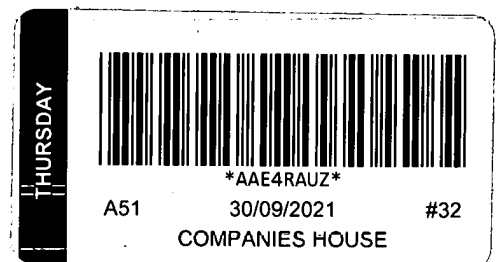


Registered number: 11239504

## **CE TOPCO LIMITED**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**



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**CE TOPCO LIMITED**

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**COMPANY INFORMATION**

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|                            |   |
|----------------------------|---|
| <b>Directors</b>           | C Neale<br>H Lenon<br>R Bootle<br>N Shearing<br>G Elton<br>J Steele (appointed 16 March 2021)<br>S Butter (appointed 4 May 2021)<br>K Stillwell (appointed 10 May 2021) |
| <b>Registered number</b>   | 11239504  |
| <b>Registered office</b>   | 100 Victoria Street<br>Westminster<br>London<br>SW1E 5JL  |
| <b>Independent auditor</b> | Grant Thornton UK LLP<br>Statutory Auditor, Chartered Accountants<br>The Colmore Building<br>20 Colmore Circus<br>West Midlands<br>B4 6AT                               |

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**CE TOPCO LIMITED**

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## **CE TOPCO LIMITED**

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### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **Introduction**

This strategic report is prepared in accordance with s414C of the Companies Act 2006.

CE Topco Limited ('CET') is the ultimate parent company of the Capital Economics Group ("the Group") which was established in 1999. The Group is principally engaged in the provision of written economic research and analysis which is sold in packages for annual subscriptions.

CET was incorporated on 7 March 2018 as the acquisition entity to complete the secondary management buyout of the entire share capital of Capital Economics Research Limited ('CER'), together with its subsidiaries, which completed on 26 March 2018. The management buy-out was backed by Phoenix Equity Partners. As at 31 December 2020, the Group was owned by funds managed by Phoenix Equity Partners, the management, further selected staff members of Capital Economics, and other funds managed by private equity investors.

#### **Business review**

The results represent the Group's activities for the financial year ending 31 December 2020.

Revenue for the Group was £24.0m (2019: £24.2m) and EBITDA (earnings before interest, taxation, depreciation and amortisation) for the Group was £6.6m (2019: £7.4m). The Group recorded a loss before taxation of £24.9m (2019: £23.6m).

The Group recorded £21.1m (2019: £20.8m) amortisation of intangible assets arising from the acquisition of CER by CET. This amortisation coupled with interest arising from the financing structure of business of £10.3m (2019: £9.9m) are the cause of large pre-tax losses in the Group despite recording strong EBITDA results.

At 31 December 2020 the Group had cash at bank of £8.0m and a revolving credit facility of £2m, available for 5 years, of which £nil (2019: £nil) was drawn down. The cash balance is £0.4m higher than at 31 December 2019. The total drawn on the Group's term and multi-currency credit facility at the end of the year was £43m (2019: £43m) and the Group continues to meet covenant requirements.

The directors are not aware, at the date of this report, of any other likely significant changes in the Group's activities in the current year.

#### **Group's services**

The Group has continued to innovate its service offering to add value to clients.

A dedicated COVID-19 Economic Brief page was launched in early 2020 to provide a focused source of Covid-19 news and updates. This proved to be a very successful and quickly became our most visited page.

CE Interactive was launched in late 2020 and provides a different solution for our clients. It is a data visualisation engine which provides our clients with the raw data and insights behind our research and the tools to present that in flexible and varied ways. This enables numerous benefits to clients such as new views of data, longer views of data and an automated ability to refresh data and models.

For many years, conferences have been an integral way for us to engage with current and prospective clients. Covid-19 meant they weren't possible in 2020 so we focused on providing webinars to achieve that same engagement. Webinars proved to be very successful in 2020, reaching greater numbers of clients than we had previously with conferences and with very positive feedback.

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**CE TOPCO LIMITED**

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**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**Principal risks and uncertainties**

The Group's operations are exposed to a variety of financial and operational risks which could have a material impact on the Group's long-term performance. At the period end the Group's key risks were considered to be as set out below.

**Competitive risks**

There are a number of providers of independent economic research. Increased regulatory pressure on investors enhances the opportunities for independent research houses. Capital Economics has a defined niche in macro-economic research, a long and successful track record and has continued to expand its range of services. The Group won numerous awards for forecasting accuracy in the year.

**Economic/Political risks**

**Covid-19:** On 30 January, the World Health Organisation (WHO) announced Covid-19 as a global health emergency. On 11 March 2020, it announced that Covid-19 was a global pandemic. Since then, Governments have implemented varying levels of restrictions across the globe which has generated uncertainty in how the global economy will respond.

The Group has performed very well given the economic circumstances. Revenue dipped only slightly from £24.2m in 2019 to £24.0m indicated a strong continued relevance of the product and value to clients. The Group quickly and successfully transferred all its operations to remote working, without having to use furlough schemes or make Covid-19 related redundancies. The Directors are confident this will continue and that the Group has quickly adjusted to a new way of working, without any impact on the quality of research or the productivity of the Group.

