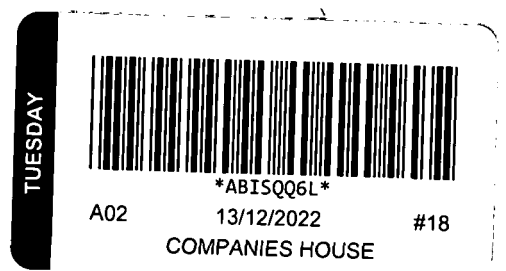


Company registered no: 11623468

Project C Topco Limited
Annual report and financial statements
for the year ended 31 March 2022



Project C Topco Limited

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Project C Topco Limited

Board of directors and advisers

Officers and professional advisors

Directors

P D Coles
K Maynard
R G Piper

Company number

11623468

Registered office

4 Oak Spinney Business Park
Ratby Lane
Leicester Forest East
Leicester
England,
LE3 3AW

Bankers

Clydesdale Bank Plc

Independent auditors

RSM UK Audit LLP
10th Floor
103 Colmore Row
Birmingham
B3 3AG

Project C Topco Limited

Strategic report for the year ended 31 March 2022

The directors present their strategic report for the year ended 31 March 2022.

Principal activities

The company is an intermediate holding company of a trading group which had two core activities - Infrastructure and Property Assurance - provided by separate legal entities in the group until sale of the Property Assurance company in October 2021.

The **Infrastructure** business continues to provide 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 and its trading subsidiaries.

Property Assurance provided specialist 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 were carried out by CET Structures Ltd.

Results, business review and key performance indicators

A new Jersey incorporated ultimate parent company, Construction Testing Solutions Jco Limited, was put in place with the same shareholders and relative shareholdings as a result of a share for share exchange and the issue of £42m of new loan notes to the shareholders on 19 October 2021. This company also held a new Jersey incorporated subsidiary company, Project C Jco Limited. The company's subsidiary, Project C Bidco Limited, transferred its subsidiary CET Structures Ltd to Project C Jco Limited for a market value consideration of £54m. Project C Jco Limited subsequently sold CET Structures Ltd to the Homeserve plc group for consideration of £54m and realised a consolidated group profit of £36.1m after the related costs from the disposal. The group also utilised the proceeds to repay all the existing bank debt of £21m at 22 October 2021 together with the £30m of shareholder held loan notes and accrued interest in the group.

The financial position of the group and company is shown on pages 15 and 16.

In order to illustrate the financial performance of the group, the directors present the following table in respect of group trading:

	Year ended March 2022 £'000	Year ended March 2021 £'000
Turnover	64,289	55,700
Gross profit	23,675	21,486
Operating profit before goodwill	4,255	3,806
Depreciation and software amortisation	2,045	1,887
Exceptional and non-recurring costs	1,083	908
Underlying EBITDA	7,383	6,601
Property Assurance	1,969	3,935
Infrastructure	6,042	3,295
Group overhead	(628)	(629)
Underlying EBITDA	7,383	6,601
Gross margin - % of turnover	36.8%	38.6%
Underlying EBITDA margin - % of turnover	11.5%	11.9%

Project C Topco Limited

Strategic report for the year ended 31 March 2022 (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 year to 31 March 2022 was £7.4m (2021: £6.6m).

Underlying EBITDA for Property Assurance was £2.0m for the 7 months prior to disposal (2021: £3.9m for the year). In the Infrastructure business underlying EBITDA of £ 6.0m reflected the annualised impact of acquisitions together with organic growth (2021: £3.3m partly reflected the impact of the pandemic with restricted construction site access and delayed contracts).

A profit of £36.1m has been recorded on the disposal of CET Structures Ltd.

Exceptional and non-recurring costs in the year largely comprise restructuring and integration costs as the group makes acquisitions and disposed of the property assurance business (2021: a one-off contractual bonus and business restructuring costs). The directors separately identify these as they consider these are non-recurring discretionary investment and remuneration unrelated to continuing core activity.

Acquisitions

Following the acquisitions of Card Geotechnics Ltd and Nicholls Colton Group in the previous financial year, the Group acquired Silkstone Environmental Ltd on 2nd August 2021 and Mason Evans Partnership Holdings Ltd on 31st January 2022, to further boost the scale, geographic spread and service offering of the Infrastructure division. Both acquisitions have been integrated into the Infrastructure business and will provide a platform for future growth. Three further acquisitions have been made since the year end (see Post Balance Sheet events).

Outlook

With long term relationships established in the 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 businesses.

Cash flow and indebtedness

Net cash inflow from operating activities amounted to £2.0m in the year (2021: £6.7m) which is after incurring exceptional and non-recurring costs of £1.1m (2021: £0.8m). This compares to an underlying EBITDA as noted above of £7.3m (2021: £6.6m) as a result of increased debtors as turnover grows.

Net investment in capital expenditure in the year amounted to £2.1m including £0.6m of software development (2021: £1.1m including £0.7m of software development in the property assurance business). This software technology was key in enabling the seamless operation of the group's Home Emergency activities during the Covid-19 pandemic and part of the attraction to a buyer which enabled the group to realise the £36.1m profit on disposal. Additionally, during the year, £5.1m net of cash acquired has been incurred on two acquisitions and £1.3m on deferred consideration (2021: £8.5m net of cash acquired has been incurred in respect of two acquisitions and £0.2m on deferred consideration). The group repaid the existing facilities in full in October 2021 when a new bank loan of £23m was drawn down, with a further £1.1m subsequently drawn for acquisitions.

