Factors affecting tax charge for the period**

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

	2020 £'000
Loss before taxation	(4,723)
Loss before taxation multiplied by standard rate of corporation tax of 19%	(897)
Effects of:	
Ineligible amortisation on consolidation goodwill	784
Non deductible interest	488
Other expenses not deductible for tax purposes	37
Deferred tax not recognised	98
Deferred tax liability recognised different rate	25
<b>Total tax charge</b>	<u><b>535</b></u>

**Factors affecting future and current tax charge**

The UK Finance Act 2020 enacted in March 2020 maintained the UK corporation tax rate at 19% and this rate is accordingly applied to deferred taxation balances at 31 March 2020.

**11. Dividends**

There were no dividends paid or proposed during the period.

**Project C Topco Limited**  
**Notes to the financial statements**  
**for the period ended 31 March 2020 (continued)**

**12. Intangible assets**

	<b>Software</b> £'000	<b>Goodwill</b> £'000	<b>Total</b> £'000
<b>Cost</b>			
On incorporation	-	-	-
On acquisition	1,522	30,285	31,807
Additions	<u>1,146</u>	<u>-</u>	<u>1,146</u>
<b>At 31 March 2020</b>	<u><b>2,668</b></u>	<u><b>30,285</b></u>	<u><b>32,953</b></u>
<b>Accumulated amortisation</b>			
On incorporation	-	-	-
Charge for the period	<u>(633)</u>	<u>(4,127)</u>	<u>(4,760)</u>
<b>At 31 March 2020</b>	<u><b>(633)</b></u>	<u><b>(4,127)</b></u>	<u><b>(4,760)</b></u>
<b>Net book value</b>			
<b>At 31 March 2020</b>	<u><b>2,035</b></u>	<u><b>26,158</b></u>	<u><b>28,193</b></u>

**Acquisition in year**

On 23 November 2018, the group acquired the entire share capital of CET Group Holdings Limited from its' prior shareholders. The total consideration was £13,888,000. The goodwill arising of £29,463,000 is attributable to the trading companies' customer relationships, workforce and ability to deliver infrastructure testing and property assurance services and is being amortised over its expected useful life of 10 years.

The transaction has been accounted for under the purchase method of accounting. The principal fair value adjustments relate to accruals for property dilapidations, commercial settlements and onerous contract obligations.

## Project C Topco Limited

### Notes to the financial statements for the period ended 31 March 2020 (continued)

#### 12 Intangible assets (continued)

	Book value £'000	Fair value adjustments £'000	Fair value £'000
Intangible fixed assets	1,400	122	1,522
Tangible fixed assets	2,078	-	2,078
Cash at bank and in hand	586	-	586
Debtors	9,264	(60)	9,204
Creditors	(7,658)	(501)	(8,159)
Corporation tax	(133)	39	(94)
Hire purchase obligations	(366)	-	(366)
Bank loans	(1,349)	-	(1,349)
Other loans	(18,960)	-	(18,960)
Deferred taxation	(129)	92	(37)
Net assets acquired	(15,267)		(15,575)
Goodwill arising on acquisition			29,463
			<u>13,888</u>
<b>Consideration satisfied by:</b>			
Cash			11,384
Acquisition expenses			<u>2,504</u>
			<u>13,888</u>

The group purchased the trade and assets of a materials testing business in February 2019. The £350,000 of cash consideration and £12,000 of fees comprised £343,000 paid for goodwill together with £10,000 for equipment and £9,000 for work in progress. £23,000 of liabilities were assumed resulting in the £366,000 of total goodwill acquired.

In August 2019 the group acquired the entire share capital of Esseltest Limited, a materials testing business, for total consideration of £527,000 comprising £262,000 of initial cash consideration, £15,000 of fees and £250,000 of deferred cash consideration. On acquisition, Esseltest Limited had £5,000 of equipment, £115,000 of debtors, £55,000 of cash in hand and £104,000 of creditors resulting in the £456,000 of goodwill acquired.

**Project C Topco Limited**  
**Notes to the financial statements**  
**for the period ended 31 March 2020 (continued)**

**13. Tangible assets**

	<b>Short leasehold</b>	<b>Equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
<b>Cost</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
On incorporation	-	-	-	-
On acquisition	498	1,116	479	2,093
Additions	208	937	1,571	2,716
Disposals	-	(47)	(72)	(119)
<b>At 31 March 2020</b>	<b>706</b>	<b>2,006</b>	<b>1,978</b>	<b>4,690</b>
<b>Accumulated depreciation</b>				
On incorporation	-	-	-	-
Charge for the period	(252)	(659)	(378)	(1,289)
Disposals	-	31	54	85
<b>At 31 March 2020</b>	<b>(252)</b>	<b>(628)</b>	<b>(324)</b>	<b>(1,204)</b>
<b>Net book value</b>				
<b>At 31 March 2020</b>	<b>454</b>	<b>1,378</b>	<b>1,654</b>	<b>3,486</b>

The net book value of equipment includes £11,000 and motor vehicles £1,577,000 of assets subject to hire purchase obligations. Depreciation charged in the period on these assets was £354,000.