**Brexit:** The UK left the European Union on 31 January 2020. There was some uncertainty as to what the future trading relationship between the two entities would be until the EU-UK Trade and Cooperation Agreement was signed on 24 December 2020. Brexit has not made a significant impact on business operations.

The Group remains vigilant to legislation changes such as MiFID (II) which came into force in 2018 which can have an impact on the nature of the industry.

**Financial risks**

The Group's principal financial assets are bank deposits, and trade receivables.

**Bank deposits:** The majority of Group sales are prepaid annual subscriptions. As a result Capital Economics holds large cash balances which are offset by a current liability for services yet to be delivered to clients. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings from international credit-rating agencies.

**Interest rate risk:** The Group is financed through fixed rate loan notes and bank borrowings. The loan notes have fixed rate interest however, the bank revolving credit facility is at a variable market rate of interest. Due to the significant level of debt owed by the Group the risk of movements in interest rates is considered significant to the Group. However, any plausible scale of interest rate increase in the next few years would have little material impact on the Group's financial performance.

**Foreign currency risk:** The subscription services are priced in pounds sterling. However, the majority of transactions with clients in North America and Asia are priced in US dollars, and receipts are in US dollars. In order to minimise the exposure to foreign exchange rate movements, US dollar balances are regularly reviewed and converted to sterling. The New York office which has exposure to US dollar costs, provides some natural hedging of the US dollar receipts. The Group uses USD forward contracts to mitigate the risk however, there were no active forward contracts at 31 December 2020.

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**CE TOPCO LIMITED**


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**GROUP STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**


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**Financial risks (continued)**

Credit risk: the level of receivables is closely monitored and clients are contacted two weeks after invoices are dispatched in order to check that they are being processed for payment.

**Data Security risks**

Data Security risks arise from a variety of different sources: external or internal agents via physical, social or virtual access, any of which can cause failure to service delivery as well as reputational damage with our clients. The Group ensures that its IT security policies and technology are in accordance with industry standard and review them on a regular basis.

**Future developments**

2021 will see a continuation and evolution of strategic initiatives to boost the Group's growth.

The Group will continue to bring new services to market where opportunities arise to keep the product relevant to clients. Digital service delivery will be continually developed, improving both web and email-based delivery systems.

Sales and marketing will become further digitised. Leveraging existing and currently developing digital systems, Sales and marketing will become more tailored towards both existing and new clients, improving client satisfaction and generating growth opportunities.

**Financial key performance indicators**

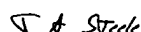
The Group's key financial key performance indicators ('KPI's') are revenue, earnings before interest tax depreciation and amortisation and cash flow before debt servicing. The Directors do not consider there to be any non-financial KPIs for the Group.

|                                      | 2020   | 2019   |
|--------------------------------------|--------|--------|
|                                      | £000   | £000   |
| Revenue                              | 23,973 | 24,210 |
| EBITDA                               | 6,595  | 7,377  |
| Cash flows from operating activities | 5,098  | 7,515  |

Covid-19 is considered the main contributor to the flattening of revenue between 2019 and 2020. EBITDA was down on last year as a result of investments in sales and marketing. Cash flows from operating activities were down more than the negative variance on EBITDA as a result of fluctuations in working capital.

This report was approved by the board on 25/8/2021

and signed on its behalf.



**J Steele**  
Director

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## **CE TOPCO LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors present their report and the financial statements for the year ended 31 December 2020.

#### **Results and dividends**

The loss for the year, after taxation, amounted to £25.4m (2019: £24.0m).

There were no dividends paid during the year.

#### **Directors**

The directors who served during the year and up to the date of this report were:

C Neale  
H Lenon  
R Dowson (resigned 30 October 2020)  
R Bootle  
N Shearing  
G Elton  
M Gault (resigned 7 May 2021)  
D Ely (resigned 31 July 2020)  
J Steele (appointed 16 March 2021)  
S Butter (appointed 4 May 2021)  
K Stillwell (appointed 10 May 2021)

#### **Matters covered in the strategic report**

The business review, principal risks and uncertainties, future developments and KPIs have been included in the Group strategic report.

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

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

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

- select suitable accounting policies for the Group'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 Group will continue in business.

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**CE TOPCO LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Going concern**

The Group has a stable, substantial client base and has net cash resources. The Group is funded by its bank debt, loan notes and preference shares, which are not due for repayment in the next 12 months. The directors therefore do not expect the need for additional external funding.

The directors have reviewed future trading and cash flow forecasts out to December 2022. Key sensitivities of client renewal rates, new client generation and uncontrolled operational costs have been considered to determine what results are likely and what is feasible. After reviewing the Group's forecasts, projections and considering reasonable downside sensitivities, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The Group and Company therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

**Auditor**

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

This report was approved by the board on 25/8/2021

and signed on its behalf.

*J A Steele*

**J Steele**  
Director



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## **CE TOPCO LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CE TOPCO LIMITED**

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#### **Opinion**

We have audited the financial statements of CE Topco Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020, which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's 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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

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

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**CE TOPCO LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CE TOPCO LIMITED (CONTINUED)**

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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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

**Other information**

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

**Matter on which we are required to report under the Companies Act 2006**

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

**Matters on which we are required to report by exception**

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

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

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## **CE TOPCO LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CE TOPCO LIMITED (CONTINUED)**

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

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

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

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.

#### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- The Company and Group are subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified the following laws and regulations as the most likely to have a material effect if non-compliance were to occur, both within the UK and the countries within which the Group operates overseas; financial reporting legislation, Companies Act legislation, tax legislation, anti-bribery legislation and employment law;
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and component auditors and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- We understood how the Company and Group are complying with those legal and regulatory frameworks by making enquiries of management. We corroborated our enquiries through our review of board minutes and discussions with component auditors;

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**CE TOPCO LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CE TOPCO LIMITED (CONTINUED)**

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- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by meeting with management from different parts of the business to understand where it is considered there was a susceptibility of fraud. We also considered performance targets and their propensity to influence efforts made by management to manage earnings. We considered the programs and controls that the group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programs and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk;
- Our audit procedures involved: journal entry testing, with a focus on manual revenue impacting journals and journals indicating large or unusual transactions based on our understanding of the business and enquiries of group management. In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements;
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the industry in which the client operates
  - understanding of the legal and regulatory requirements specific to the entity including:
    - the provisions of the applicable legislation
    - the regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules
    - the applicable statutory provisions.
- For components at which audit procedures were performed, we requested component auditors to report to us instances of non-compliance with laws and regulations that gave rise to a risk of material misstatement of the group financial statements. No such matters were identified by the component auditors;
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the entity's operations, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the entity's control environment, including the policies and procedures implemented to comply with the entity's relevant regulatory requirements, including the adequacy of procedures for authorisation of transactions, internal review procedures over the entity's compliance with regulatory requirements and procedures to ensure that possible breaches of requirements are appropriately investigated and reported.

**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.

*Grant Thornton UK LLP*

Matt Buckingham  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Birmingham  
Date: 25/8/2021

**CE TOPCO LIMITED****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

|   |      | Before<br>amortisation<br>2020<br>£000 | Amortisation<br>of intangible<br>fixed assets<br>(note 13)<br>2020<br>£000 | Total<br>2020<br>£000 | Before<br>amortisation<br>2019<br>£000 | Amortisation<br>of intangible<br>fixed assets<br>(note 13)<br>2019<br>£000 | Total<br>2019<br>£000 |
|---|------|--|--|-----------------------|--|--|-----------------------|
|   | Note |  |  |                       |  |  |                       |
| Turnover  | 4    | 23,973                                 | -  | 23,973                | 24,210                                 | -  | 24,210                |
| Other operating income                            | 5    | 610                                    | -  | 610                   | 271                                    | -  | 271                   |
| Other external charges                            |      | (4,521)                                | -  | (4,521)               | (4,446)                                | -  | (4,446)               |
| Staff costs                                       | 8    | (13,467)                               | -  | (13,467)              | (12,658)                               | -  | (12,658)              |
| Depreciation and amortisation                     |      | (89)                                   | (21,054)   | (21,143)              | (354)                                  | (20,759)   | (21,113)              |
| <b>Operating profit/(loss)</b>                    |      | <b>6,506</b>                           | <b>(21,054)</b>  | <b>(14,548)</b>       | <b>7,023</b>                           | <b>(20,759)</b>  | <b>(13,736)</b>       |
| Interest payable and similar expenses             | 10   | (10,345)                               | -  | (10,345)              | (9,908)                                | -  | (9,908)               |
| <b>Loss before tax</b>                            |      | <b>(3,839)</b>                         | <b>(21,054)</b>  | <b>(24,893)</b>       | <b>(2,885)</b>                         | <b>(20,759)</b>  | <b>(23,644)</b>       |
| Tax on loss                                       | 11   | (560)                                  | -  | (560)                 | (348)                                  | -  | (348)                 |
| <b>Loss for the financial period</b>              |      | <b>(4,399)</b>                         | <b>(21,054)</b>  | <b>(25,453)</b>       | <b>(3,233)</b>                         | <b>(20,759)</b>  | <b>(23,992)</b>       |
| Foreign currency translation differences          |      |  |  | (26)                  |  |  | 166                   |
| <b>Other comprehensive expense for the period</b> |      |  |  | <b>(26)</b>           |  |  | <b>166</b>            |
| <b>Total comprehensive expense for the period</b> |      |  |  | <b>(25,479)</b>       |  |  | <b>(23,826)</b>       |

There were no other comprehensive income or expenses for the year ended 31 December 2020 (2019: £Nil) other than those disclosed above.

The notes on pages 19 to 46 form part of these financial statements.