The cash balances were £2.1m at the year end.

Project C Topco Limited

Strategic report for the year ended 31 March 2022 (continued)

Principal risks and uncertainties

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

Infrastructure activity

Levels of Government infrastructure spending. The Directors believe this risk is mitigated by published Government infrastructure spending plans and a strong order book, which it expects to be fairly recession proof and drives most of the spend within the division.

Loss of key customer contracts: Following the sale of the Property division, the remaining group holds a good balance of key customers, with no individual customer contributing more than 5% of the Infrastructure business Group revenues. The group manages the risk by delivering a high quality service, establishing close relationships with its customers and continuing to develop leading edge technology to differentiate itself from competitors.

Foreign Exchange The group operates wholly in the UK and has not seen any impact from Brexit.

Labour Availability Recruitment remains a challenge for UK industry in light of low employment levels and salary inflation. The Group mitigates this risk by regular reviews of compensation, and has enjoyed high degrees of long service through it's co-operative culture.

Interest Rate The Senior Debt Facility with Karteria is exposed to interest rate risk as it is tied to Margin plus Base rate. The Group did consider hedging options, but in light of the cost of these options and the plans for divesting the Group (see Post Balance Sheet Events) decided not to undertake any of these options.

Project C Topco Limited

Strategic report for the year ended 31 March 2022 (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 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 operated in two business areas and the strategic decision was taken for separate subsidiaries to concentrate on the respective activities and subsequently to dispose of one business area to a group with common property assurance activities. This was to provide a focused platform for further organic and acquisitive growth. The group has continued to focus on investment in technology and the property assurance claims management system "Simplifi" was a key factor in allowing this business to operate both through lockdowns and more efficiently.

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 of 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 year ended 31 March 2022 (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 which includes the contractor base to advise on efficiency and output for mutual benefit and this partnership is key to future growth strategy. 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 such as those that have arisen during the Covid pandemic or which are currently evolving, such as parts and trades availability.

Shareholders


The group was 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. 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 7 December 2022 and signed on its behalf.



R G Piper
Director

Project C Topco Limited

Directors' report for the year ended 31 March 2022

The directors present their report and the audited consolidated financial statements for the year ended 31 March 2022.

Directors

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

P D Coles	(appointed 26 October 2022)
K Maynard	(appointed 26 October 2022)
R G Piper	(appointed 7 November 2022)
P D Eglinton	(resigned 26 October 2022)
A J Dickin	(resigned 26 October 2022)
R C Thomas	(resigned 26 October 2022)
M Silver	(resigned 26 October 2022)
S W Humphrey	(resigned 22 October 2021)

Dividends

Dividends of £16,982,000 have been paid in the year (2021: £nil).

Strategic report

The following items have been included within the strategic report on pages 2 to 6:

- 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.

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 has used 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 year ended 31 March 2022 (continued)

Post balance sheet events

The company's subsidiary, Construction Testing Solutions Limited, acquired the following further businesses post year-end:

- GT Certification Limited, a calibration and materials testing business, was acquired on 30th April 2022 for consideration of £2m.
- Concept Engineering Consultants Ltd, a site investigation, geotechnical consultancy business, was acquired on 5th August 2022 for consideration of £6m.
- InSitu Site Investigation Ltd, a site investigation specialist through cone penetration testing, was acquired on 12th August 2022 for a consideration of £15m.

All of the acquisitions were financed by additional draw downs of the banking facilities. These acquisitions further expanded the group's range of testing and related consultancy services.

On 26th August 2022 the group entered into a binding sale contract for the sale of the group to TIC Bidco Limited, a company funded by Oakley Capital private equity investment. Completion of the sale occurred on 26th October 2022, at which time all existing bank and shareholder loans were repaid.

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 £4.3m before goodwill amortisation for the year ended 31 March 2022, had net current assets of £4.9m at 31 March 2022 and net assets of £6.2m.

The group met its working capital requirements, and serviced bank debt, from the positive cash flows generated from operations. As disclosed in note 27, the bank debt that was in place at the year end was repaid in full on 26th October 2022 together with loan notes owed to the former shareholders in the group. This was financed by equity funds loaned through the new parent company, TIC Bidco Limited.

In evaluating the going concern assumption, the directors have prepared cash flow forecasts for the period to 31 March 2024, together with a range of severe but plausible sensitivities, and used these to ensure that the group has sufficient cash headroom.

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 year ended 31 March 2022 (continued)

Streamlined energy and carbon reporting ('SECR')

This report relates to all operational locations, comprising the head office locations in Castle Donington, 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 2021 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 for the relevant years have been used.

