

**OUTCO BIDCO LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2023**

# **OUTCO BIDCO LIMITED**

## **COMPANY INFORMATION**

### **Directors**

J Petsch  
R Smeaton (appointed 6 March 2023)  
A Petsch  
A Miller (resigned 17 April 2023)

### **Registered number**

11635714

### **Registered office**

8th Floor  
Reading Bridge House  
George Street  
Reading  
Berkshire  
RG1 8LS

### **Independent auditors**

James Cowper Kreston  
Reading Bridge House  
George Street  
Reading  
Berkshire  
RG1 8LS

# **OUTCO BIDCO LIMITED**

## **CONTENTS**

	Page
<b>Strategic report</b>	1 - 2
<b>Directors' report</b>	3 - 4
<b>Independent auditors' report</b>	5 - 8
<b>Statement of comprehensive income</b>	9
<b>Balance sheet</b>	10
<b>Statement of changes in equity</b>	11
<b>Notes to the financial statements</b>	12 - 23

# **OUTCO BIDCO LIMITED**

## **STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2023**

### **Introduction**

The Directors present their Strategic Report for the year ended 30 September 2023.

### **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. The principal activities of its subsidiary undertakings are the provision of technology enabled outdoor estate maintenance, including specialist compliance, winter maintenance, grounds and other asset maintenance services to commercial properties throughout the UK.

### **Business review**

The Company is part of a wider Group whose ultimate parent company is OUTCO Holdings Limited. A full commentary on the Group's activities and financial performance for the full year ending 30 September 2023 is provided in the Annual Report for OUTCO Holdings Limited.

### **Financial performance**

The Company does not trade in its own right, instead its income and expenses are derived from its loans and Director Service Agreements which relate to the wider Group. The results for the company for the year are contained in the accompanying statement of comprehensive income which shows a loss after tax of £3,095,282 (2022: £9,506,847) given that the Company bears financing costs in relation to the whole Group headed by OUTCO Holdings Limited.

Finance charges and interest for the period to 30 September 2023 increased. This arose as a result of interest rate increases and shareholder loan note redemption premium accruals. However, the external debt position (bank loans) of the Company and Group reduced significantly in the year following a number of positive steps taken by management to reduce leverage levels and the debt position of the company and Group.

### **Key performance indicators**

The Directors refer to the Company's financial performance for the year ended 30 September 2023 and financial position as at 30 September 2023 in evaluating the Company's performance, which are set out on pages 9 and 10.

The full performance of the Group and Group key performance indicators are covered in the Strategic Report of the parent company and ultimate parent company OUTCO Holdings Limited.

### **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 part of the OUTCO Holdings Limited Group of companies of which the Company is one of a number of subsidiaries and the going concern assessment is based on the going concern review of the Group. The Group provides a letter of support to the Company. 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.

The Group has a senior debt facility provided by Investec Bank Plc. The financial covenants comprise a gross leverage ratio, cash cover test and capital expenditure test. The gross leverage and cash cover tests are quarterly. The capital expenditure test is an annual test. The Group is fully compliant with these covenants with significant headroom. In addition we also have access to a £3m facility provided by Investec Bank Plc (undrawn during the financial year and to the date of signing these financial statements).

The Directors have made an assessment and satisfied themselves of the Group and Company's ability to continue as a going concern. The key elements of this assessment were the Group and Company's cash flow forecasts and projections, in addition to the Group's considerable cash balance and available bank facilities.

## OUTCO BIDCO LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2023

These forecasts and projections, based on reasonably possible changes in trading performance, show the Group and Company have significant resources to continue in operational existence for at least 12 months from the date of this report.

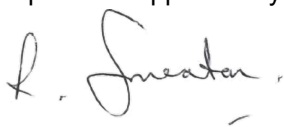
The Directors are therefore of the opinion that the Group and Company has adequate resources to continue in operational existence for at least 12 months from the date of this report. The Directors, therefore, continue to adopt the going concern basis of accounting in preparing the financial statements.

#### Principal risks and uncertainties

The Company is a subsidiary of the OUTCO Holdings Limited Group and the key risks below are all managed on a Group wide basis. The Group faces the normal technological, competitive, and economic challenges.

