

**OUTCO BIDCO LIMITED  
(FORMERLY GRITIT BIDCO LIMITED)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**OUTCO BIDCO LIMITED (FORMERLY GRITIT BIDCO LIMITED)**

**COMPANY INFORMATION**

<b>Directors</b>	A Miller A Petsch J Petsch K Russell (resigned 5 November 2020)
<b>Registered number</b>	11635714
<b>Registered office</b>	8th Floor South Reading Bridge House George Street Reading Berkshire RG18LS
<b>Independent auditor</b>	BDO LLP Chartered Accountants and Statutory Auditor 31 Chertsey Street Guildford GU1 4HD

**OUTCO BIDCO LIMITED (FORMERLY GRITIT BIDCO LIMITED)**

**CONTENTS**

	Page
<b>Strategic report</b>	1 - 3
<b>Directors' report</b>	4 - 6
<b>Independent auditor's report</b>	7 - 9
<b>Statement of comprehensive income</b>	10
<b>Balance sheet</b>	11
<b>Statement of changes in equity</b>	12
<b>Notes to the financial statements</b>	13 - 23

# **OUTCO BIDCO LIMITED (FORMERLY GRITIT BIDCO LIMITED)**

## **STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020**

The Directors present their Strategic Report for the year ended 30 September 2020.

### **Principal activity**

The Company is an intermediate parent company whose primary objective is to provide finance to fellow subsidiaries within the Group headed by Outco Holdings Limited (formerly Gritit Holdings Limited). The principal activities of its subsidiary undertakings are the provision of specialist winter risk management services and grounds maintenance services to commercial properties throughout the UK, in addition to corporate activities including oversight, finance, IT, compliance and sales and marketing.

### **Review of the business**

The Company is part of a group whose ultimate parent company is Outco Holdings Limited (formerly Gritit Holdings Limited).

A full commentary on the Group's activities and financial performance for the full year ending 30 September 2020 is provided in the Annual Report for Outco Holdings Limited however headlines are as follows:

- Revenue for the year amounted to £22,634k (2019 - £19,469k) and the Group's operating profit before charging depreciation, amortisation, share option charges and exceptional items ("EBITDA") reduced to £5,684k (2019 - £5,949k)
- The increase in group revenue was driven by site growth and colder winter weather conditions
- The acquisition of the trade and assets of Pickup & Son Limited, a national grounds services and specialist property cleaning provider on 1 April 2020
- However additional investment to drive growth, including a new senior management team, impacted performance resulting in a reduced level of adjusted EBITDA compared to the prior period.

### **Financial performance**

The Company does not trade, instead its income and expenses are derived from Director Service Agreements and its loans. The results for the year are contained in the accompanying statement of comprehensive income which shows a loss after tax of £1,639,544 (2019 profit - £450,762).

#### *Key performance indicators*

The Directors refer to the Company's financial performance for the year ended 30 September 2020 and financial position as at 30 September 2020 in evaluating the Company's performance, which are set out on pages 8 and 9.

#### *Future developments*

The Directors expect the Company to continue with the same principal activities for the foreseeable future.

#### *Finance charges and interest*

Finance charges and interest for the period to 30 September 2020 amounted to £1,561k (2019 - £1,518k). This principally comprised redemption premium and interest on the Group's long-term shareholder loan notes £1,387k (2019 - £1,347k) and arrangement fees £174k (2019 - £160k).

## **OUTCO BIDCO LIMITED (FORMERLY GRITIT BIDCO LIMITED)**

### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020**

#### **Going concern**

In considering the appropriate basis on which to prepare the financial statements, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future. The Company is an intermediate holding company and is dependant on the Group's principal trading entities to continue to generate positive cash flows sufficient to meet the day to day working capital requirements and the terms of the Group's borrowings.

The Company is part of the Outco group of companies and the going concern assessment is partly based on the going concern review of the Group. The Group as a whole operates a stable business with a number of customers and suppliers across the entire UK and has considerable financial resources with a cash balance at 30 September 2020 amounting to £3,147k.

