

Vysus Group Holdings Limited
Report and financial statements
Period from 29 September 2020 to 31 October 2020

Company registration number: 12912998 (England and Wales)



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Directors and advisers

Directors

D M Clark
A Farrant
W Stamp
P J Williamson

Auditor

BDO LLP
London
United Kingdom

Bankers

HSBC Bank PLC
60 Queen Victoria Street
London
EC4N 4TR

Registered office

L4 18 Hanover Street
London
United Kingdom
W1S 1YN

Registered number

12912998

Strategic Report

Business Review

Prior to the onset of COVID, Lloyd's Register Group conducted a strategic review. The main outcome of this review was the decision to divest the Energy division as this was no longer in alignment with the core maritime or certification client base. With the increasing impact of COVID in Q1 2020, the Energy Division was right sized to meet expected future activity levels through Q2 2020 at which point a sales process was launched. Following a competitive tender process from July to September 2020 a deal was signed and completed on the 31st of October 2020 with Inspirit Capital creating Vysus Group as a new standalone engineering and technical consultancy. The transaction covered Lloyd's Register Energy Division global operations and personnel, bringing together all of the technical and regulatory expertise and capability.

Vysus Group is a leading engineering and technical consultancy offering specialist asset performance, risk management and project management expertise across complex industrial assets, energy assets (oil and gas, nuclear, renewables), the energy transition and rail and road. The values we hold at the core of our business are:

Trust	Partnership	Passion
We are trusted advisors. Independence and integrity are core to our approach to deliver innovative advice and proven solutions, in full consideration of all stakeholders, safety and the environment.	We build strong relationships with our clients, partners and key stakeholders, working collaboratively and aligning our objectives to maximise performance and outcomes.	We are passionate in our commitment to delivering excellence with everything we do, driven to go above and beyond, seeking new knowledge and challenging the status quo. We fully recognise the power of diversity, in all its forms, to benefit our business, clients and our talented employees.

At Vysus Group we are committed to actively challenging convention to achieve great things. We work hand in hand with our clients and apply new and imaginative thinking to tackle complex and multi-layered challenges and our comprehensive knowledge and passion improves operational performance and reduces risk.

These financial statements are for Vysus Group Holdings Limited, a new holding company and group established to acquire the Lloyd's Register Energy business stream and covers the period up to the completion of the acquisition on 31 October 2020.

Impact of the Coronavirus ("COVID-19") outbreak

In the year leading up to the financial period the COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020.

There has been major disruption to the global economy including business slowdowns or shutdowns and significant travel restrictions. These events have resulted in significant declines in both global economic activity and financial market valuations and which caused the oil & gas commodity prices to drop significantly resulting in a major slowdown in upstream customer activity and the suspension or termination on non-urgent or discretionary activity

Strategic Report

The spread of the virus resulted in a reduction of business activity in the Group, as customers' operations were affected either by government-imposed regulations restricting the physical movement of individuals in an effort to limit the spread of the coronavirus or as a result of customers facing their own economic and or operational challenges in responding to the virus.

In an effort to protect its employees' health and well-being, the Group implemented a number of measures, including having most office workers work remotely and suspending non-essential employee travel including to customer sites to perform services where the safety of employees could not be assured. Whilst the Group has increased its portfolio of services which can be offered remotely, the Group's net sales were negatively impacted by the effects of the pandemic.

In response, the Group undertook a series of initiatives with the goal of reducing the negative impact of the virus on the Group's financial performance and cash flows.

The introduction of national vaccination programmes and falling levels of COVID infection has led to the ease of lockdown restrictions in different regions. After listening to employee feedback, the Group has decided to change ways of working for all colleagues which reflects the best of both office, field and remote working. The Group now seeks to achieve an environment where colleagues have greater flexibility to choose their way of working to achieve the best results.

At the date of signing of the financial statements, oil and gas markets have rebounded strongly and travel restrictions have largely been eased, which has led to a period of recovery for Vysus Group.