- a. Interest Rate Risk. The Group's interest rate risk is limited due to the fixed rates on its finance leases, shareholder loans and external 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 and its technology to retain its market share.
- c. People. The success of the Group is dependent on the efforts, abilities, experience, and expertise of its people and on recruiting, retaining, motivating and communicating effectively with its employees at all levels of the organisation. Policies and targets are supported by a Board approved governance structure and employees are engaged through staff surveys and regular communications with senior management.
- d. Inflation. The Group recognises the general increase in prices of raw materials arising from the prevailing increasing rate of inflation, within the UK economy. The Group actively seeks to minimise the impact on its results from strong negotiations within its supply chain and discussions with its customers to increase the rates it is able to charge for the services it provides.
- e. Ukraine. The Group does not directly import from Ukraine and the Group has not experienced any supply-chain disruptions as a result of the war, including shortages of materials and any increased transportation delays.

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



.....  
**R Smeaton**  
Director

Date: 26th February 2024

## **OUTCO BIDCO LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2023**

The directors present their report and the financial statements for the year ended 30 September 2023.

#### **Directors**

The directors who served during the year were:

J Petsch  
R Smeaton (appointed 6 March 2023)  
A Petsch  
A Miller (resigned 17 April 2023)

#### **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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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 £3,095,282 (2022 - loss £9,506,847).

The loss in the year reflects finance and interest costs borne by the Company in relation to the whole of the OUTCO Holdings Limited Group.

#### **Greenhouse gas emissions, energy consumption and energy efficiency action**

OUTCO Bidco Limited has not presented its own energy and carbon information as it is a subsidiary undertaking that is included in the Group energy and carbon report for OUTCO Holdings Limited.

## OUTCO BIDCO LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2023

#### Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

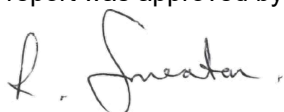
#### Post balance sheet events

There have been no significant events affecting the Company since the year end.

#### Auditors

The auditors, James Cowper Kreston, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



.....  
**R Smeaton**

Director

Date: 26th February 2024

## **OUTCO BIDCO LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OUTCO BIDCO LIMITED**

#### **Opinion**

We have audited the financial statements of Outco Bidco Limited (the 'Company') for the year ended 30 September 2023, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, 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 2023 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 Auditors' 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**

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 Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

#### **Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



## **OUTCO BIDCO LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OUTCO BIDCO LIMITED (CONTINUED)**

#### **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 3, 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

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OUTCO BIDCO LIMITED (CONTINUED)

#### **Auditors' responsibilities for the audit of the financial statements**

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

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:

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

The specific procedures for this engagement that we designed and performed to detect material misstatements in respect of irregularities, including fraud, were as follows:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of management and those charged with governance to identify any material instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work to address the risk of irregularities due to management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for evidence of bias.

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 Auditors' report.

## OUTCO BIDCO LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OUTCO BIDCO LIMITED (CONTINUED)

#### 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 Auditors' 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.



Alan Poole BA(Hons) FCA (Senior statutory auditor)

for and on behalf of

**James Cowper Kreston**

Reading Bridge House

George Street

Reading

Berkshire

RG1 8LS

Date: 27 February 2024

# OUTCO BIDCO LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Note	2023 £	2022 £
Impairment of investments		-	(6,500,815)
Administrative expenses		(368,600)	(258,220)
Other operating income	4	2,184,560	282,392
<b>Operating profit/(loss)</b>		<b>1,815,960</b>	<b>(6,476,643)</b>
Interest payable and similar expenses		(4,915,061)	(3,026,385)
<b>Loss before tax</b>		<b>(3,099,101)</b>	<b>(9,503,028)</b>
Tax on loss		3,819	(3,819)
<b>Loss for the financial year</b>		<b>(3,095,282)</b>	<b>(9,506,847)</b>

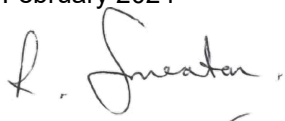
The notes on pages 12 to 23 form part of these financial statements.