On 22 December 2021 the Group reached an agreement with its Senior Debt provider to reset the Group's financial covenants in order to provide additional flexibility to implement the Group's strategy at pace. The financial covenants comprise a gross leverage ratio, cash cover test and capital expenditure test. The gross leverage and cash cover tests are quarterly however for the period from 31 December 2021 to 30 June 2022, a monthly liquidity test replaces the cash cover test. The capital expenditure test is an annual test.

The Directors have made an assessment and satisfied themselves of the Group's and Company's ability to continue as a going concern. The key elements of this assessment were the Group's and Company's cash flow forecasts and projections, in addition to the Group's considerable cash balance. These forecasts and projections, based on reasonably possible changes in trading performance, show the Group and Company have adequate resources to continue in operational existence for at least twelve months from the date of this report including continued compliance with the Group's current financial covenants. In addition the forecasts show compliance with the Group's Senior Debt covenants, as reset with effect from 22 December 2021, with headroom.

The Directors are of the opinion that the Group and Company have adequate resources to continue in operational existence for at least twelve months from the date of this report. In addition, the Directors have received a letter of support from OUTCO Holdings Limited, the ultimate parent company of the Group, confirming it will continue to provide the necessary financial support for the company for a period of at least twelve months from the date of signing these financial statements, as it may require. The Directors therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

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

As the Company's activities are linked to the provision of finance to other group companies, its risks and uncertainties are affected by those of the Group as a whole.

The Group faces the normal technological, competitive and economic challenges in addition to the unpredictability of the weather as discussed above. Plans are in place to deal with these challenges as they arise.

- a. **Interest Rate Risk.** The Group's interest rate risk is limited due to the fixed rates on its finance leases and shareholder loans so this risk is therefore primarily associated with its ability to make interest payments. The Group mitigates this risk by preparing cash flow forecasts on a regular basis. The Group does not use any financial instruments to mitigate the risk.
- b. **Competition from new entrants.** The Group recognises that as its core markets grow this is likely to attract new entrants to the market. To mitigate this risk the Group continues to invest in Research and Development to retain its market share.
- c. **People.** The success of the Group is dependent on the efforts, abilities, experience and expertise of its senior management and on recruiting, retaining, motivating and communicating effectively with its employees at all levels of the organisation. Policies and targets are supported by a governance structure including a Remuneration Committee and employees are engaged through staff surveys and regular communications with senior management.

**OUTCO BIDCO LIMITED (FORMERLY GRITIT BIDCO LIMITED)**

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

- d. Brexit. On June 23, 2016, the United Kingdom ("UK") held a referendum in which voters approved for the UK to leave the European Union ("EU") ("Brexit"). During the financial year, the UK government triggered Article 50 (the process of leaving the E.U.). We have continued to monitor the potential implications of the UK's withdrawal from the EU and its impact on the Group. Reiterating our position in last years annual report we think it unlikely that Brexit will directly impact the Group to a material effect. We will continue to proactively assess the potential impacts of Brexit as we progress through 2021 and 2022.
- e. COVID-19. At the end of 2019, reports from China on the coronavirus appeared for the first time. In the first months of 2020, the virus spread throughout the world and its negative impact is substantial. At the time of these financial statements, following the successful introduction of vaccines, the management do not see a significant impact on the business. The Directors continue to monitor for any impact and take all necessary steps to mitigate any negative effects on the Company and its employees. The Directors have considered the financial position of the Company and believe that it remains a going concern.

This report was approved by the Board and signed on its behalf.

.....  
**J Petsch**  
Director

Date: 24/01/22

## **OUTCO BIDCO LIMITED (FORMERLY GRITIT BIDCO LIMITED)**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020**

The Directors present their report and the financial statements for the year ended 30 September 2020.

#### **Change of name**

With effect from 18 May 2021 the name of the Company was changed from Gritit Bidco Limited to Outco Bidco Limited.

#### **Directors' responsibilities statement**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the 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 Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

#### **Results and dividends**

The loss for the year, after taxation, amounted to £1,639,544 (2019 - profit £450,762).

No dividends were declared in the year or after the year end.