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 2021	Year ended 31 December 2020
Emissions from activities for which the company is responsible including combustion of fuel and operation of facilities (Scope 1)/ tCO2e	618,370 kWh = 124.0 tonnes CO2e	305,198 kWh = 58.6 tonnes CO2e
Emissions from purchase of electricity, heat, steam and cooling purchased for own use (Scope 2)/ tCO2e	1,621,968 kWh = 230.3 tonnes CO2e	1,145,704 kWh = 267.1 tonnes of CO2e
Emissions from combustion of vehicle fuel for transport purposes (Scope 1)/ tCO2e	8,099,785 kWh = 1,905.9 tonnes CO2e	7,539,189 kWh = 1,927.6 tonnes CO2e
Total gross emissions (Scope 1 and 2)/ tCO2e	2,260.2 tonnes CO2e	2,253.3 tonnes CO2e
Intensity ratio: tCO2e based on £m of revenue	35.2 tonnes per £m of group revenue	40.4 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 £m 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 CO₂ 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 CO₂ emissions in the year and the group expects further progress to report in the current year.

Project C Topco Limited

Directors' report for the year ended 31 March 2022 (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 group and company 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 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 company and of the profit or loss of the group and company for that period. In preparing each of the group and company 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 company will continue in business.

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

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

Disclosure of information to auditors

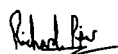
In the case of each director in office at the date the Directors' Report is approved:

- 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 resigned from office and RSM UK Audit LLP were appointed as auditors.

This report was approved by the board on 7 December 2022 and signed on its behalf.



R G Piper
Director

Project C Topco Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROJECT C TOPCO LIMITED

Opinion

We have audited the financial statements of Project C Topco Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the consolidated statement of comprehensive income, consolidated and company statements of financial position, consolidated and company statement of changes in equity, consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Project C Topco Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROJECT C TOPCO LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Project C Topco Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROJECT C TOPCO LIMITED (CONTINUED)

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

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

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

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

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to the Health and Safety at Work Act 1974 and the United Kingdom Accreditation Service. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, and obtaining evidence that revenue had been recognized in accordance with United Kingdom Generally Accepted Accounting Practice.

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

Use of our report

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

Benjamin Lawrance

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

09/12/22

Project C Topco Limited

Consolidated statement of comprehensive income for the year ended 31 March 2022

	Note	Year ended 31 March 2022			Year ended 31 March 2021		
		Continuing £'000	Discontinued £'000	Total £'000	Continuing £'000	Discontinued £'000	Total £'000
Turnover	5	46,540	17,749	64,289	23,381	32,319	55,700
Cost of sales		(29,894)	(10,720)	(40,614)	(14,029)	(20,185)	(34,214)
Gross profit		16,646	7,029	23,675	9,352	12,134	21,486
Administrative expenses		(13,682)	(5,738)	(19,420)	(8,290)	(10,614)	(18,904)
Other operating income	6	-	-	-	1,008	216	1,224
Operating profit before goodwill amortisation		2,964	1,291	4,255	2,070	1,736	3,806
Goodwill amortisation		(2,554)	(1,053)	(3,607)	(1,506)	(1,868)	(3,374)
Operating profit/(loss)	6	410	238	648	564	(132)	432
Profit on disposal of subsidiary		-	36,102	36,102	-	-	-
Interest payable and similar expenses	7	(4,399)	-	(4,399)	(3,855)	(19)	(3,874)
(Loss)/profit before taxation		(3,989)	36,340	32,351	(3,291)	(151)	(3,442)
Tax on (loss)/profit	10	118	(273)	(155)	(168)	(133)	(301)
(Loss)/profit and total comprehensive expense for the financial period		(3,871)	36,067	32,196	(3,459)	(284)	(3,743)

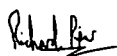
The notes on pages 19 to 36 form part of these financial statements.

Project C Topco Limited

Consolidated statement of financial position as at 31 March 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Intangible assets	12	21,186	33,326
Tangible assets	13	<u>4,256</u>	<u>3,746</u>
		25,442	37,072
Current assets			
Debtors	15	14,035	14,097
Cash at bank and in hand		<u>2,131</u>	<u>6,711</u>
		16,166	20,808
Creditors: amounts falling due within one year	16	<u>(11,231)</u>	<u>(17,512)</u>
Net current assets		4,935	3,296
Total assets less current liabilities		<u>30,377</u>	<u>40,368</u>
Creditors: amounts falling due after more than one year	17	(23,757)	(48,260)
Provisions for liabilities	18	<u>(397)</u>	<u>(480)</u>
Net assets/(liabilities)		<u>6,223</u>	<u>(8,372)</u>
Capital and reserves			
Called up share capital	20	10	10
Share premium account		-	619
Profit and loss account	21	<u>6,213</u>	<u>(9,001)</u>
Total equity/(deficit)		<u>6,223</u>	<u>(8,372)</u>

The financial statements on pages 14 to 36 were approved by the board of directors on 7 December 2022 and signed on its behalf by:



R G Piper
Director

The notes on pages 19 to 36 form part of these financial statements.

Registered number: 11623468

Project C Topco Limited

Company statement of financial position as at 31 March 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Investments	14	<u>535</u>	<u>535</u>
Current assets			
Debtors	15	-	94
Current liabilities			
Creditors falling due in less than one year		(524)	-
Net current (liabilities)/assets		<u>(524)</u>	<u>94</u>
Total assets less current liabilities		<u>11</u>	<u>629</u>
Net assets		<u>11</u>	<u>629</u>
Capital and reserves			
Called up share capital	20	10	10
Share premium account		-	619
Profit and loss account	21	<u>1</u>	<u>-</u>
Total equity		<u>11</u>	<u>629</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 year, of the parent company, as approved by the Board, was a profit of £16,983,000 (2021: £nil).