Principal risks and uncertainties

In the opinion of the directors, the principal risks and uncertainties facing the Company relate to uncertainty associated with a sustained period of low oil prices, although these are now recovering materially as global activity returns as COVID restrictions are eased. The risk is managed through systematic and thorough analysis of the market and opportunities, tracking of pipeline and business development activity, and active management of the cost base. Also, detailed forecasting of cash flows throughout the Company and Group which ensures sufficient cash is generated during the going concern period.

The principal strategic risks of the Company are:

- Global economic slow-down affects the key markets in which the Company operates.
- Emerging and disruptive technologies, or other changes in the competitive landscape adversely impact our business model.
- Loss of customer trust or decline in customer experience leads to loss of market share.
- Inability to attract and retain the best people and talent with the necessary skills, including technical and commercial, to support the delivery of the Company's strategy.
- Geopolitical changes, such as the UK's exit from the EU or changing sanction regimes impacts our markets.
- Insufficient funds being generated to enable the Company to operate.

The principal operational and compliance risks of the Company are:

- Health, safety and security of our workforce.
- Failure of a client asset or process as a result of a breakdown in the Company's quality assurance processes.
- Cyber and data related security incidents.
- Major project delay overspend or failure.

Strategic Report

Legal and regulatory compliance, including adherence to legal and regulatory standards and litigation risk in various jurisdictions. Key laws and regulations that impact the Company include those relating to anti-bribery and corruption, data protection and competition.

Financial risk management

Vysus Group is exposed to credit risk as a result of its operations and the activities that it carries out.

Credit risk

Vysus Group performs assessments on the creditworthiness of new clients, and where appropriate assigning a credit limit to clients' accounts.

By order of the Board

A handwritten signature in black ink, appearing to read 'D M Clark', with a small dot at the end.

D M Clark

Director

January 17, 2022

Directors' report

The company was incorporated on 29 September 2020 and the Directors have elected to prepare their first set of accounts to 31 October 2020.

This report is prepared in accordance with the provisions applicable to companies eligible to the small company's exemption under section 415(a) of the Companies Act 2006.

The directors present their report and financial statements for the period ended 31 October 2020.

Board of directors

The directors of the Company during the period and subsequently were:

	Appointed
A Farrant	29 September 2020
W Stamp	29 September 2020
P J Williamson	31 October 2020
D M Clark	31 October 2020

Principal activities

Vysus Group Holdings Limited provides energy consultancy services and risk management consulting.

Results

The result for the period to 31 October 2020 was £nil.

Future developments

The Board of Directors approved the 2022 and subsequent five-year business plan which outlines the expansion and development of the wider expertise across the renewables, transition energy and power sectors. In addition to maintaining an active market presence in the core oil and gas, nuclear and complex industry sectors.

It is envisaged that 2022 will primarily be a transitional year, where the new Group will be fully established with standalone business entities, business systems and administration expertise. Commercial focus and cost control are to be key tenants of the new management team with the Board of Directors being confident that the independent business will have the agility and pace to complete the transition and expand and develop

capability and presence across the wider renewables, transition energy and power sector. Under the new Vysus Group brand and leveraging across the legacy brands (such as Senenergy, Moduspec, Scandpower) to create a leading global advisory business with peer group level profitability.

The Board of Directors are confident that the combination of market recognised technical and regulatory expertise, across a number of energy markets are ideally timed to meet the expected post COVID activity increases, and the significant global capital investment expected across the energy, infrastructure and complex industrial sectors as the world transitions to low carbon energy solutions.

Principal risks and uncertainties

The principal strategic risks of the Group are covered in the Strategic Report.

Post balance sheet events

Post-balance sheet events are disclosed in Note 19.

Employees

Vysus Group Holdings Ltd strives to be an equal opportunities employer. Full consideration is given to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is Company policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

The Group continually aims to provide employees with information on relevant matters, including financial and economic factors affecting the performance of the Group both by email and by posting to the Group's intranet website and using internal social media.

Directors' report (continued)

Disclosure of information to auditor

Having made enquiries, each of the directors listed above who were in office at the time of approving the Directors' report, confirms that:

- So far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- Each director has taken all steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

Going concern

Based on forecasts prepared for the going concern period, the directors have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. See also note 1 of Notes to the Financial Statements.