#### **Directors**

The Directors who served during the year were:

A Miller  
A Petsch  
J Petsch  
K Russell (resigned 5 November 2020)

## OUTCO BIDCO LIMITED (FORMERLY GRITIT BIDCO LIMITED)

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

#### Financial instruments

As the Company's activities are linked to the provision of finance to other Group companies, its risks and uncertainties are affected by those of the Group as a whole. These are:

##### Interest rate risk

The Group's interest rate risk is limited due to the fixed rates on its finance leases and loan notes and is therefore primarily associated with its ability to make interest payments. The Group mitigates this risk by preparing cash flow forecasts on a regular basis and investing its cash as required to provide liquidity and reduce the interest rate risk. The Group does not use any financial instruments to mitigate the risk.

##### Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due, but the risk is mitigated by preparing cash flow forecasts on a regular basis.

##### Market risk

Market risk arises from the Company's use of interest bearing financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates and this risk is mitigated by preparing cash flow forecasts on a regular basis.

##### Foreign exchange risk

The Company principally trades in the UK in GBP, with limited exposure to foreign currencies.

#### Matters covered in the Strategic Report

The following information has been presented within the Strategic Report:

- Review of the business
- Going concern note

#### Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### Post balance sheet events

On 1 November 2020 the Company acquired the entire share capital of OUTCO Surfacing Holdings Limited (formerly NMC (Group) Holdings Limited), a commercial surfacing business, for a total consideration of £17,705,773. The Directors are in the process of finalising the acquisition accounting. To fund the acquisition, new financing arrangements were negotiated and arranged with Investec Bank plc, secured over the assets of the Group. As a result of the new financing arrangements, the repayment terms of debts already in place have been changed - see note 14 of the financial statements for details.

#### Auditor

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



**OUTCO BIDCO LIMITED (FORMERLY GRITIT BIDCO LIMITED)**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

This report was approved by the Board and signed on its behalf.

  
.....  
**J Petsch**  
Director

Date: 24/01/22

## **OUTCO BIDCO LIMITED (FORMERLY GRITIT BIDCO LIMITED)**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OUTCO BIDCO LIMITED (FORMERLY GRITIT BIDCO LIMITED)**

#### **Opinion**

We have audited the financial statements of Outco Bidco Limited (formerly Gritit Bidco Limited) (the 'Company') for the year ended 30 September 2020, which comprise the statement of comprehensive income, the balance sheet and the statement of changes in equity and the 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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**

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

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

## **OUTCO BIDCO LIMITED (FORMERLY GRITIT BIDCO LIMITED)**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OUTCO BIDCO LIMITED (FORMERLY GRITIT BIDCO LIMITED) (CONTINUED)**

#### **Other information**

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

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

We have nothing to report in this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

#### **Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement set out on page 4, 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 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 Company or to cease operations, or have no realistic alternative but to do so.

## OUTCO BIDCO LIMITED (FORMERLY GRITIT BIDCO LIMITED)

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OUTCO BIDCO LIMITED (FORMERLY GRITIT BIDCO LIMITED) (CONTINUED)

#### 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](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.

DocuSigned by:

*Mark Hutton*

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Mark Hutton (Senior Statutory Auditor)  
for and on behalf of

#### BDO LLP

Statutory Auditor  
Guildford, UK  
Date: 25 January 2022

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

**OUTCO BIDCO LIMITED (FORMERLY GRITIT BIDCO LIMITED)**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

		<b>12 month period ended 30 September 2020 £</b>	<b>11 month period ended 30 September 2019 £</b>
	<b>Note</b>		
Administrative expenses		<b>(371,198)</b>	(534,243)
Other operating income	4	<b>362,541</b>	494,101
<b>Operating loss</b>	5	<b>(8,657)</b>	(40,142)
Income from shares in Group undertakings		-	1,939,553
Finance charges and interest	8	<b>(1,561,092)</b>	(1,518,444)
<b>(Loss)/profit before tax</b>		<b>(1,569,749)</b>	380,967
Tax on (loss)/profit	9	<b>(69,795)</b>	69,795
<b>(Loss)/profit for the financial year</b>		<b>(1,639,544)</b>	450,762

The notes on pages 13 to 23 form part of these financial statements.