**CE TOPCO LIMITED**  
**REGISTERED NUMBER: 11239504**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

|   | Note | 2020<br>£000    | 2019<br>£000    |
|---|------|-----------------|-----------------|
| <b>Fixed assets</b>                                     |      |                 |                 |
| Intangible assets                                       | 12   | 49,452          | 69,941          |
| Tangible assets   | 13   | 206             | 180             |
|   |      | <u>49,658</u>   | <u>70,121</u>   |
| <b>Current assets</b>                                   |      |                 |                 |
| Debtors: amounts falling due after more than one year   | 15   | 462             | 463             |
| Debtors: amounts falling due within one year            | 15   | 6,242           | 5,524           |
| Cash at bank and in hand                                | 16   | 8,044           | 7,608           |
|   |      | <u>14,748</u>   | <u>13,595</u>   |
| Creditors: amounts falling due within one year          | 17   | (16,303)        | (16,879)        |
| <b>Net current liabilities</b>                          |      | <u>(1,555)</u>  | <u>(3,284)</u>  |
| <b>Total assets less current liabilities</b>            |      | <u>48,103</u>   | <u>66,837</u>   |
| Creditors: amounts falling due after more than one year | 18   | (115,356)       | (108,198)       |
| <b>Provisions for liabilities</b>                       |      |                 |                 |
| Deferred tax  |      | -               | (429)           |
| Other provisions  | 21   | (416)           | (416)           |
|   |      | <u>(416)</u>    | <u>(845)</u>    |
| <b>Net liabilities</b>                                  |      | <u>(67,669)</u> | <u>(42,206)</u> |
| <b>Capital and reserves</b>                             |      |                 |                 |
| Called up share capital                                 |      | 100             | 100             |
| Share premium account                                   | 23   | 700             | 700             |
| Foreign exchange reserve                                | 23   | 117             | 143             |
| Treasury share reserve                                  | 23   | -               | (16)            |
| Profit and loss account                                 | 23   | (60,586)        | (43,133)        |
|   |      | <u>(67,669)</u> | <u>(42,206)</u> |

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**CE TOPCO LIMITED**  
**REGISTERED NUMBER: 11239504**

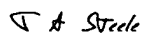
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2020**

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

25/8/2021



**J Steele**  
Director

The notes on pages 19 to 46 form part of these financial statements.

**CE TOPCO LIMITED**  
**REGISTERED NUMBER: 11239504**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

|   | Note | 2020<br>£000   | 2019<br>£000   |
|---|------|----------------|----------------|
| <b>Fixed assets</b>                                     |      |                |                |
| Investments   | 14   | 24,195         | 24,195         |
| <b>Current assets</b>                                   |      |                |                |
| Debtors: amounts falling due within one year            | 15   | 9,288          | 8,497          |
| Creditors: amounts falling due within one year          | 17   | (773)          | (456)          |
| <b>Net current assets</b>                               |      | <b>8,515</b>   | <b>8,041</b>   |
| <b>Total assets less current liabilities</b>            |      | <b>32,710</b>  | <b>32,236</b>  |
| Creditors: amounts falling due after more than one year | 18   | (39,693)       | (36,005)       |
| <b>Net liabilities</b>                                  |      | <b>(6,983)</b> | <b>(3,769)</b> |
| <b>Capital and reserves</b>                             |      |                |                |
| Called up share capital                                 |      | 100            | 100            |
| Share premium account                                   | 23   | 700            | 700            |
| Profit and loss account                                 | 23   | (7,783)        | (4,569)        |
|   |      | <b>(6,983)</b> | <b>(3,769)</b> |

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The loss after tax of the parent Company for the year was £3,214,000 (2019 - £2,680,000).

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

25/8/2021

*J Steele*

**J Steele**  
 Director

The notes on pages 19 to 46 form part of these financial statements.



## CE TOPCO LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

|   | Called up<br>share capital<br>£000 | Share<br>premium<br>account<br>£000 | Foreign<br>exchange<br>reserve<br>£000 | Treasury<br>reserve<br>£000 | Profit and<br>loss account<br>£000 | Total equity<br>£000 |
|---|------------------------------------|-------------------------------------|--|-----------------------------|------------------------------------|----------------------|
| At 1 January 2020                               | 100                                | 700                                 | 143                                    | (16)                        | (43,133)                           | (42,206)             |
| <b>Comprehensive expense for the year</b>       |                                    |                                     |  |                             |                                    |                      |
| Loss for the year                               | -                                  | -                                   | -                                      | -                           | (25,453)                           | (25,453)             |
| Foreign currency translation differences        | -                                  | -                                   | (26)                                   | -                           | -                                  | (26)                 |
| <b>Other comprehensive expense for the year</b> | -                                  | -                                   | (26)                                   | -                           | -                                  | (26)                 |
| <b>Transactions with owners</b>                 |                                    |                                     |  |                             |                                    |                      |
| Movement during the period                      | -                                  | -                                   | (26)                                   | -                           | (25,453)                           | (25,479)             |
| <b>Total transactions with owners</b>           | -                                  | -                                   | -                                      | 16                          | -                                  | 16                   |
| <b>At 31 December 2020</b>                      | <b>100</b>                         | <b>700</b>                          | <b>117</b>                             | <b>-</b>                    | <b>(68,586)</b>                    | <b>(67,669)</b>      |

The notes on pages 19 to 46 form part of these financial statements.

## CE TOPCO LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

|   | Called up<br>share capital | Share<br>premium<br>account | Foreign<br>exchange<br>reserve | Treasury<br>reserve | Profit and<br>loss account | Total equity    |
|---|----------------------------|-----------------------------|--------------------------------|---------------------|----------------------------|-----------------|
|   | £000                       | £000                        | £000                           | £000                | £000                       | £000            |
| At 1 January 2019                               | 100                        | 700                         | (25)                           | (29)                | (19,141)                   | (18,395)        |
| <b>Comprehensive expense for the year</b>       |                            |                             |                                |                     |                            |                 |
| Loss for the year                               | -                          | -                           | -                              | -                   | (23,992)                   | (23,992)        |
| Foreign currency translation differences        | -                          | -                           | 168                            | -                   | -                          | 168             |
| <b>Total comprehensive expense for the year</b> | -                          | -                           | 168                            | -                   | (23,992)                   | (23,824)        |
| Movement during the period                      | -                          | -                           | -                              | 13                  | -                          | 13              |
| <b>Total transactions with owners</b>           | -                          | -                           | -                              | 13                  | -                          | 13              |
| <b>At 31 December 2019</b>                      | <b>100</b>                 | <b>700</b>                  | <b>143</b>                     | <b>(16)</b>         | <b>(43,133)</b>            | <b>(42,206)</b> |

The notes on pages 19 to 46 form part of these financial statements.