The financial statements on pages 14 to 36 were approved by the board of directors on 7 December 2022 and signed on its behalf by:



R G Piper
Director

The notes on pages 19 to 36 form part of these financial statements

Registered number: 11623468

Project C Topco Limited

Consolidated statement of changes in equity for the year ended 31 March 2022

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total shareholders' deficit £'000
As at 31 March 2020	10	545	(5,258)	(4,703)
Issue of share capital	-	74	-	74
Loss and total comprehensive expense for the financial period	-	-	(3,743)	(3,743)
As at 31 March 2021	10	619	(9,001)	(8,372)
Profit and total comprehensive income for the financial year	-	-	32,196	32,196
Transactions with owners:				
Dividends paid	-	-	(16,982)	(16,982)
Purchase of own shares	-	(619)	-	(619)
As at 31 March 2022	10	-	6,213	6,223

Company statement of changes in equity for the year ended 31 March 2022

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
As at 31 March 2020	10	545	-	555
Issue of share capital	-	74	-	74
Result and total comprehensive income for the financial period	-	-	-	-
As at 31 March 2021	10	619	-	629
Profit and total comprehensive income for the financial year	-	-	16,983	16,983
Transactions with owners:				
Dividends paid	-	-	(16,982)	(16,982)
Purchase of own shares	-	(619)	-	(619)
As at 31 March 2022	10	-	1	10

Project C Topco Limited

Consolidated statement of cash flows for the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Cash inflow from operating activities	22	2,019	6,677
Taxation paid		(53)	(86)
Net cash generated from operating activities		1,966	6,591
Cash flows from investing activities			
Disposal of subsidiary (net of cash in subsidiary)	12	50,903	-
Purchase of subsidiaries (net of cash acquired)	12	(6,435)	(8,713)
Purchase of intangible fixed assets	12	(609)	(716)
Purchase of tangible fixed assets		(1,498)	(377)
Proceeds from disposal of tangible assets		26	-
Net cash generated from/(used in) investing activities		42,387	(9,806)
Cash flows from financing activities			
Share capital issued		-	48
Purchase of own shares		(619)	-
Bank loans advanced		24,100	10,000
Loan issue costs paid		(1,169)	(404)
Bank loan repayments		(22,225)	(3,215)
Repayment of shareholder loans		(28,299)	-
Dividends paid		(16,982)	-
Hire purchase payments		(764)	(486)
Interest paid		(2,975)	(654)
Net cash (used in)/generated from financing activities		(48,933)	5,289
Net (decrease)/increase in cash and cash and cash		(4,580)	2,074
Cash and cash equivalents at beginning of the year		6,711	4,637
Cash and cash equivalents at the end of the year		2,131	6,711

Non-cash items comprise £nil (2021: £2,798,000) of interest payable which is rolled up and not paid, the amortisation of £1,424,000 (2021: £315,000) of loan issue costs included in interest payable and the purchase of fixed assets which is presented net of £692,000 (2021: £349,000) funded by hire purchase agreements.

The notes on pages 19 to 36 form part of these financial statements.

Project C Topco Limited

Notes to the financial statements for the year ended 31 March 2022

1. General information

The company is a holding company for a group which provided 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 until its sale in October 2021) and materials testing, environmental and geotechnical investigations (comprising the continuing Infrastructure division). The company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of the registered office is 4 Oak Spinney Business Park Ratby Lane, Leicester Forest East, Leicester, England, LE3 3AW.

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 including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below and have been applied consistently to both periods presented.

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 financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest £'000, with the exception of note 20 which is presented to the nearest £.

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 2022. 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. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

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 intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

Project C Topco Limited

Notes to the financial statements (continued)

3. Summary of significant accounting policies (continued)

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

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

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 £4.3m before goodwill amortisation for the year ended 31 March 2022, had net current assets of £4.9m at 31 March 2022 and net assets of £6.2m.

The group met its working capital requirements, and serviced bank debt, from the positive cash flows generated from operations. As disclosed in note 27, the bank debt that was in place at the year end was repaid in full on 26th October 2022 together with loan notes owed to the former shareholders in the group. This was financed by equity funds loaned through the new parent company, TIC Bidco Limited.

In evaluating the going concern assumption, the directors have prepared cash flow forecasts for the period to 31 March 2024, together with a range of severe but plausible sensitivities, and used these to ensure that the group has sufficient cash headroom.

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.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are assessed for impairment at least annually and tested when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Fixed asset Investments

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

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

Project C Topco Limited

Notes to the financial statements (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.

All research expenditure and development expenditure that does not meet the above conditions is expensed as incurred.

Intangible assets acquired as part of an acquisition but which cannot be realised separately from an acquired business, including customer relationships, are not recognised on consolidation 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

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and costs attributable to bringing the asset to its working condition for its intended use.

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
Short leasehold 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.

Turnover in respect of services delivered over a period of time is recognised when a right to consideration has been obtained through performance under each contract. Consideration accrues as activity progresses to the value of the work performed and unbilled revenue is included in debtors as accrued income. Provided the outcome of a contract can be measured reliably, the percentage of the contract income recognised is by reference to the costs incurred on the contract compared to the total expected costs. Amounts billed on account in excess of the amounts recognised as revenue are included in creditors as deferred income.