During April 2021 the Group entered into an invoice factoring arrangement with Sonovate Limited in the UK and Sonovate LLC in the US. See also note 18 of Notes to the Financial Statements.

Credit risk

It is Group policy to perform an assessment of the creditworthiness of significant new clients and, where appropriate, assign a credit limit to clients' accounts.

Auditor

BDO LLP were appointed as the Company's auditor on April 13, 2021.

BDO LLP has expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be reappointed.

By order of the Board



D M Clark

Director

January 17, 2022

Company registration number: 1291299

Statement of the 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 regulations.

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

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Vysus Group Holdings Limited

Opinion on the financial statements

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 October 2020;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Vysus Group Holdings Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the period ended 31 October 2020 which comprise the Consolidated Profit and Loss Account, Consolidated and Company Balance Sheet, Consolidated and Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

We are independent of the Group and the 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.

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 and 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 directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we

Independent auditor's report to the members of Vysus Group Holdings Limited

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.

Other Companies Act 2006 reporting

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 period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and Parent Company and its 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; or
- take advantage of the small companies' exemptions in preparing the Directors' report.

Responsibilities of Directors

As explained more fully in the Statement of directors' responsibilities, 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

Independent auditor's report to the members of Vysus Group Holdings Limited

considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the Group and the industry in which it operates, we considered those laws and regulations that might have a direct impact on the preparation of the financial statements. We determined that the most relevant laws and regulations related to company law, tax legislation and the financial reporting framework.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to management bias in accounting for the acquisition.

Our approach was as follows:

- We understood how the Group is complying with those legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. We made enquiries of management, and those charged with governance as to whether there was any correspondence from regulators in so far as the correspondence related to the financial statements.
- We assessed the judgements made by management when making key accounting estimates and judgements, and challenged management on the appropriateness of these judgements such as on the acquisition accounting, determination of acquisition fair values of the assets and liabilities including the contingent consideration, and determination of the carrying value of the negative goodwill;
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by discussing among the engagement team the potential fraud risks in the Group. We made enquiries of management and those charged with governance to understand which areas have the greater risk of susceptibility to fraud. We considered the controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud, and how those charged with governance monitors those controls; and
- Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included journal entry testing.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Independent auditor's report to the members of Vysus Group Holdings Limited

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Laura Pingree
1A7A4A067AC1435

Laura Pingree (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
Date

18 January 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated profit and loss account for the period from September 29 2020 to 31 October 2020

As the acquisition completed on the last day of the period covered by these accounts, there have been no gains and losses and therefore made neither profit nor loss. Consequently, no profit and loss account or statement of comprehensive income is presented.

Consolidated and Company balance sheets at 31 October 2020

		Group	Company
		31 October	31 October
		2020	2020
	Notes	£'000	£'000
Non-current assets			
Negative Goodwill	4	(20,771)	—
Intangible assets	4	98	—
Tangible assets	5	2,817	—
Investments	6	—	518
Interests in joint ventures: Share of net assets	6	758	—
		<u>(17,098)</u>	<u>518</u>
Current Assets			
Debtors	7	29,662	4,001
Cash at bank and in hand	8	8,340	—
		<u>38,002</u>	<u>4,001</u>
Creditors: Amounts falling due within one year	9	(15,418)	(518)
Net Current Assets		<u>22,584</u>	<u>3,483</u>
Creditors: Amount falling after more than one year	10	(4,000)	(4,000)
Provisions for liabilities and charges	11	(1,485)	—
		<u>(5,485)</u>	<u>(4,000)</u>
Net Assets		<u>1</u>	<u>1</u>
Capital and Reserves			
Share Capital	12	1	1
Total shareholder's funds		<u>1</u>	<u>1</u>

The result for the period to 31 October 2020 arising in the financial statements of the parent company is £nil.