**CE TOPCO LIMITED****COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

|   | Called up<br>share capital | Share<br>premium<br>account | Profit and<br>loss account | Total equity   |
|---|----------------------------|-----------------------------|----------------------------|----------------|
|   | £000                       | £000                        | £000                       | £000           |
| At 1 January 2020                               | 100                        | 700                         | (4,569)                    | (3,769)        |
| <b>Comprehensive expense for the year</b>       |                            |                             |                            |                |
| Loss for the year                               | -                          | -                           | (3,214)                    | (3,214)        |
| <b>Total comprehensive expense for the year</b> | -                          | -                           | (3,214)                    | (3,214)        |
| <b>At 31 December 2020</b>                      | <b>100</b>                 | <b>700</b>                  | <b>(7,783)</b>             | <b>(6,983)</b> |

The notes on pages 19 to 46 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

|   | Called up<br>share capital | Share<br>premium<br>account | Profit and<br>loss account | Total equity   |
|---|----------------------------|-----------------------------|----------------------------|----------------|
|   | £000                       | £000                        | £000                       | £000           |
| At 1 January 2019                               | 100                        | 700                         | (1,889)                    | (1,089)        |
| <b>Comprehensive expense for the year</b>       |                            |                             |                            |                |
| Loss for the year                               | -                          | -                           | (2,680)                    | (2,680)        |
| <b>Total comprehensive expense for the year</b> | -                          | -                           | (2,680)                    | (2,680)        |
| <b>Total transactions with owners</b>           | -                          | -                           | -                          | -              |
| <b>At 31 December 2019</b>                      | <b>100</b>                 | <b>700</b>                  | <b>(4,569)</b>             | <b>(3,769)</b> |

The notes on pages 19 to 46 form part of these financial statements.

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**CE TOPCO LIMITED**


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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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|   | Note | 2020<br>£000 | 2019<br>£000 |
|---|------|--------------|--------------|
| <b>Cash flows from operating activities</b>         |      |              |              |
| Loss for the financial year                         |      | (25,453)     | (23,992)     |
| <b>Adjustments for:</b>                             |      |              |              |
| Amortisation of intangible assets                   | 12   | 21,054       | 20,759       |
| Depreciation of tangible assets                     | 13   | 89           | 353          |
| Interest charge                                     | 10   | 10,345       | 9,908        |
| Taxation charge                                     | 11   | 560          | 349          |
| (Increase)/decrease in debtors                      |      | (55)         | 708          |
| (Decrease)/increase in creditors                    |      | (537)        | 317          |
| Corporation tax paid                                |      | (905)        | (887)        |
| <b>Net cash generated from operating activities</b> |      | <b>5,098</b> | <b>7,515</b> |
| <b>Cash flows from investing activities</b>         |      |              |              |
| Purchase of intangible fixed assets                 | 12   | (565)        | (631)        |
| Purchase of tangible fixed assets                   | 13   | (116)        | (117)        |
| <b>Net cash used in investing activities</b>        |      | <b>(681)</b> | <b>(748)</b> |

**CE TOPCO LIMITED****CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

|   | <b>Note</b> | <b>2020<br/>£000</b> | <b>2019<br/>£000</b> |
|---|-------------|----------------------|----------------------|
| <b>Cash flows from financing activities</b>                   |             |                      |                      |
| Issue of treasury shares                                      | 23          | -                    | 13                   |
| Receipt from bank loans                                       | 18          | -                    | 5,000                |
| Repayment of bank loans                                       | 18          | -                    | (4,609)              |
| Shares treated as debt - redeemed                             | 18          | -                    | (91)                 |
| Interest paid   |             | (3,269)              | (3,723)              |
| Payments on behalf of the Employee Benefit Trust              |             | (709)                | -                    |
| <b>Net cash used in financing activities</b>                  |             | <b>(3,978)</b>       | <b>(3,410)</b>       |
| <b>Net increase in cash and cash equivalents</b>              |             | <b>439</b>           | <b>3,357</b>         |
| Cash and cash equivalents at beginning of year                |             | 7,608                | 4,103                |
| Exchange differences on cash and cash equivalents             |             | (3)                  | 148                  |
| <b>Cash and cash equivalents at the end of year</b>           |             | <b>8,044</b>         | <b>7,608</b>         |
| <b>Cash and cash equivalents at the end of year comprise:</b> |             |                      |                      |
| Cash at bank and in hand                                      | 16          | 8,044                | 7,608                |
|   |             | <b>8,044</b>         | <b>7,608</b>         |

The notes on pages 19 to 46 form part of these financial statements.