Grant income

Other operating income is recognised when the right to receive payment is established. Income in respect of government grants including furlough related amounts is recognised in other operating income when the grant proceeds are received (or receivable) provided that the terms of the grant do not impose future performance-related conditions. A grant received before the recognition criteria are satisfied is recognised as a liability.

Project C Topco Limited

Notes to the financial statements (continued)

3. Summary of significant accounting policies (continued)

Taxation

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

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

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

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

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

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

Employee benefits

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

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

Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

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.

Exceptional items

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

Project C Topco Limited

Notes to the financial statements (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

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

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

The 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.

Equity instruments

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

Project C Topco Limited

Notes to the financial statements (continued)

4. Critical accounting judgements and estimates

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

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

Useful economic lives of tangible and intangible assets

The annual depreciation or amortisation 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, where applicable, 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:

	2022 £'000	2021 £'000
Insurance property assurance markets	17,749	32,319
Infrastructure markets	46,540	23,381
	<u>64,289</u>	<u>55,700</u>

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 (continued)

6. Operating profit

	2022 £'000	2021 £'000
This is stated after charging/(crediting):		
Government job retention grant income - other operating income	-	(1,224)
Amortisation of intangible software assets	506	710
Amortisation of goodwill	3,607	3,374
Depreciation of tangible fixed assets	1,539	1,177
Exceptional items (see note below)	179	394
Other non-recurring costs (see note below)	904	514
Profit on sale of tangible fixed assets		-
Auditors remuneration for:		
The audit of the Company	5	5
The audit of its subsidiaries pursuant to legislation	115	80
Tax compliance services	25	-
Other services	7	-
Operating lease rentals – plant and machinery	778	539
Operating lease rentals – property leases	<u>997</u>	<u>673</u>

Exceptional items principally related to acquisitions and their integration or potential transactions together with other initiatives designed to separate operations in two focused 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 expenses

	2022 £'000	2021 £'000
On bank loans and overdrafts	1,096	708
On shareholder loans	1,756	2,798
On hire purchase obligations	88	53
Other interest	35	-
Amortisation of loan issue costs	1,424	315
	<u>4,399</u>	<u>3,874</u>

Project C Topco Limited

Notes to the financial statements (continued)

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

	2022 £'000	2021 £'000
Wages and salaries	22,696	18,470
Social security costs	2,229	1,748
Other pension costs	567	417
	<u>25,492</u>	<u>20,635</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 £1,495,000 together with related employer national insurance contributions (2021: £1,764,000).

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

	2022 Number	2021 Number
Directors	4	5
Administration (including call centre)	329	370
Site and laboratory workers	444	281
	<u>777</u>	<u>656</u>

9. Remuneration of the directors

	2022 £'000	2021 £'000
Aggregate emoluments	<u>304</u>	<u>557</u>
Pension contributions	<u>8</u>	<u>15</u>

The highest paid director received aggregate emoluments of £157,000 (2021: £294,000) and £5,000 (2021: £10,000) of pension contributions for the period.

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

Project C Topco Limited

Notes to the financial statements (continued)

10. Tax on profit/(loss)

	2022 £'000	2021 £'000
Corporation tax		
Current year	320	530
Adjustments to prior period	(170)	(235)
Total current tax	<u>150</u>	<u>295</u>
Deferred tax		
Origination and reversal of timing differences	(28)	(134)
Change in rate	95	-
Adjustments to prior period	(62)	140
Total deferred tax charge	<u>5</u>	<u>6</u>
Total tax charge for the year	<u>155</u>	<u>301</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £'000	2021 £'000
Profit/(loss) before taxation	32,351	(3,442)
Profit/(loss) before taxation multiplied by standard rate of corporation tax of 19% (2021: 19%)	6,147	(654)
Effects of:		
Ineligible amortisation on consolidation goodwill	686	640
Profit on disposal not taxed	(6,859)	-
Non deductible interest and other expenses	373	410
Additional capital allowances	(55)	-
Deferred tax liability recognised at different rate	95	-
Adjustments to prior periods	(232)	(95)
Total tax charge	<u>155</u>	<u>301</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 enacted rate is accordingly applied to deferred taxation balances at 31 March 2021. In May 2021 a change in the rate of corporation tax from 19% to 25% from April 2023 was enacted.

11. Dividends

	2022 £'000	2021 £'000
Dividends paid of £17.24 per share (2021: nil)	<u>16,982</u>	<u>-</u>

Project C Topco Limited

Notes to the financial statements (continued)

12. Intangible assets

	Software £'000	Goodwill £'000	Total £'000
Cost			
At 1 April 2021	3,335	38,829	42,164
Additions	609	6,430	7,039
Disposals	(3,470)	(18,683)	(22,153)
At 31 March 2022	474	26,576	27,050
Accumulated amortisation			
At 1 April 2021	(1,337)	(7,501)	(8,838)
Charge for the year	(506)	(3,607)	(4,113)
Disposals	1,638	5,449	7,087
At 31 March 2022	(205)	(5,659)	(5,864)
Net book value			
At 31 March 2022	269	20,917	21,186
At 31 March 2021	1,998	31,328	33,326

Acquisitions in year

On 2 August 2021, the group acquired the entire share capital of Silkstone Environmental Limited from its prior shareholders. The total consideration was £795,000. The goodwill arising of £664,000 is attributable to the trading companies' customer relationships, workforce and ability to deliver infrastructure services and is being amortised over its expected useful life of 5 years. Silkstone contributed £577,000 of revenue and a profit before tax of £78,000 before goodwill amortisation to the group's result for the year.