The financial statements were approved by the Board of Directors and authorised for issue on January 17, 2022 and signed on its behalf by:



D M Clark

Director

Vysus Group Holdings Limited

Registration number: 12912998

Consolidated Statement of changes in equity as at 31 October 2020

	Called up share capital £'000	Profit and loss account £'000	Total £'000
At incorporation on 29 September 2020	—	—	—
Issued share capital	1	—	1
Result for the financial period and total comprehensive income	—	—	—
At 31 October 2020	1	—	1

Company Statement of changes in equity as at 31 October 2020

	Called up share capital £'000	Profit and loss account £'000	Total £'000
At incorporation on 29 September 2020	—	—	—
Issued share capital	1	—	1
Result for the financial period and total comprehensive income	—	—	—
At 31 October 2020	1	—	1

Notes to the financial statement for the period from 29 September to 31 October 2020

1. Legal information, basis of accounting and accounting policies

Vysus Group Holdings Limited (the “Company”) is a private company limited by shares under the Companies Act 2006, registered in England and Wales. Its registered office is disclosed on page 1 and its principal activities within the Director’s report.

The financial statements are prepared under the historical cost convention and in accordance with applicable Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The Directors have made due and careful enquiry and after preparing forecasts, are of the opinion that the Group and Company has adequate working capital to execute its operations over the next 12 months. The Directors, therefore, have made an informed judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future. As a result, the Directors have continued to adopt a going concern basis of accounting in preparing the financial statements.

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 October 2020. The results of subsidiaries acquired are consolidated for the periods from or to the date on which control passed. Business combinations are accounted for under the purchase method. All intra - group transactions, balances, income and expenses are eliminated on consolidation.

The functional currency of the Group and Company is considered to be pounds sterling because that is the currency of the primary economic environment in which it operates. These financial statements are presented in pounds sterling and all values are rounded to the nearest thousand pounds (£’000), except where otherwise indicated.

The Group and Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to financial instruments, intra-group transactions, presentation of a cash flow statement and remuneration of key management personnel.

- a. Negative goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any deficit of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is separately disclosed on the balance sheet. Negative goodwill shall be amortised over a period not exceeding 5 years. The amortisation period represents the useful economic life of the non-monetary assets which have been purchased
- b. Tangible fixed assets are stated at cost, or valuation if acquired as part of a business combination.

Fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation of tangible fixed assets is provided by the straight line method based on the cost of the asset less residual value over their economic life commencing with the year in which they are ready for use, at rates estimated to write off their cost during their respective useful lives as follows:

Land and Buildings	Up to 40 years
Office Fittings & Equipment	8 years
Computer Equipment	5 years
Motor Vehicles	5 years
Plant & Machinery	5 to 20 years

- c. Investments including those in subsidiaries and joint ventures are stated at cost less impairment. The joint venture is disclosed in note 6 and is accounted for under the equity method where the initial investment is recorded at cost then adjusted for to reflect actual performance, on this basis an adjustment has been made for specific bad debts to reduce the net asset value of the joint venture.

Notes to the financial statement for the period from 29 September to 31 October 2020

1. Legal information, basis of accounting and accounting policies (continued)

- d. Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not, that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

- e. Foreign currency denominated monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date.
- f. Provision is made on a case-by-case basis in respect of defending claims received and where appropriate, the estimated cost of settling claims. Provisions for employee benefits arising on termination of employment, are recognised when a company is demonstrably committed to a formal plan for termination and is without realistic possibility of withdrawal from the plan. Where appropriate management has provided for leave credits, primarily earned but unused annual leave, this has been done with reference to legal requirements in place within each country where the Group operates.
- g. Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs).
- h. Short-term employee benefits are recognised as an expense in the period in which they relate.
- i. Intangible assets relating to software acquired in a separate transaction are recognised at cost including any directly attributable costs of preparing the software for its intended use and amortised using the straight-line method over their useful economic lives which is deemed to be 3 years. Provision is made for any impairment.

Critical accounting judgements and key sources of estimation uncertainty

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

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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Group management believe that the estimates and assumptions listed below have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities.