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## **CE TOPCO LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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

The parent company is a limited company incorporated in the United Kingdom. The registered office of the company is 100 Victoria Street, London, England, SW1E 5JL.

The principal activity of the company is as 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 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 Group management to exercise judgement in applying the Group's accounting policies (see note 3).

In preparing the consolidated financial statements, advantage has been taken of the disclosure exemption available in FRS 102 not to disclose related party transactions between wholly owned parts of the Group.

The company is registered in the United Kingdom.

##### **Parent company disclosure exemptions**

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the year has been presented as the reconciliations of the Group and the parent company would be identical;
- No statement of cash flows has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole; and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the Group as a whole.

The following principal accounting policies have been applied:

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## **CE TOPCO LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **2. Accounting policies (continued)**

##### **2.2 Basis of consolidation**

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the Group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2014.

##### **2.3 Business combinations**

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree plus costs directly attributable to the business combination.

##### **2.4 Going concern**

The directors note that the Group incurred a loss of £25,453k for the year ended 31 December 2020 (2019: £23,992k) and that, as of that date, the Group's liabilities exceeded its total assets by £67,669k (2019: £42,206k). The directors have reviewed future trading and cash flow forecasts out to December 2022. Key sensitivities of client renewal rates, new client generation and uncontrolled operational costs have been considered to determine what results are likely and what is feasible. The Group has a stable, substantial client base and has net cash resources. The Group is funded by its bank debt, loan notes and preference shares, which are not due for repayment in the next 12 months. The directors therefore do not expect the need for additional external funding.

After reviewing the Group's forecasts, projections and considering the downside sensitivities, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Company and Group therefore continue to adopt the going concern basis in preparing its consolidated financial statements.

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**CE TOPCO LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. Accounting policies (continued)**

**2.5 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated statement of comprehensive income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.



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**CE TOPCO LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. Accounting policies (continued)****2.6 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

The majority of turnover derives from regular pieces of written economic research and analysis, which are sold in packages as subscriptions. These subscriptions are recognised on a straight-line basis over the subscription period.

Ad hoc projects include income generated from speaking at events, consultancy and commissioned projects which are recognised over the period of the contract as the work is performed and the service is provided to the customer.

**2.7 Operating leases: the Group as lessor**

Rentals income from operating leases is credited to the Consolidated statement of comprehensive income on a straight line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

**2.8 Operating leases: the Group as lessee**

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

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**CE TOPCO LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. Accounting policies (continued)****2.9 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

**2.10 Interest payable**

Interest payable and similar expenses are charged to the Consolidated statement of comprehensive income 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

**2.11 Investment in subsidiaries**

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the Group (its subsidiaries). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate, using accounting policies consistent with those of the parent. All intra Group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

**2.12 Borrowing costs**

Borrowing costs relating to loan notes and bank debt are capitalised in the statement of financial position in the period in which they are incurred and amortised over the period of the loan through the statement of comprehensive income.

All other borrowing costs are recognised in the consolidated statement of comprehensive income in the period in which they are incurred.

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**CE TOPCO LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. Accounting policies (continued)**

**2.13 Pensions**

**Defined contribution pension plan**

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

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

**2.14 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, 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 reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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 reporting date.

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**CE TOPCO LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**2. Accounting policies (continued)**
**2.15 Intangible assets**
**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life.

**Other intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

|          |   |    |       |
|----------|---|----|-------|
| Goodwill | - | 5  | years |
| Brand    | - | 10 | years |
| Software | - | 4  | years |

**2.16 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

|                               |   |                       |
|-------------------------------|---|-----------------------|
| Short-term leasehold property | - | 20% straight line     |
| Fixtures and fittings         | - | 25%-50% straight line |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

**2.17 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

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**CE TOPCO LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. Accounting policies (continued)**

**2.18 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

**2.19 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.20 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

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**CE TOPCO LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. Accounting policies (continued)****2.21 Financial instruments**

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.

Where the terms of a Financial Instrument incur substantial modification, the instrument is extinguished and a new instrument is recognised. Substantial modification occurs where the present value of the modified cash flows is at least 10% different to the present value of the remaining original cash flows. Any difference in the carrying amount of the extinguished and newly recognised instruments is recognised in the profit and loss as interest expense.

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 Consolidated 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.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

No derivatives have been included in the statement of financial position as at the reporting date on the grounds of immateriality.

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**CE TOPCO LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

**Significant management estimates**
*Useful economic lives of intangible assets (note 13)*

The annual amortisation charge for intangible assets is sensitive to changes in the estimated useful economic lives and residual value of the assets. The useful economic lives and residual values are re-assessed annually.

*Investment and intangible asset impairment (notes 13 and 15)*

The directors consider the carrying value of investment and intangible assets to be recoverable based on the trading performance and position of the underlying entities.

*Intercompany loans (note 16)*

The directors make an assessment over the recoverability of amounts owed by Group undertakings based on their knowledge of those entities and make provision for any amount considered unrecoverable.

**4. Turnover**

The whole of the turnover is attributable to the Group's principal activities.