## Project C Topco Limited

### Notes to the financial statements for the period ended 31 March 2020 (continued)

#### 14. Investments

	Shares in group undertaking £'000
<b>Company</b>	
On incorporation	-
Additions	535
<b>At 31 March 2020</b>	<b>535</b>

Subsidiary undertaking	Interest in ordinary shares and voting rights	Principal activity
Project C Bidco Limited	100%	Intermediate holding company
CET Structures Ltd	100%	Property assurance
Construction Testing Solutions Limited	100%	Infrastructure materials testing
CET Group Holdings Limited	100%	Dormant
Esseltest Limited	100%	Dormant
Property Assure Limited	100%	Dormant
The Testing Group Limited	100%	Dormant
Construction Engineering Testing Group Limited	100%	Dormant
Safehouse UK Limited	100%	Dormant

The shares in Project C Bidco Limited are directly held and all others indirectly. All companies are incorporated in England and registered at 3 Boundary Court, Willow Farm Business Park, Castle Donington, Derby, DE74 2UD.

The company agrees to guarantee the liabilities of CET Group Holdings Limited (05340145), The Testing Group Limited (09430520) and Property Assure Limited (03361391) thereby allowing them to take exemption from having an audit under section 479A of the Companies Act 2006.

#### 15. Debtors

	2020	
	Group £'000	Company £'000
Trade debtors	8,341	-
Amounts owed by group undertakings	-	10
Other debtors	64	10
Prepayments and accrued income	565	-
	<b>8,970</b>	<b>20</b>

Trade debtors are stated after provisions for impairment of £128,000.

**Project C Topco Limited**  
**Notes to the financial statements**  
**for the period ended 31 March 2020 (continued)**

**16. Creditors: amounts falling due within one year**

	2020	
	Group	Company
	£'000	£'000
Bank loans	2,917	-
Hire purchase contract obligations	513	-
Trade creditors	5,100	-
Corporation tax	53	-
Other taxation and social security	2,188	-
Other creditors	290	-
Accruals and deferred income	1,295	-
	<b>12,356</b>	<b>-</b>

£2,000,000 of the bank loans has been drawn under a revolving credit facility. £4,583,000 of the bank debt is repayable by equal quarterly instalments over the period to November 2024 and is stated net of unamortised loan issue costs of £210,000 at 31 March 2020.

Clydesdale Bank Plc has a debenture which incorporates a first fixed and floating charge over the undertaking and all property and assets present and future including goodwill, book debts, uncalled capital, buildings, fixtures, fixed plant and machinery.

**17. Creditors amounts falling due after more than one year**

	2020	
	Group	Company
	£'000	£'000
Due in two to five years:		
Bank loans (note 16)	11,540	-
Hire purchase contract obligations	950	-
Due in more than five years:		
Shareholders' loans	24,849	-
	<b>37,339</b>	<b>-</b>

Shareholder held loan notes of £16,173,000 bear interest at 9% which is rolled up or converted to PIK notes and redeemable with the loan notes on 23 November 2025. £2,054,000 of accrued interest is included in the liability and they are stated net of £353,000 of unamortised loan issue costs at 31 March 2020. These loan notes are listed on the Guernsey Stock Exchange.

Another shareholder held term loan of £6,000,000 bears interest at 14.5% which can be rolled up into PIK notes and is redeemable with the loan on 23 May 2025. £1,273,000 of accrued interest is included in the liability and they are stated net of £299,000 of unamortised loan issue costs at 31 March 2020. A bank loan of £8,500,000 is repayable in full on 23 November 2024 and is stated net of unamortised loan issue costs of £416,000 at 31 March 2020.

There are fixed and floating charges ranking behind the bank in respect of shareholder held loans.