Notes to the financial statement for the period from 29 September to 31 October 2020

1. Legal information, basis of accounting and accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty (continued)

The acquisition has been accounted for based on book values which have been assessed to equate to fair values for the majority of the assets and liabilities. Fair value adjustments have been made in relation to the valuation of a property in the US and rents which have been charged at below market valuations. In both these cases the fair value has been based on market valuations which are readily available see note 4. The impact of the contingent consideration is discussed below.

The Group acquired

The Sale and Purchase Agreement includes contingent consideration of £10m if EBITDA exceeds £5m in two consecutive full financial years of the first three full financial years ending after January 1, 2021.

FRS 102 requires an estimate of contingent payments to be made at the date of acquisition, and included in the cost of the combination, where:

- the payment is probable; and
- the payment can be measured reliably.

Based on forecast profitability no payment is probable, therefore contingent consideration is excluded from the cost of business acquisition.

In addition, the Sale and Purchase Agreement includes earn out provisions should a 'Trigger Event' occur – a share disposal, listing, or asset disposal. These are:

- 30% of equity value if business sold in year 1
- 15% of equity value if business sold in year 2

These events are not considered probable, therefore contingent consideration is excluded from the cost of business acquisition.

Fair value measurement

All carrying values of assets and liabilities approximate to their fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are recognised at their fair values at the acquisition date. The carrying values of receivables and payables approximate to their fair values.

Carrying value of negative goodwill

The value of the negative goodwill on the balance sheet represents the excess fair value of the net assets purchased over the cost of the acquisition. The fair value of the net assets exceed the purchase cost by £21m as detailed in note 4 to the financial statements. The balance of negative goodwill shall be recognised in the profit and loss account in the periods in which the non-monetary assets are recovered.

Notes to the financial statement for the period from 29 September to 31 October 2020

Critical judgements in applying the Group's accounting policies

The following are the critical judgements that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Recoverability of aged trade receivables

Judgement is required in evaluating the likelihood of collection of customer debt after revenue has been recognised. This evaluation requires estimates to be made including the level of provision to be made for amounts with uncertain recovery profiles. Provisions are based on historical trends in the percentage of debts which are not recovered, or on more detailed reviews of individually significant balances. To the extent that actual recovery experience differs significantly from the historical trends or from the assumptions on recovery following the detailed reviews of individually significant balances, the profit and loss account of the Group in future years may be materially affected.

Recoverability of accrued income

Judgement is required in evaluating the likelihood of recovery of accrued income, representing the work performed to date but not yet invoiced. This evaluation requires judgement to be made of whether the costs incurred, together with expected costs to complete, will be invoiced and settled at an amount in excess of the carrying amount. Provisions are based on historical trends in the percentage of work in progress not recovered based on the ageing of accrued income and specific review of individually significant work orders. To the extent that actual recovery experience differs significantly from the historical trends of the Group or from the assumptions on recovery following the detailed reviews of individually significant balances, the profit and loss account of the Group in future may be materially affected.

2. Ownership of share capital

Vysus Group Holdings Limited was incorporated on 29 September with £1 of nominal share capital. The issued share capital is held and controlled by Inspirit GP LLP, registration number OC429522, address: L4 18 Hanover Street London W1S 1YN, a Limited Liability partnership registered in England and Wales.

3. Average number of employees

Following the acquisition described in note 4 on 31 October 2020, the group had 606 employees. The average number of employees, excluding directors during the period was 18.

4. Intangible assets

	Group	
	Goodwill £'000	Software £'000
Cost		
At incorporation	—	—
Acquired	(20,771)	98
At 31 October 2020	(20,771)	98

Acquisition

On 31 October 2020, Vysus Group Holdings Limited completed the acquisition of the Energy business stream from Lloyd's Register Group Limited. The subsidiaries acquired are detailed in note 16.

The acquisition has been accounted for using the purchase method.