The transaction has been accounted for under the purchase method of accounting. The book values at the acquisition date are considered to be fair values as set out below.

On 30 January 2022, the group acquired the entire share capital of Mason Evans Partnership (Holdings) Limited from its prior shareholders ('MEP'). The total consideration was £6,255,000. The goodwill arising of £5,525,000 is attributable to the trading company's customer relationships, workforce and ability to deliver services and is being amortised over its expected useful life of 8 years. MEP contributed £1,279,000 of revenue and a profit before tax of £247,000 before goodwill amortisation to the group's result for the year.

The transaction has been accounted for under the purchase method of accounting. The book values at the acquisition date are considered to be fair values as set out below.

Project C Topco Limited

Notes to the financial statements (continued)

12 Intangible assets (continued)

	Book and fair value £'000
Silkstone acquisition	
Tangible fixed assets	43
Debtors	239
Cash at bank and in hand	42
Creditors	(152)
Corporation tax payable	(33)
Deferred taxation	(8)
Net assets acquired	131
Goodwill arising on acquisition	664
	<u>795</u>
Consideration satisfied by:	
Cash	481
Deferred consideration	280
Acquisition expenses	34
	<u>795</u>
	Book and fair value £'000
Mason Evans acquisition	
Tangible fixed assets	14
Debtors	1,560
Cash at bank and in hand	249
Creditors	(913)
Corporation tax	(178)
Deferred taxation	(2)
Net assets acquired	730
Goodwill arising on acquisition	5,525
	<u>6,255</u>
Consideration satisfied by:	
Cash	4,587
Deferred consideration	1,520
Acquisition expenses	148
	<u>6,255</u>

There was a net cash outflow in the year of £613,000 in respect of the Silkstone acquisition and £4,486,000 in respect of the Mason Evans acquisition. In addition £241,000 of further consideration was paid in respect of Card Geotechnics acquired in the prior year and £1,095,000 of deferred consideration in respect of Nicholls Colton.

Project C Topco Limited

Notes to the financial statements (continued)

12 Intangible assets (continued)

Disposals in year

In October 2021, the group disposed of its subsidiary, CET Structures Limited, for consideration of £54,500,000. The assets and liabilities disposed of were as follows:

	£'000
Tangible fixed assets	(172)
Intangible fixed assets	(1,832)
Debtors	(4,427)
Cash at bank and in hand	(995)
Creditors	4,282
Deferred taxation	582
	<u>(2,562)</u>
Disposal proceeds net of expenses	51,898
Consolidated goodwill re CET at disposal	(13,234)
	<u>36,102</u>
Consolidated profit on disposal of subsidiary	

13. Tangible assets

	Short leasehold	Equipment	Motor vehicles	Total
Cost	£'000	£'000	£'000	£'000
At 1 April 2021	790	2,934	2,291	6,015
On acquisition	-	40	17	57
Additions	24	1,441	725	2,190
Disposals	(183)	(517)	(11)	(711)
At 31 March 2022	631	3,898	3,022	7,551
Accumulated depreciation				
At 1 April 2021	(420)	(1,082)	(767)	(2,269)
Charge for the year	(154)	(845)	(540)	(1,539)
Disposals	149	360	4	513
At 31 March 2022	(425)	(1,567)	(1,303)	(3,295)
Net book value				
At 31 March 2022	206	2,331	1,719	4,256
At 31 March 2021	370	1,852	1,524	3,746

The net book value of equipment includes £221,000 (2021: £283,000) and motor vehicles £1,574,000 (2021: £1,420,000) of assets subject to hire purchase obligations. Depreciation charged in the year on these assets was £552,000 (2021: £451,000).

Project C Topco Limited

Notes to the financial statements (continued)

14. Investments

		Shares in group undertaking £'000
Company		
At 31 March 2021 and 2022		<u>535</u>
Subsidiary undertaking	Interest in ordinary shares and voting rights	Principal activity
Project C Bidco Limited *	100%	Intermediate holding company
Construction Testing Solutions Limited *	100%	Infrastructure materials testing
Nicholls Colton Group Limited **	100%	Infrastructure materials testing
Nicholls Colton Limited **	100%	Dormant
N & C 1965 Limited **	100%	Dormant
CGL 2014 Limited***	100%	Intermediate holding company
Card Geotechnics Limited***	100%	Infrastructure materials testing
Construction Testing Solutions Group Holdings Limited (formerly CET Group Holdings Limited) *	100%	Dormant
Silkstone Environmental Limited*	100%	Surveying activities
Mason Evans Partnership (Holdings) Limited****	100%	Intermediate holding company
Mason Evans Partnership Limited****	100%	Infrastructure consulting activities
The Testing Group Limited **	100%	Dormant

The shares in Project C Bidco Limited are directly held and all others indirectly. All companies are incorporated in the United Kingdom and registered at:

* 4 Oak Spinney Business Park Ratby Lane, Leicester Forest East, Leicester, England, LE3 3AW

** 7-11 Harding Street, Leicester, Leicestershire, LE1 4DH

*** 4 Godalming Business Centre, Woolsack Way, Godalming, Surrey, GU7 1XW

**** The Piazza, 95 Morrison Street, Glasgow, G5 8BE (registered in Scotland)

The company agrees to guarantee the liabilities of Nicholls Colton Group Limited (05605955), thereby allowing this subsidiary company to take exemption from having an audit under section 479A of the Companies Act 2006.