Analysis of turnover by country of destination:

|                   | 2020<br>£000  | 2019<br>£000  |
|-------------------|---------------|---------------|
| United Kingdom    | 6,232         | 7,154         |
| Rest of Europe    | 3,875         | 3,548         |
| Rest of the world | 13,866        | 13,508        |
|                   | <u>23,973</u> | <u>24,210</u> |

**5. Other operating income**

|                        | 2020<br>£000 | 2019<br>£000 |
|------------------------|--------------|--------------|
| Rental income          | 570          | 271          |
| Other operating income | 40           | -            |
|                        | <u>610</u>   | <u>271</u>   |

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**CE TOPCO LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**6. Operating loss**

The operating (loss)/profit is stated after charging:

|                               | <b>2020</b>   | 2019         |
|-------------------------------|---------------|--------------|
|                               | <b>£000</b>   | £000         |
| Depreciation                  | <b>89</b>     | 365          |
| Amortisation                  | <b>21,054</b> | 20,760       |
| Exchange differences          | <b>114</b>    | 132          |
| Other operating lease rentals | <b>1,228</b>  | 1,240        |
|                               | <b>=====</b>  | <b>=====</b> |

**7. Auditor's remuneration**

|   | <b>2020</b>  | 2019         |
|---|--------------|--------------|
|   | <b>£000</b>  | £000         |
| Fees payable to the Company's auditor for the audit of the parent company and the Group's consolidated financial statements | <b>21</b>    | 16           |
| Fees payable to the Company's auditor and its associates for the audits of the Company's subsidiaries                       | <b>68</b>    | 59           |
|   | <b>=====</b> | <b>=====</b> |

**Fees payable to the Group's auditor and its associates in respect of:**

|                                  |              |              |
|----------------------------------|--------------|--------------|
| Overseas tax compliance services | <b>32</b>    | 20           |
| Tax advisory services            | <b>4</b>     | 3            |
| Other services                   | <b>5</b>     | 5            |
|                                  | <b>=====</b> | <b>=====</b> |



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**CE TOPCO LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**8. Employees**

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

|                                     | <b>Group<br/>2020<br/>£000</b> | <b>Group<br/>2019<br/>£000</b> |
|-------------------------------------|--------------------------------|--------------------------------|
| Wages and salaries                  | 11,958                         | 11,206                         |
| Social security costs               | 1,338                          | 1,273                          |
| Cost of defined contribution scheme | 171                            | 179                            |
|                                     | <u>13,467</u>                  | <u>12,658</u>                  |

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

|            | <b>2020<br/>No.</b> | <b>2019<br/>No.</b> |
|------------|---------------------|---------------------|
| Directors  | 6                   | 6                   |
| Economists | 69                  | 70                  |
| Sales      | 61                  | 54                  |
| Admin      | 13                  | 12                  |
|            | <u>149</u>          | <u>142</u>          |

The Company has no employees other than the directors, who did not receive any remuneration (2019 - £NIL)

**9. Directors' remuneration**

|   | <b>2020<br/>£000</b> | <b>2019<br/>£000</b> |
|---|----------------------|----------------------|
| Directors' emoluments                                 | 1,366                | 1,576                |
| Company contributions to defined contribution schemes | 5                    | 5                    |
|   | <u>1,371</u>         | <u>1,581</u>         |

The highest paid director received remuneration of £385,000 (2019: £346,000).

During the year retirement benefits were accruing to 4 directors (2019 - 5) in respect of defined contribution pension schemes.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,314 (2019: £1,188).

Management consider there are no other key management personnel other than the directors.

**CE TOPCO LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020****10. Interest payable and similar expenses**

|                                       | 2020<br>£000  | 2019<br>£000 |
|---------------------------------------|---------------|--------------|
| Bank loan interest payable            | 3,102         | 3,213        |
| Preference share return               | 3,556         | 3,317        |
| Loan note interest payable            | 3,267         | 2,962        |
| Amortisation of debt arrangement fees | 420           | 416          |
|                                       | <u>10,345</u> | <u>9,908</u> |

**11. Taxation**

|  | 2020<br>£000 | 2019<br>£000 |
|--|--------------|--------------|
| <b>Corporation tax</b>                         |              |              |
| Current tax on loss for the period             | 738          | 705          |
| Adjustments in respect of previous periods     | (7)          | (135)        |
| Double taxation relief                         | (66)         | -            |
| Foreign tax on income for the year             | 72           | -            |
| <b>Total current tax</b>                       | <u>737</u>   | <u>570</u>   |
| <b>Deferred tax</b>                            |              |              |
| Current period                                 | (318)        | (113)        |
| Adjustment in respect of previous periods      | 158          | (117)        |
| Changes to tax rates                           | (17)         | 8            |
| <b>Total deferred tax</b>                      | <u>(177)</u> | <u>(222)</u> |
| <b>Taxation on loss on ordinary activities</b> | <u>560</u>   | <u>348</u>   |

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**CE TOPCO LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**11. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

|   | 2020<br>£000      | 2019<br>£000      |
|---|-------------------|-------------------|
| Loss on ordinary activities before tax  | <u>(24,893)</u>   | <u>(23,644)</u>   |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% | (4,730)           | (4,492)           |
| <b>Effects of:</b>  |                   |                   |
| Expenses not deductible for tax purposes  | 5,042             | 4,969             |
| Transfer pricing adjustments  | 14                | 70                |
| Deferred tax not provided   | 130               | 47                |
| Effects of overseas tax rates   | -                 | 3                 |
| Adjustments to tax charge in respect of prior periods                                       | 156               | (252)             |
| Non-taxable income  | (35)              | -                 |
| Tax rate changes  | (17)              | 11                |
| Foreign exchange on translation   | -                 | (8)               |
| <b>Total tax charge for the year</b>  | <u><u>560</u></u> | <u><u>348</u></u> |