Notes to the financial statement for the period from 29 September to 31 October 2020

4. Intangible assets (continued)

	Book value £'000	Fair value adjustments £'000	Fair value £'000
Fixed assets	2,616	201	2,817
Intangible assets	98		98
Interest in Joint Ventures	758		758
Current assets	29,068	594	29,662
Cash	8,340		8,340
Current liabilities (excluding acquisition costs)	(14,901)		(14,901)
Net Current Assets	22,507		23,101
Creditors: Amount falling after more than one year	(4,000)		(4,000)
Provisions for liabilities	(1,485)		(1,485)
	(5,485)		(5,485)
Net Assets Acquired	20,494		21,289
Total consideration payable and acquisition expenses			518
Less net assets acquired			(21,289)
Negative Goodwill arising on acquisition			(20,771)

5. Tangible Fixed Assets

	Land & buildings £'000	Office fittings and equipment £'000	Plant & Machinery £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost and Net Book value						
At incorporation	—	—	—	—	—	—
Acquired	1,374	74	863	252	254	2,817
At 31 October 2020	1,374	74	863	252	254	2,817

6. Investments

	Group 2020 £'000	Company 2020 £'000
Investments in subsidiaries	—	518
Investments in joint ventures: share of net assets	758	—

Notes to the financial statement for the period from 29 September to 31 October 2020

6. Investments (continued)

Principal Group subsidiaries

Vysus Group Limited controls all the voting rights of the following principal subsidiary companies. A complete list of direct and indirect subsidiaries is included in note 16.

Company	Country of incorporation and registration	Principal activity
Senergy Oil & Gas Limited	United Kingdom	Energy

Joint ventures

The following entities are treated as joint ventures of the Group:

Company	Share of company owned	Country of incorporation and registration	Principal activity
Xinjiang LR Tunhe Social Economic Consulting Company Limited	60%	China	Engineering inspection

The shareholders' agreement in place means that Vysus Group Holdings Limited does not have overall control of the Company despite the nominal level of ownership. The following shows the share of net assets recognised by the Group at October 31, 2020:

	2020 £'000
Total Assets of the Joint Venture	1,776
Total Liabilities of the Joint Venture	(374)
Adjustment made for Bad Debts	(138)
Net Assets of the Joint Venture	1,264
60% Share of Net Assets	758

7. Debtors

	Group 2020 £'000	Company 2020 £'000
Trade debtors	11,883	—
Prepayment and Accrued Income	16,987	1
Taxation recoverable	474	—
Deferred tax asset	214	—
Other debtors	104	4,000
	29,662	4,001

Notes to the financial statement for the period from 29 September to 31 October 2020

8. Cash at bank and in hand

	Group 2020 £'000	Company 2020 £'000
Cash at bank and in hand	8,340	-

Restricted cash

There is a restricted cash balance of £1,095k which relates to operational funds held in custody.

9. Creditors: amounts falling due within one year

	Group 2020 £'000	Company 2020 £'000
Trade creditors	1,199	—
Accruals and deferred income	11,843	518
Other taxation and social security	1,290	—
Other creditors	1,086	—
	15,418	518

10. Creditors: Amount falling due after more than one year

	Group 2020 £'000	Company 2020 £'000
Long term loan payable to Lloyds Register Group Limited	4,000	4,000

The loan is unsecured, however restricts the declaration of dividends until repaid in full. Interest is payable on the three- year loan at a rate increasing from 2.5% to 7.5% over the three-year period. The interest is accrued and added to the principal amount until repayment or redemption of the loan notes.

11. Provisions

	Group 2020 £'000
Employee related	393
Leasehold properties	161
Legal claims	98
Other Provisions	833
	1,485

Employee related: Provision is made for redundancy and relocation costs with respect to the restructuring programmes in addition to certain employee benefits and other employment related costs. Settlement of these provisions is expected within one year.

Notes to the financial statement for the period from 29 September to 31 October 2020

Leasehold properties: A provision is required to meet contractual obligations to perform restoration on leasehold property on exit. Settlement of these provisions is expected within 2-5 years.

Legal claims: In the normal course of business, Vysus Group Holdings Limited entities may receive claims for compensation from clients. Substantial insurance cover is carried for this purpose. Where appropriate, provision is made for the uninsured costs arising from such claims. Adequate provision has been made for the claims notified. The timing on these liabilities is dependent upon the conclusion of the continuing legal proceedings which typically span several years.