**OUTCO BIDCO LIMITED**  
**REGISTERED NUMBER: 11635714**

**BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2023**

	Note	2023 £	2022 £
<b>Fixed assets</b>			
Investments	10	33,077,290	33,077,290
		<u>33,077,290</u>	<u>33,077,290</u>
<b>Current assets</b>			
Debtors	11	1,250	33,736
		<u>1,250</u>	<u>33,736</u>
Creditors: amounts falling due within one year	12	(18,842,311)	(14,514,733)
<b>Net current liabilities</b>		<u>(18,841,061)</u>	<u>(14,480,997)</u>
<b>Total assets less current liabilities</b>		<u>14,236,229</u>	<u>18,596,293</u>
Creditors: amounts falling due after more than one year	13	(27,069,126)	(28,330,089)
<b>Provisions for liabilities</b>			
Deferred tax	15	-	(3,819)
		<u>-</u>	<u>(3,819)</u>
<b>Net liabilities</b>		<u>(12,832,897)</u>	<u>(9,737,615)</u>
<b>Capital and reserves</b>			
Called up share capital	16	17,581,000	17,581,000
Profit and loss account	17	(30,413,897)	(27,318,615)
		<u>(12,832,897)</u>	<u>(9,737,615)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26th February 2024



.....  
**R Smeaton**  
 Director

Type text here

The notes on pages 12 to 23 form part of these financial statements.

**OUTCO BIDCO LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2022	17,581,000	(27,318,615)	(9,737,615)
Loss for the year	-	(3,095,282)	(3,095,282)
<b>At 30 September 2023</b>	<b>17,581,000</b>	<b>(30,413,897)</b>	<b>(12,832,897)</b>

The notes on pages 12 to 23 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2021	17,581,000	(17,811,768)	(230,768)
<b>Comprehensive income for the year</b>			
Loss for the year	-	(9,506,847)	(9,506,847)
<b>At 30 September 2022</b>	<b>17,581,000</b>	<b>(27,318,615)</b>	<b>(9,737,615)</b>

The notes on pages 12 to 23 form part of these financial statements.

## OUTCO BIDCO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

#### 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.

The principal activity of OUTCO Bidco Limited is activities of a holding company.

#### 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 financial statements are prepared in Pounds Sterling which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest pound.

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;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of OUTCO Holdings Limited as at 30 September 2023 and these financial statements may be obtained from 8th Floor Reading Bridge House, George Street, Reading, RG1 8LS.

##### 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 a larger group by a parent undertaking established under the law of any part of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

## **OUTCO BIDCO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023**

#### **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 part of the OUTCO Holdings Limited Group of companies of which the Company is one of a number of subsidiaries and the going concern assessment is based on the going concern review of the Group. The Group provides a letter of support to the Company. 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.

The Group has a senior debt facility provided by Investec Bank Plc. The financial covenants comprise a gross leverage ratio, cash cover test and capital expenditure test. The gross leverage and cash cover tests are quarterly. The capital expenditure test is an annual test. The Group is fully compliant with these covenants with significant headroom. In addition we also have access to a £3m facility provided by Investec Bank Plc (undrawn during the financial year and to the date of signing these financial statements).

The Directors have made an assessment and satisfied themselves of the Group and Company's ability to continue as a going concern. The key elements of this assessment were the Group and Company's cash flow forecasts and projections, in addition to the Group's considerable cash balance and available bank facilities. These forecasts and projections, based on reasonably possible changes in trading performance, show the Group and Company have significant resources to continue in operational existence for at least 12 months from the date of this report.

The Directors are therefore of the opinion that the Group and Company has adequate resources to continue in operational existence for at least 12 months from the date of this report. 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.



## OUTCO BIDCO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

#### 2. Accounting policies (continued)

##### 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.

###### 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.

##### 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.

## OUTCO BIDCO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

#### 2. Accounting policies (continued)

##### 2.8 Fixed asset investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

##### 2.9 Financial instruments

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's Balance sheet when the Company becomes party to the contractual provisions of the instrument.

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

##### Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

# OUTCO BIDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

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

The preparation of the financial statements requires management to make judgements, 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 judgements have had the most significant effect on amounts recognised in the financial statements.

#### Bad debt provision

The Company establishes provisions based on reasonable estimates. The Company makes specific provisions when it is probable that complete recovery of amounts due from Group undertaking will not be made. Reviews of provisions held against amounts due from Group undertaking are carried out when observable data indicates that there has been a measurable decrease in the estimated future profitability of a Group undertaking that indicates a provision maybe required.

#### 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 amount that the Company would receive for the asset if it were to be sold at the reporting date.

### 4. Other operating income

	2023 £	2022 £
Recharge of management services to subsidiary undertakings	384,560	282,392
Settlement of claim against acquisition vendors	1,800,000	-
	<u>2,184,560</u>	<u>282,392</u>

Settlement of claim against acquisition vendors relates to the settlement of a claim against the vendors, certain Directors and certain Managers of OUTCO Surfacing Limited, formerly NMC Surfacing Limited.