**OUTCO BIDCO LIMITED (FORMERLY GRITIT BIDCO LIMITED)**  
**REGISTERED NUMBER: 11635714**

**BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Fixed asset investments	10	<b>32,939,742</b>	32,939,742
		<u><b>32,939,742</b></u>	<u>32,939,742</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	11	<b>401,008</b>	590,363
		<u><b>401,008</b></u>	<u>590,363</u>
Creditors: amounts falling due within one year	12	<b>(6,912,183)</b>	(3,482,387)
		<u><b>(6,511,175)</b></u>	<u>(2,892,024)</u>
<b>Net current liabilities</b>			
		<u><b>26,428,567</b></u>	<u>30,047,718</u>
<b>Total assets less current liabilities</b>			
Creditors: amounts falling due after more than one year	13	<b>(10,036,349)</b>	(12,015,956)
		<u><b>16,392,218</b></u>	<u>18,031,762</u>
<b>Net assets</b>			
		<u><b>17,581,000</b></u>	<u>17,581,000</u>
Called up share capital	16	<b>17,581,000</b>	17,581,000
Profit and loss account	17	<b>(1,188,782)</b>	450,762
		<u><b>16,392,218</b></u>	<u>18,031,762</u>

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

  
 .....  
**J Petsch**  
 Director

Date: 24/01/22

The notes on pages 13 to 23 form part of these financial statements.

**OUTCO BIDCO LIMITED (FORMERLY GRITIT BIDCO LIMITED)**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2019	17,581,000	450,762	18,031,762
Total comprehensive expense for the year	-	(1,639,544)	(1,639,544)
<b>At 30 September 2020</b>	<b>17,581,000</b>	<b>(1,188,782)</b>	<b>16,392,218</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE 11 MONTH PERIOD ENDED 30 SEPTEMBER 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
Shares issued on incorporation	1	-	1
Total comprehensive income for the period	-	450,762	450,762
Shares issued during the period	17,580,999	-	17,580,999
<b>At 30 September 2019</b>	<b>17,581,000</b>	<b>450,762</b>	<b>18,031,762</b>

The notes on pages 13 to 23 form part of these financial statements.

## **OUTCO BIDCO LIMITED (FORMERLY GRITIT BIDCO LIMITED)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020**

#### **1. General information**

The Company is a private company limited by share capital and incorporated in England and Wales (registered number 11635714) under the Companies Act. The address of the principal place of business is Thorncroft Manor, Thorncroft Drive, Leatherhead, Surrey, KT22 8JB.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### **2.2 Financial Reporting Standard 102 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A.

This information is included in the consolidated financial statements of Outco Holdings Limited (formerly Gritit Holdings Limited) as at 30 September 2020 and these financial statements may be obtained from their registered office.

##### **2.3 Exemption from preparing consolidated financial statements**

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking, Outco Holdings Limited (previously Gritit Holdings Limited) established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**2. Accounting policies (continued)**

**2.4 Going concern**

In considering the appropriate basis on which to prepare the financial statements, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future. The Company is an intermediate holding company and is dependant on the Group's principle trading entities to continue to generate positive cash flows sufficient to meet the day to day working capital requirements and the terms of the Group's borrowings.

The Company is part of the Outco group of companies and the going concern assessment is partly based on the going concern review of the Group. The Group as a whole operates a stable business with a number of customers and suppliers across the entire UK and has considerable financial resources with a cash balance at 30 September 2020 amounting to £3,147k.

On 22 December 2021 the Group reached an agreement with its Senior Debt provider to reset the Group's financial covenants in order to provide additional flexibility to implement the Group's strategy at pace. The financial covenants comprise a gross leverage ratio, cash cover test and capital expenditure test. The gross leverage and cash cover tests are quarterly however for the period from 31 December 2021 to 30 June 2022, a monthly liquidity test replaces the cash cover test. The capital expenditure test is an annual test.