Project C Topco Limited

Notes to the financial statements (continued)

15. Debtors

	2022		2021	
	Group £'000	Company £'000	Group £'000	Company £'000
Trade debtors	11,741	-	11,215	-
Amounts owed by group undertakings	-	-	-	58
Other debtors	-	-	971	36
Prepayments and accrued income	2,294	-	1,911	-
	<u>14,035</u>	<u>-</u>	<u>14,097</u>	<u>94</u>

Trade debtors are stated after provisions for impairment of £81,000 (2021: £202,000).

Amounts owed by group undertakings were non-interest bearing. There was no fixed repayment date on the intercompany debt, which was considered unsecured and repayable on demand.

16. Creditors: amounts falling due within one year

	2022		2021	
	Group £'000	Company £'000	Group £'000	Company £'000
Bank loans and overdrafts	-	-	1,799	-
Hire purchase contract obligations	724	-	663	-
Trade creditors	2,613	-	6,205	-
Corporation tax	238	-	414	-
Other taxation and social security	2,283	-	3,829	-
Other creditors	1,731	-	1,915	-
Accruals and deferred income	3,642	-	2,687	-
	<u>11,231</u>	<u>-</u>	<u>17,512</u>	<u>-</u>

At 31 March 2021 £3,618,000 of the bank debt was repayable by equal quarterly instalments over the period to November 2024 and was stated net of unamortised loan issue costs of £130,000. £5,000,000 was repayable by quarterly instalments over the period to March 2026 stated net of unamortised issue costs of £133,000 and £5,107,000 net of £246,000 of unamortised issue costs was repayable in full in May 2026. A bank loan of £8,500,000 was repayable in full on 23 November 2024 and stated net of unamortised loan issue costs of £327,000.

Other creditors includes £1,660,000 in respect of deferred consideration for acquisitions (2021: £1,845,000, of which £750,000 had already been paid out of the group into an escrow account with an equal amount within other debtors).

Project C Topco Limited

Notes to the financial statements (continued)

17. Creditors amounts falling due after more than one year

	2022		2021	
	Group £'000	Company £'000	Group £'000	Company £'000
Due in two to five years:				
Bank loans and overdrafts (note 16)	22,988	-	19,590	-
Hire purchase contract obligations	769	-	902	-
Shareholders' loans	-	-	27,768	-
	<u>23,757</u>	<u>-</u>	<u>48,260</u>	<u>-</u>

Bank loans of £22,988,000 at 31 March 2022 were stated net of unamortised issue costs of £1,112,000 and were repayable in December 2027. Interest was payable at 7% over base rates. Subsequent to the year end, these loans were repaid as set out in note 27.

The bank had a debenture which incorporated 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.

Shareholder held loan notes of £16,173,000 at 31 March 2021 bore interest at 9% which was rolled up or converted to PIK notes and redeemable with the loan notes on 23 November 2025. £3,736,000 of accrued interest was also included in the liability at 31 March 2021 and they were stated net of £290,000 of unamortised loan issue costs. These loan notes were listed on the Guernsey Stock Exchange.

Another shareholder held term loan of £6,000,000 at 31 March 2021 bore interest at 14.5% which could be rolled up into PIK notes and was redeemable with the loan on 23 May 2025. £2,389,000 of accrued interest was included in the liability at 31 March 2021 and they were stated net of £241,000 of unamortised loan issue costs.

All shareholders' loans were redeemed early in October 2021 with the principal and interest paid to the holders.

18. Provisions for liabilities

	2022		2021	
	Group £'000	Company £'000	Group £'000	Company £'000
Deferred taxation	<u>397</u>	<u>-</u>	<u>480</u>	<u>-</u>

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

	Group £'000	Company £'000
At 1 April 2021	480	-
On acquisition	10	-
On disposal	(98)	-
Profit and loss account charge	<u>5</u>	<u>-</u>
Balance at 31 March 2022	<u>397</u>	<u>-</u>

Project C Topco Limited

Notes to the financial statements (continued)

18. Provisions for liabilities (continued)

The deferred tax liability comprises:

	2022		2021	
	Group £'000	Company £'000	Group £'000	Company £'000
Accelerated capital allowances	529	-	541	-
Short term timing differences	(132)	-	(61)	-
	<u>397</u>	<u>-</u>	<u>480</u>	<u>-</u>

The group has an unrecognised deferred tax asset of £nil (2021: £534,000) 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.