### 5. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors and their associates:

	2023 £	2022 £
Fees payable to the Company's auditors and their associates for the audit of the Company's financial statements	9,500	6,620

**OUTCO BIDCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

**6. Employees**

Staff costs, including directors' remuneration, were as follows:

	<b>2023</b> £	2022 £
Wages and salaries	<b>308,500</b>	226,000
Social security costs	<b>38,458</b>	28,006
Pension costs - defined contribution plans	<b>2,642</b>	2,714
	<u><b>349,600</b></u>	<u>256,720</u>

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

	<b>2023</b> No.	2022 No.
Directors	<u><b>3</b></u>	<u>3</u>

**7. Directors' remuneration**

	<b>2023</b> £	2022 £
Directors' emoluments	<b>117,500</b>	35,000
	<u><b>117,500</b></u>	<u>35,000</u>

**8. Interest payable and similar expenses**

	<b>2023</b> £	2022 £
Other loan interest payable	<b>4,915,061</b>	3,026,385
	<u><b>4,915,061</b></u>	<u>3,026,385</u>

OUTCO BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2023

9. Taxation

	2023 £	2022 £
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	(3,819)	132,286
Adjustments in respect of prior period	-	(128,467)
<b>Total deferred tax</b>	(3,819)	3,819
<b>Tax on loss</b>	(3,819)	3,819
<b>Factors affecting tax charge for the year</b>		

The tax assessed for the year is the same as (2022 - the same as) the standard rate of corporation tax in the UK of 22.01% (2022 - 19%) as set out below:

	2023 £	2022 £
Loss on ordinary activities before tax	(3,099,101)	(9,503,028)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.01% (2022 - 19%)	(682,112)	(1,805,575)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	622,357	1,252,602
Adjustments to tax charge in respect of prior periods	-	(128,467)
Deferred tax not recognised	(3,819)	535,279
Group relief	59,755	149,980
<b>Total tax charge for the year</b>	(3,819)	3,819

# OUTCO BIDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

### 10. Fixed asset investments

The Company assesses at each balance sheet date whether there is objective evidence that the investment in subsidiaries is impaired and recognises an impairment charge when such evidence exists.

The value of investment was tested for impairment during the current financial year by means of comparing the recoverable amount with the carrying value.

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 October 2022	33,077,290
At 30 September 2023	<u>33,077,290</u>

### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
OUTCO Trading UK Limited	Holding Company	Ordinary	100%
OUTCO Limited *	Winter services, grounds maintenance and landscaping	Ordinary	100%
OUTCO UK LLP *	Winter services, grounds maintenance and landscaping	Ordinary	100%
Gunnar Limited *	Holding Company	Ordinary	100%
Fourtuna Group Limited *	Holding Company	Ordinary	100%
OUTCO Surfacing Holdings Limited	Holding Company	Ordinary	100%
OUTCO Surfacing Group Limited *	Holding Company	Ordinary	100%
K&P Management Limited*	Dormant	Ordinary	100%

The registered office for all subsidiary undertakings is 8th Floor South, Reading Bridge House, George Street, Reading, Berkshire, RG1 8LS.

### 11. Debtors

	2023 £	2022 £
Trade debtors	-	32,736
Prepayments and accrued income	1,250	1,000
	<u>1,250</u>	<u>33,736</u>

**OUTCO BIDCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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

	<b>2023</b>	2022
	<b>£</b>	<b>£</b>
Bank loans	<b>1,800,280</b>	1,611,674
Amounts owed to group undertakings	<b>12,755,815</b>	10,643,825
Accruals and deferred income	<b>4,286,216</b>	2,259,234
	<b><u>18,842,311</u></b>	<u>14,514,733</u>

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

	<b>2023</b>	2022
	<b>£</b>	<b>£</b>
Bank loans	<b>8,425,407</b>	13,689,244
Other loans	<b>18,643,719</b>	14,640,845
	<b><u>27,069,126</u></b>	<u>28,330,089</u>

**14. Loans**

Analysis of the maturity of loans is given below:

	<b>2023</b>	2022
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year</b>		
Bank borrowings (net of issuance costs)	<b>1,800,280</b>	1,611,674
<b>Amounts falling due 1-2 years</b>		
Bank borrowings (net of issuance costs)	<b>1,800,280</b>	1,626,184
<b>Amounts falling due 2-5 years</b>		
Bank borrowings (net of issuance costs)	<b>6,625,127</b>	12,063,060
Loan notes (net of issuance costs)	<b>18,643,718</b>	-
<b>Amounts falling due after more than 5 years</b>		
Loan notes (net of issuance costs)	<b>-</b>	14,640,845
	<b><u>28,869,405</u></b>	<u>29,941,763</u>

## OUTCO BIDCO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

#### 14. Loans (continued)

£11,292,665 of the Secured Investor "A" Loan Notes bear interest of 8% per annum which is accrued half-yearly. The year-end balance on these Loan Notes is £9,292,665 (2022: £7,292,665). The "A" loan Notes repayment term is June 2027.