## Project C Topco Limited

### Notes to the financial statements for the period ended 31 March 2020 (continued)

#### 18. Provisions for liabilities

	2020	
	Group £'000	Company £'000
Deferred taxation	<u>294</u>	<u>-</u>

Movements in the deferred tax liability in the year are as follows:

	2020	
	Group £'000	Company £'000
On acquisition	37	-
Profit and loss account	<u>257</u>	<u>-</u>
<b>Balance at 31 March</b>	<u><b>294</b></u>	<u><b>-</b></u>

The deferred tax liability comprises:

	2020	
	Group £'000	Company £'000
Accelerated capital allowances	319	-
Short term timing differences	<u>(25)</u>	<u>-</u>
	<u><b>294</b></u>	<u><b>-</b></u>

The group has an unrecognised deferred tax asset of £224,000 in respect of tax losses carried forward which is not considered sufficiently probable for recognition in the financial statements.

#### 19. Financial instruments

The company has no financial instruments measured at fair value. In the group an interest free loan liability has been discounted at transition and then measured on an amortised cost basis. Cash balances, trade receivables, other debtors, prepayments, trade payables, other creditors, accruals, the bank loan, shareholder loans and preference shares are all measured at amortised cost which is considered to be the same as the fair value.

**Project C Topco Limited**  
**Notes to the financial statements**  
**for the period ended 31 March 2020 (continued)**

**20. Called up share capital**

	2020 £
<b>Group and company</b>	
<b>Allotted, called up and fully paid</b>	
717,081 A1 ordinary shares of 1p each	7,171
27,243 A2 ordinary shares of 1p each	272
5,676 A3 ordinary shares of 1p each	57
180,000 B1 ordinary shares of 1p each	1,800
15,000 B2 ordinary shares of 1p each	150
15,000 C ordinary shares of 1p each	150
	<u>9,600</u>

One ordinary share was issued for £1 on incorporation. On 23 November 2018 this was subdivided into 100 A1 ordinary shares. 716,981 A1, 27,243 A2 and 5,676 A £0.01 ordinary shares were issued at £0.46 each and 170,000 B1 and 20,000 B2 £0.01 ordinary shares issued at £1 each for cash resulting in a share premium of £525,600. On 17 April 2019 5,000 B1 and 15,000 C £0.01 ordinary shares were issued at £1 each for cash resulting in a share premium of £19,800. 5,000 B2 £0.01 shares were also converted into B1 £0.01 ordinary shares.

A1 and B1 shares hold voting rights. No dividends are payable until the Loan Notes have been fully redeemed and the shares rank pari-passu in respect of dividends and any return of capital. On a sale or exit the shares rank equally in respect of allocation of the realised value except in respect of any excess over a threshold which is allocated 35% to B1, B2 and C shares as set out in the Articles.

**21. Reserves**

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

**22. Reconciliation of loss for the financial period to net cash inflow from operating activities**

	2020 £'000
<b>Loss for the financial period</b>	(5,258)
Tax on loss	535
Interest	4,667
<b>Operating loss</b>	(56)
Amortisation of goodwill	4,127
Amortisation of intangible software assets	633
Depreciation of tangible fixed assets	1,289
Profit on disposal of tangible fixed assets	(25)
	<u>5,968</u>
Working capital movements	
Decrease in debtors	358
Increase in creditors	966
<b>Net cash inflow from operating activities</b>	<u>7,292</u>

## Project C Topco Limited

### Notes to the financial statements for the period ended 31 March 2020 (continued)

#### 23. Reconciliation of movements in net debt

	On acquisition £'000	Cash flow £'000	Non cash movements £'000	At 31 March 2020 £'000
Cash at bank and in hand	641	3,996	-	4,637
Bank loans	(1,349)	(12,853)	(255)	(14,457)
Hire purchase obligations	(366)	449	(1,546)	(1,463)
Shareholder loans	(18,960)	(2,402)	(3,487)	(24,849)
<b>Net debt</b>	<b>(20,034)</b>	<b>(10,810)</b>	<b>(5,288)</b>	<b>(36,132)</b>

#### 24. Pensions

Pension contributions of £102,000 were outstanding and are included within other creditors.

#### 25. Capital commitments and contingencies

At 31 March 2020, the group had capital expenditure commitments of £143,000 contracted but not provided for. The company had no capital commitments.

There are fixed and floating charges over the company and its assets in respect of subsidiary company borrowings of £40,583,000.

#### 26. Operating lease commitments

The group has commitments under non-cancellable operating leases as follows:

	2020	
	Land and buildings £'000	Other £'000
Payments falling due in:		
- less than 1 year	359	211
- between 2 - 5 years	816	166
- in more than 5 years	91	-
	<b>1,266</b>	<b>377</b>

The company has no commitments under operating leases.

#### 27. Related party transactions and controlling party

This company is controlled by Palatine Private Equity Fund III LP.

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