20. Called up share capital

	2022 £	2021 £
Group and company		
Allotted, called up and fully paid		
985,000 (2021: nil) ordinary shares of £0.10 each	9,850	-
Nil (2021: 717,081) A1 ordinary shares of 1p each	-	7,171
Nil (2021: 27,243) A2 ordinary shares of 1p each	-	272
Nil (2021: 5,676) A3 ordinary shares of 1p each	-	57
Nil (2021: 220,000) B1 ordinary shares of 1p each	-	2,200
Nil (2021: 15,000) B2 ordinary shares of 1p each	-	150
Nil (2021: 15,000) C ordinary shares of 1p each	-	150
	<u>9,850</u>	<u>10,000</u>

On 1 October 2021, 15,000 B1 ordinary shares were purchased by the company for £619,000 and then cancelled with a capital redemption reserve of £150 arising in respect of this. On 19 October 2021, all the A1, A2, A4, B1, B2 and C ordinary £0.10 shares were redesignated as ordinary £0.10 shares. All ordinary shares rank equally in respect of rights to dividends and capital.

21. Reserves

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

Project C Topco Limited

Notes to the financial statements (continued)

22. Reconciliation of profit/(loss) for the financial year to net cash inflow from operating activities

	2022	2021
	£'000	£'000
Profit/(loss) for the financial year	32,196	(3,743)
Tax on profit/(loss)	155	301
Interest	4,399	3,874
Profit on disposal of subsidiary	(36,102)	-
Operating profit	648	432
Amortisation of goodwill	3,607	3,374
Amortisation of intangible software assets	506	710
Depreciation of tangible fixed assets	1,539	1,177
	6,300	5,693
Working capital movements		
(Increase)/decrease in debtors	(3,316)	16
(Decrease)/increase in creditors	(965)	968
Net cash inflow from operating activities	2,019	6,677

23. Reconciliation of movements in net debt

	At 31 March 2021	Cash flow	New hire purchase liabilities	Other non cash movements	At 31 March 2022
	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	6,711	(4,580)	-	-	2,131
Bank loans	(21,389)	(706)	-	(893)	(22,988)
Hire purchase obligations	(1,565)	764	(692)	-	(1,493)
Shareholder loans	(27,768)	28,299	-	(531)	-
Net debt	(44,011)	23,777	(692)	(1,424)	(22,350)

24. Pensions

Pension contributions of £103,000 (2021: £104,000) were outstanding and are included within other creditors.

25. Capital commitments and contingencies

At 31 March 2022, the group had capital expenditure commitments of £nil (2021: £nil) 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 £24,100,000 (2021: £50,524,000).

Project C Topco Limited

Notes to the financial statements (continued)

26. Operating lease commitments

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

	2022		2021	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Payments falling due in:				
- less than 1 year	758	269	654	375
- between 2 - 5 years	1,285	548	906	388
- in more than 5 years	-	-	63	-
	<u>2,043</u>	<u>817</u>	<u>1,623</u>	<u>763</u>

The company has no commitments under operating leases.

27. Post balance sheet events

The company's subsidiary, Construction Testing Solutions Limited, acquired the following further business post year-end:

- GT Certification Limited, a calibration and materials testing business, was acquired on 30th April 2022 for consideration of £2m.
- Concept Engineering Consultants Ltd, a site investigation, geotechnical consultancy business, was acquired on 5th August 2022 for consideration of £6m.
- InSitu Site Investigation Ltd, a site investigation specialist through cone penetration testing, was acquired on 12th August 2022 for a consideration of £15m.

All of the acquisitions were financed by additional draw downs of the banking facilities. These acquisitions further expanded the group's range of testing and related consultancy services.

On 26th August 2022 the group entered into a binding sale contract for the sale of the group to TIC Bidco Limited, a company funded by Oakley Capital private equity investment. Completion of the sale occurred on 26th October 2022, at which time all existing bank and shareholder loans were repaid.

28. Related party transactions and controlling party

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.

The group paid Palatine Private Equity LLP monitoring fees of £100,000 for the year ended 31 March 2022 (2021: £100,000). Palatine Private Equity funds also held loan notes on which £1,004,000 of interest was paid in the year ended 31 March 2022 (2021: £1,682,000 accrued and paid in the following year).

A new Jersey incorporated ultimate parent company, Construction Testing Solutions Jco Limited, was put in place with the same shareholders and relative shareholdings as a result of a share for share exchange and the issue of £42m of new loan notes to the shareholders on 19 October 2021. This company also held a new Jersey incorporated subsidiary company, Project C Jco Limited. The company's subsidiary, Project C Bidco Limited, transferred its subsidiary CET Structures Ltd to Project C Jco Limited for a market value consideration of £54m with that amount owed to Project C Bidco Limited. Project C Jco Limited subsequently sold CET Structures Ltd to the Homeserve plc group for consideration of £54m and repaid the loan account allowing the group to repay all the existing bank debt of £21m at 22 October 2021 together with the £30m of shareholder held loan notes and accrued interest.

The immediate and ultimate parent company at 31 March 2022 was the Jersey incorporated company, Construction Testing Solutions Jco Limited, controlled by Palatine Private Equity Fund III LLP.

Following the post balance events set out in note 27 above, the company's ultimate parent undertaking is Oakley Cascade Luxco Sàrl, a company incorporated in Luxembourg. This company is controlled by Mr Peter Dudens.