Other: Included is a provision in relation to a potential liability for a PAYE Assessment in the UK. A provision has also been established in relation to holiday related payments to employees in Australia.

12. Share capital

	Group 2020 £'000	Company 2020 £'000
Issued, called up and fully paid		
750 A ordinary share of £1 each	1	1
100 B ordinary shares of £1 each	—	—

The company has two classes of ordinary share which carry no right to fixed income.

13. Contingent liabilities, capital and financial commitments

There are no capital commitments as at 31 October 2020.

Vysus Limited is committed to making payments under non-cancellable operating leases as follows:

	Land and Buildings 2020 £'000
Operating leases which expire:	
Within one year	856
Within two to five years	810
Thereafter	-
	1,666

14. Related party transactions and parent entities

The Company has taken advantage of the exemption in Financial Reporting Standard 102, whereby transactions with fellow subsidiary companies ultimately 100% owned by the same parent are not required to be disclosed.

Notes to the financial statement for the period from 29 September to 31 October 2020

15. Ultimate Parent entity and ultimate controlling party

The Directors consider that the immediate and ultimate parent undertaking and controlling party is Inspirit Vysus Holdings Limited. The smallest and the largest group of which the Company is a member for which consolidated financial statements are prepared is that headed by Vysus Group Holdings Limited, a copy of which may be obtained from the Company Secretary at its registered office, at L4, 18 Hanover Street, London, United Kingdom, W1S 1YN.

16. Parent Company Results

The result for the period to 31 October 2020 arising in the financial statements of the parent company is £nil. As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent company.

17. Group Companies

The following are the subsidiaries and joint ventures of the Group at 31 October 2020. All subsidiaries are consolidated. Details are given of the principal country of operation. The equity share capital of these entities is wholly owned by the Group except where its percentage interest is shown otherwise. All companies are incorporated in their principal country of operation except where stated.

Company	Country of Origin	Registered Address	% of Ownership
Vysus UK Limited (previously Lloyd's Register Consulting Energy Limited)	UK	18 Hanover Street, London, W1S 1YN United Kingdom	100
Vysus Moduspec (UK) Limited (previously Lloyd's Register Drilling Integrity Services (UK) Limited)	UK	Kingswells Causeway, Prime Four Business Park, Kingswell, Aberdeen, AB15 8PU, Scotland	100
Senergy Wells Limited	UK	Kingswells Causeway, Prime Four Business Park, Kingswell, Aberdeen, AB15 8PU, Scotland	100
Senergy (GB) Limited	UK	Kingswells Causeway, Prime Four Business Park, Kingswell, Aberdeen, AB15 8PU, Scotland	100
Senergy Oil & Gas Limited	UK	Kingswells Causeway, Prime Four Business Park, Kingswell, Aberdeen, AB15 8PU, Scotland	100
Senergy Limited	UK	Kingswells Causeway, Prime Four Business Park, Kingswell, Aberdeen, AB15 8PU, Scotland	100
Vysus Canada Limited (previously Lloyd's Register Energy Canada Limited)	Canada	Suite 400, 355 4th Avenue SW, Calgary AB T2P 0J1, Canada	100
Vysus China Inc. (previously Lloyd's Register Consulting Energy Inc.)	China	Rm 1002-1003, Tower E, Global Trade Centre, Beijing, 100013	100
Xinjiang LR Tunhe Social Economic Consulting Company Limited	China	802 Tianhe New City Plaza, Tower A, 38 He Nan Dong Road, Xinshi District, Urumqi, Xinjiang, China	60
Vysus Denmark Holdings ApS (previously Lloyd's Register Denmark Holdings ApS)	Denmark	Strandvejen 104 A, 2 nd Floor, DK-2900, Hellerup, Denmark	100

Notes to the financial statement for the period from 29 September to 31 October 2020