The Directors have made an assessment and satisfied themselves of the Group's and Company's ability to continue as a going concern. The key elements of this assessment were the Group's and Company's cash flow forecasts and projections, in addition to the Group's considerable cash balance. These forecasts and projections, based on reasonably possible changes in trading performance, show the Group and Company have adequate resources to continue in operational existence for at least twelve months from the date of this report including continued compliance with the Group's current financial covenants. In addition the forecasts show compliance with the Group's Senior Debt covenants, as reset with effect from 22 December 2021, with headroom.

The Directors are of the opinion that the Group and Company have adequate resources to continue in operational existence for at least twelve months from the date of this report. In addition, the Directors have received a letter of support from OUTCO Holdings Limited, the ultimate parent company of the Group, confirming it will continue to provide the necessary financial support for the company for a period of at least twelve months from the date of signing these financial statements, as it may require. The Directors therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

**2.5 Finance costs**

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

**2.6 Pensions**

**Defined contribution pension plan**

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

## OUTCO BIDCO LIMITED (FORMERLY GRITIT BIDCO LIMITED)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

## 2. Accounting policies (continued)

### 2.7 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

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

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

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

### 2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

### 2.9 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

OUTCO BIDCO LIMITED (FORMERLY GRITIT BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. Accounting policies (continued)

2.9 Financial instruments (continued)

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (after deducting transaction costs) and subsequently held at amortised cost.

2.10 Dividends

Equity dividends are recognised when they become legally payable or receivable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders.

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

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgments have had the most significant effect on amounts recognised in the financial statements.

Fixed asset investments

The most critical estimates and assumptions for fixed asset investments relates to the determination of its carrying value and the measurement of an impairment loss. In determining the carrying value of the investment the Company will consider all observable data which could indicate that there has been a measurable decrease in the estimated future cash flows from the fixed asset investment since initial recognition of the asset. Any impairment loss is the difference between the asset's carrying amount and the best estimate of the that the Company would receive for the asset if it were to be sold at the reporting date.

4. Other operating income

	12 month period ended 30 September 2020 £	11 month period ended 30 September 2019 £
Recharge of management services to subsidiary undertakings	<b>362,541</b>	494,101

**OUTCO BIDCO LIMITED (FORMERLY GRITIT BIDCO LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**5. Operating loss**

The operating loss is stated after charging:

	<b>12 month period ended 30 September 2020 £</b>	<b>11 month period ended 30 September 2019 £</b>
Auditor's remuneration	<b>4,164</b>	4,000
	<u><u>          </u></u>	<u><u>          </u></u>

**6. Employees**

Staff costs were as follows:

	<b>12 month period ended 30 September 2020 £</b>	<b>11 month period ended 30 September 2019 £</b>
Wages and salaries	<b>290,483</b>	397,946
Social security costs	<b>36,471</b>	48,475
Cost of defined contribution scheme	<b>2,629</b>	2,762
	<u><u>329,583</u></u>	<u><u>449,183</u></u>

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

	<b>12 month period ended 30 September 2020 No.</b>	<b>11 month period ended 30 September 2019 No.</b>
Directors	<b>4</b>	4
	<u><u>          </u></u>	<u><u>          </u></u>

**OUTCO BIDCO LIMITED (FORMERLY GRITIT BIDCO LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**7. Directors' remuneration**

All Directors' remuneration was paid by a fellow group undertaking and was recharged, as follows:

	<b>12 month period ended 30 September 2020 £</b>	<b>11 month period ended 30 September 2019 £</b>
Directors' emoluments	<b>118,040</b>	209,173
Company contributions to defined contribution pension scheme	-	775
	<b>118,040</b>	<b>209,948</b>

There were no directors (2019: 1) in the defined contribution pension scheme.

Emoluments of the highest paid director were £118,040 (2019: £110,000).