£4,694,000 of Secured Investor "B" Loan Notes are redeemable at par in 2027 and bear interest at 12% per annum which is accrued half-yearly. The terms of the "B" Loan Notes were amended on 23 November 2020 and then further amended together with additional amounts issued of £1,250,000 on 14 October 2021. 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%-35% 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 £4,694,000 (2022: £4,694,000). In the year the Redemption Premium of £1,140,199 (2022: £315,429) accrued and charged to profit or loss. The Redemption Premium balance at year end was £1,957,878 (2022: £817,679).

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 (2022: £174,096) had amortized to profit or loss. The balance at year end on these debt issue costs amounted to £14,510 (2022: £188,606).

The financing arrangement with Investec was entered into on 22 November 2020 and includes Facility A1 and Facility B1 loans. Facility A1 amounts to £9,612,000 is repayable quarterly over a period of 5 years, and carries a variable interest. Facility B1 amounts to £9,612,000 and is a 6 year bullet loan. Since the year end, Facility B1 has been amortized by £3,325,000 as the Group looks to reduce the leverage exposure and mitigate the interest cost burden associated with its debt.

In addition to Facilities A1 and B1 a Revolving Credit Facility ("RCF") of £3m was also provided to fund the working capital requirements of exceptional winter conditions. As at 30 September 2022 the "RCF" facility was undrawn and remains undrawn since the year end to the date of signing of these accounts.

The Senior Debt facilities are subject to quarterly and annual covenant tests and on 1 December 2022 an agreement was reached with Investec to reset the Group's covenants in order to provide the flexibility and headroom to execute the Group's future growth plans. In addition £3m of shareholder funds were secured via additional "A" Loan Notes and a new class of "AA" Loan Notes. The financial covenants comprise a gross leverage ratio, cash cover test and capital expenditure test. The gross leverage and cash cover tests are quarterly. The capital expenditure test is an annual test.

£1,836,501 of "D" Loan Notes were issued on 23 November 2020 and bear an interest of £4% which accrues daily, is compounded annually, and repayable in full at the discretion of the Board.

#### **Security**

The Senior Debt facilities and Loan Notes are secured against the assets of the Group



# OUTCO BIDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

### 15. Deferred taxation

	2023 £
At beginning of year	(3,819)
Charged to profit or loss	3,819
<b>At end of year</b>	<b>-</b>

The deferred taxation balance is made up as follows:

	2023 £	2022 £
Accelerated capital allowances	-	(3,819)
	-	(3,819)

### 16. Share capital

	2023 £	2022 £
<b>Allotted, called up and fully paid</b>		
17,581,000 (2022 - 17,581,000) Ordinary shares of £1.00 each	<b>17,581,000</b>	17,581,000

### 17. Reserves

#### Profit and loss account

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

### 18. Related party transactions

The Company is exempt from disclosing related party transactions with other 100% owned members of the group headed by OUTCO Holdings Limited by virtue of FRS 102 section 33. 1A. Balances due to members of the Group are disclosed in note 12.

Total Capital Partners Cedar Investment LP, a shareholder in the Company, provided loans to the Group, the balance owing at 30 September 2023 being £13,236,665 (2022: £11,986,665). These loan notes are included within creditors. Interest totalling £3,981,891 (2022: £2,249,565) has accrued in respect of these loans. In addition, a finance monitoring fee totalling to £95,150 (2022: £81,325) was incurred during the year.

## OUTCO BIDCO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

#### 19. Guarantee

Following the acquisition of the OUTCO Surfacing Group (formerly NMC Surfacing Group) by OUTCO Bidco Limited in November 2020 the Company became a guarantor on the debt used to finance the transaction, with the lender having security over the assets of the Company.

#### 20. Controlling party

The Company is Wholly owned by OUTCO 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.

#### 21. Post balance sheet events

There have been no significant events affecting the Company since the year end.