Company	Country of Origin	Registered Address	% of Ownership
Vysus Denmark A/S (previously Lloyd's Register Consulting Energy A/S)	Denmark	Strandvejen 104 A, 2 nd Floor, DK-2900, Hellerup, Denmark	100
Vysus Consulting India Private Limited (previously Lloyd's Register Consulting - Energy Private Limited)	India	503, 5 th Floor, Nitco Biz Park 1, Plot No C/19, Road No 16-U, Eagle Estate, MIDC, Thane (W), Maharashtra, 400604, India	100
Lloyd's Register Technical Services Sdn Bhd (<i>note 1</i>)	Malaysia	Suite 28.2, Level 28, Naza Tower, No. 10, Persiaran KLCC, 50088, Kuala Lumpur	-
Senergy International Sdn Bhd	Malaysia	Suite 28.2, Level 28, Naza Tower, No. 10, Persiaran KLCC, 50088, Kuala Lumpur	100
Senergy Global Resources Sdn Bhd (<i>note 1</i>)	Malaysia	Suite 28.2, Level 28, Naza Tower, No. 10, Persiaran KLCC, 50088, Kuala Lumpur	-
Lloyd's Register Energy & Transportation S de CV.de RL (<i>note 1</i>)	Mexico	Calle Habaneras 271 401, Jardines de Virginia, Boca del rio, Veracruz, 94294, Mexico	-
Vysus Norway Holdings AS (previously Lloyd's Register Norway Holdings AS)	Norway	Drammensveien 169, N-0277 Oslo, Norway	100
Vysus Norway AS (previously Lloyd's Register Consulting – Energy AS)	Norway	Drammensveien 169, N-0277 Oslo, Norway	100
Vysus Sweden AB (previously Lloyd's Register Consulting – Energy AB)	Sweden	PO Box 1288, 172 25 Sundbyberg, Sweden	100
Vysus Sweden Holdings AB (previously Lloyd's Register Sweden Holdings AB)	Sweden	PO Box 1288, 172 25 Sundbyberg, Sweden	100
Vysus ModuSpec Inc. (previously Lloyd's Register Drilling Integrity Services, Inc.)	USA	1330 Enclave Parkway, Houston, Texas, 77077, USA	100
Vysus Americas, Inc. (previously Lloyd's Register Energy Americas, Inc.)	USA	1330 Enclave Parkway, Houston, Texas, 77077, USA	100
SGC Engineering LLC	USA	501 County Road, Westbrook Maine 04092, USA	100
Vysus Australia Pty. Ltd. (previously Lloyd's Register Australia Advisory Services Pty. Ltd)	Australia	Level 16, 461 Bourke Street, Melbourne, 3000	100
West Servicos Tecnicos do Brasil Ltda	Brazil	Rua do Camo no 7, 18 Andar, Rio de Janeiro, Brazil	100

Note 1: At 31 October 2020, three companies were legally owned by Lloyds Register Group Limited, with the beneficial interest attributable to Vysus Group Holdings Limited. These companies are included within the consolidated Vysus Group Holdings Limited accounts due to the control over these entities.

Notes to the financial statement for the period from 29 September to 31 October 2020

17. Group Companies (continued)

The following subsidiaries have taken advantage of the exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Company	Place of registration	Registered Number
Senergy Wells Limited	Scotland	SC231439
Senergy (GB) Limited	Scotland	SC125513
Senergy Limited	Scotland	SC273506
Senergy Oil & Gas Limited	Scotland	SC350041
Vysus UK Limited (previously Lloyd's Register Consulting Energy Limited)	England and Wales	7630518
Vysus Moduspec (UK) Limited (previously Lloyd's Register Drilling Integrity Services (UK) Ltd)	Scotland	SC115074

18. Auditor remuneration

The auditor remuneration for the Group audit for this period is £66,000 (including Company audit fee of £15,000). Non audit fees are £19,220 in respect of the provision of taxation advice and £3,000 for company secretarial services.

19. Subsequent events

During April 2021 the Group through its subsidiaries in the UK and the US have entered an invoice factoring arrangement with Sonovate Limited and Sonovate US LLC. This arrangement has enabled the Group to improve cash flow and assists in overall financial planning. The amounts due to Sonovate Limited and Sonovate US LLC are secured by a floating charge over the assets of the respective Group entity.