**8. Finance charges and interest**

	<b>12 month period ended 30 September 2020 £</b>	<b>11 month period ended 30 September 2019 £</b>
Bank charges	-	11,983
Arrangement fees	<b>174,096</b>	159,589
Redemption premium	<b>172,200</b>	157,850
Loan note interest payable	<b>1,214,796</b>	1,189,022
	<b>1,561,092</b>	<b>1,518,444</b>

**OUTCO BIDCO LIMITED (FORMERLY GRITIT BIDCO LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**9. Taxation**

	<b>12 month period ended 30 September 2020 £</b>	<b>11 month period ended 30 September 2019 £</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>171,297</b>	(69,795)
Adjustment in respect of previous periods	<b>(101,502)</b>	-
<b>Total deferred tax</b>	<b>69,795</b>	(69,795)
<b>Taxation on profit/(loss) on ordinary activities</b>	<b>69,795</b>	(69,795)
<b>Factors affecting tax charge for the year/period</b>		
The tax assessed for the year/period is higher than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:		
	<b>12 month period ended 30 September 2020 £</b>	<b>11 month period ended 30 September 2019 £</b>
(Loss)/profit on ordinary activities before tax	<b>(1,569,749)</b>	380,967
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	<b>(298,252)</b>	72,384
<b>Effects of:</b>		
Expenses not deductible for tax purposes	<b>10,254</b>	14,875
Income not chargeable for tax purposes	-	(368,515)
Other differences	<b>(6,753)</b>	6,029
Group relief	<b>523,449</b>	205,432
Adjustments in respect of prior periods	<b>(101,502)</b>	-
Deferred tax not recognised	<b>(57,401)</b>	-
<b>Total tax charge / (credit) for the year/period</b>	<b>69,795</b>	(69,795)

A change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted for UK GAAP purposes on 17 March 2020. Deferred taxes at the balance sheet date are therefore measured at the enacted rate of 19%.

**OUTCO BIDCO LIMITED (FORMERLY GRITIT BIDCO LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**9. Taxation (continued)**

**Factors that may affect future tax charges**

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be immaterial.

**10. Fixed asset investments**

	<b>Investment in subsidiaries £</b>
<b>Cost or valuation</b>	
At 1 October 2019	<b>32,939,742</b>
At 30 September 2020	<b>32,939,742</b>

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Outco Trading UK Limited (formerly Gritit Trading UK Limited)	Direct	Holding company	Ordinary	100%
Outco Limited (formerly Gritit Limited)	Indirect	Winter services, grounds maintenance and landscaping	Ordinary	100%
Outco UK LLP (formerly Gritit UK LLP)	Indirect	Winter services, grounds maintenance and landscaping	Ordinary	100%
Gunnar Limited	Indirect	Holding company	Ordinary	100%
Fourtuna Group Limited	Indirect	Holding company	Ordinary	100%
K&P Management Limited	Indirect	Dormant company	Ordinary	100%

The registered office for all subsidiary undertakings is the same as the parent, listed on the Company information page.

**OUTCO BIDCO LIMITED (FORMERLY GRITIT BIDCO LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**11. Debtors: amounts falling due within one year**

	<b>2020</b>	2019
	<b>£</b>	<b>£</b>
Other debtors	<b>399,000</b>	478,068
Prepayments and accrued income	<b>2,008</b>	42,500
Deferred taxation (note 15)	<b>-</b>	69,795
	<b>401,008</b>	590,363

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

	<b>2020</b>	2019
	<b>£</b>	<b>£</b>
Loan notes (note 14)	<b>325,903</b>	2,000,000
Amounts owed to Group undertakings	<b>6,545,872</b>	1,421,745
Accruals and deferred income	<b>40,408</b>	60,642
	<b>6,912,183</b>	3,482,387

**13. Creditors: amounts falling due after more than one year**

	<b>2020</b>	2019
	<b>£</b>	<b>£</b>
Loan notes (note 14)	<b>10,036,349</b>	12,015,956

**14. Loans**

Analysis of the maturity of loans is given below:

	<b>2020</b>	2019
	<b>£</b>	<b>£</b>
Amounts falling due within 1 year	<b>325,903</b>	2,000,000
Amounts falling due 1-2 years	<b>2,825,904</b>	2,500,000
Amounts falling due 2-5 years	<b>7,210,445</b>	9,515,956
	<b>10,362,252</b>	14,015,956



# OUTCO BIDCO LIMITED (FORMERLY GRITIT BIDCO LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 14. Loans (continued)

Loan notes were issued on 1 November 2018.

£11,125,000 of the Secured Investor "A" Loan Notes bear interest at 8% per annum which is paid quarterly. Repayments are commenced on March 2020 and six monthly thereafter until fully repaid in 2023 (see note below). The year end balance on these Loan Notes is £7,125,000 (2019 - £11,125,000).

£3,444,000 of Secured Investor "B" Loan Notes are redeemable at par in 2024 and bear interest at 12% per annum which is paid quarterly. In addition a Redemption Premium is also due on settlement of the Secured Investor "B" Notes. The value of the redemption premium ranges from 15%-25% depending on the timing of the redemption of the loan principal. The Directors have assessed that a 25% redemption premium is most likely. The premium is being built up over the term of the loan, included within the initial carrying value and charged to the Statement of Comprehensive Income as part of the interest charge calculated using the effective interest method. The year end balance on these Loan Notes is £3,444,000 (2019 - £3,444,000). In the year the Redemption Premium of £172,200 (2019 - £157,850) accrued and charged to profit or loss. The Redemption Premium balance at year end was £330,050 (2019 - £157,850).

As part of the Group's new financing arrangements provided by Investec Bank plc, which were used to fund the acquisition of OUTCO Surfacing Holdings Limited (formerly NMC (Group) Holdings Limited) after the year end, repayments of the A and B Loan Notes were deferred to June 2027.

Issue costs of £870,483 were incurred in respect of the "A" and "B" Investor Loan Notes and these costs have been deducted from the initial carrying value and will be charged to the Statement of Comprehensive Income as part of the interest charge calculated using the effective interest. In the year £174,096 (2019 - £159,589) had amortised to profit or loss. The balance at year end on these debt issue costs totalled £536,798 (2019 - £710,894).

### Security

Loan notes are secured against the assets of the Group.

### 15. Deferred taxation

	2020 £	2019 £
At beginning of year / period	69,795	-
Charged to profit or loss	(69,795)	69,795
<b>At end of year</b>	<b>-</b>	<b>69,795</b>

The deferred tax asset is made up as follows:

	2020 £	2019 £
Carried forward losses	-	69,795

# OUTCO BIDCO LIMITED (FORMERLY GRITIT BIDCO LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 16. Share capital

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
17,581,000 (2019 - 17,581,000) Ordinary shares of £1 each	<b>17,581,000</b>	17,581,000

### 17. Reserves

#### Profit and loss account

The profit and loss account represents the cumulative profits available for distribution.

### 18. Related party transactions

The Company is exempt under FRS 102 section 33.1A from disclosing related party transactions with entities that are part of the Group, where 100% of the voting rights are controlled within the Group. Balances due from members of the Group are disclosed in note 12.

Total Capital Partners Cedar Investment LP, a shareholder in Outco Holdings Limited (formerly Gritit Holdings Limited), has provided loans to the Company totalling £10,362,252 (2019: £14,569,000). These are included in creditors falling due within and after more than one year.

Key management are considered to be the Directors. Details of their remuneration are given in note 7.

### 19. Guarantee

Following the acquisition of the Group headed by Outco Trading UK Limited (formerly Gritit Trading UK Limited) in the prior period, the Group became a guarantor on the debt used to finance the transaction, with the lender having security over the assets.

### 20. Post balance sheet events

On 1 November 2020 the Company acquired the entire share capital of OUTCO Surfacing Holdings Limited (formerly NMC (Group) Holdings Limited), a commercial surfacing business, for a total consideration of £17,705,773. The Directors are in the process of finalising the acquisition accounting. To fund the acquisition, new financing arrangements were negotiated and arranged with Investec Bank plc, secured over the assets of the Group. As a result of the new financing arrangements, the repayment terms of debts already in place have been changed - see note 14 of the financial statements for details.

### 21. Controlling party

The Company is wholly owned by Outco Holdings Limited (formerly Gritit Holdings Limited). The parent of both the smallest and largest Group for which group accounts including the Company are prepared is Outco Holdings Limited. Copies of the accounts can be obtained from their registered office.

There is no single ultimate controlling party.