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**12. Intangible assets****Group**

|                       | <b>Brand<br/>£000</b> | <b>Software<br/>£000</b> | <b>Goodwill<br/>£000</b> | <b>Total<br/>£000</b> |
|-----------------------|-----------------------|--------------------------|--------------------------|-----------------------|
| <b>Cost</b>           |                       |                          |                          |                       |
| At 1 January 2020     | <b>3,059</b>          | <b>1,154</b>             | <b>102,186</b>           | <b>106,399</b>        |
| Additions             | <b>-</b>              | <b>565</b>               | <b>-</b>                 | <b>565</b>            |
| At 31 December 2020   | <b>3,059</b>          | <b>1,719</b>             | <b>102,186</b>           | <b>106,964</b>        |
| <b>Amortisation</b>   |                       |                          |                          |                       |
| At 1 January 2020     | <b>535</b>            | <b>157</b>               | <b>35,766</b>            | <b>36,458</b>         |
| Charge for the year   | <b>306</b>            | <b>311</b>               | <b>20,437</b>            | <b>21,054</b>         |
| At 31 December 2020   | <b>841</b>            | <b>468</b>               | <b>56,203</b>            | <b>57,512</b>         |
| <b>Net book value</b> |                       |                          |                          |                       |
| At 31 December 2020   | <b>2,218</b>          | <b>1,251</b>             | <b>45,983</b>            | <b>49,452</b>         |
| At 31 December 2019   | <b>2,524</b>          | <b>997</b>               | <b>66,420</b>            | <b>69,941</b>         |

Goodwill and intangible assets are amortised over their useful lives of 5 and 10 years. The remaining amortisation period as at 31 December 2020 was 27 months for goodwill and 87 months for the brand.

Software is amortised over its useful life of 4 years.

## CE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## 13. Tangible fixed assets

## Group

|                                     | Short-term<br>leasehold<br>property<br>£000 | Fixtures and<br>fittings<br>£000 | Total<br>£000 |
|-------------------------------------|---|----------------------------------|---------------|
| <b>Cost</b>                         |   |                                  |               |
| At 1 January 2020                   | 317   | 573                              | 890           |
| Additions                           | -   | 113                              | 113           |
| At 31 December 2020                 | 317   | 686                              | 1,003         |
| <b>Depreciation</b>                 |   |                                  |               |
| At 1 January 2020                   | 317   | 393                              | 710           |
| Charge for the year on owned assets | -   | 89                               | 89            |
| Exchange adjustments                | -   | (2)                              | (2)           |
| At 31 December 2020                 | 317   | 480                              | 797           |
| <b>Net book value</b>               |   |                                  |               |
| At 31 December 2020                 | -   | 206                              | 206           |
| At 31 December 2019                 | -   | 180                              | 180           |

## 14. Fixed asset investments

## Company

|                          | Investments<br>in<br>subsidiary<br>companies<br>£000 |
|--------------------------|--|
| <b>Cost or valuation</b> |  |
| At 1 January 2020        | 24,195   |
| At 31 December 2020      | 24,195   |

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**CE TOPCO LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**14. Fixed asset investments (continued)****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> |
|---|--|------------------------------|------------------------|----------------|
| CE Finco Limited *                        | 100 Victoria Street, London, SW1E 5JL  | Intermediate holding company | Ordinary               | 100%           |
| CE Cleanco Limited **                     | 100 Victoria Street, London, SW1E 5JL  | Intermediate holding company | Ordinary               | 100%           |
| CE Bidco Limited **                       | 100 Victoria Street, London, SW1E 5JL  | Intermediate holding company | Ordinary               | 100%           |
| CE Nominees Limited **                    | 100 Victoria Street, London, SW1E 5JL  | Intermediate holding company | Ordinary               | 100%           |
| Capital Economics Research Limited **     | 100 Victoria Street, London, SW1E 5JL  | Intermediate holding company | Ordinary               | 100%           |
| Capital Economics Limited **              | 100 Victoria Street, London, SW1E 5JL  | Economic consultants         | Ordinary               | 100%           |
| Capital Economics (USA) Inc **            | 1209 Orange Street, Wilmington, New Castle, Delaware 19801                     | Economic consultants         | Ordinary               | 100%           |
| Capital Economics (N.A.) Limited **       | 100 Victoria Street, London, SW1E 5JL  | Economic consultants         | Ordinary               | 100%           |
| Capital Economics (Asia) Pte. Ltd **      | 1 Marina Boulevard, #28-00, Singapore  | Economic consultants         | Ordinary               | 100%           |
| Capital Economics (Australia) Pty. Ltd ** | 58 Gipps Street, Collingwood, Vic 3086, Australia                              | Economic consultants         | Ordinary               | 100%           |
| Capital Economics (HK) Limited **         | 19th Floor, Edinburgh Tower, The Landmark, 15 Queen's Road, Central, Hong Kong | Economic consultants         | Ordinary               | 100%           |

\* Direct subsidiary of the company.

\*\* Indirect subsidiary of the company.

The Company has provided a parent guarantee to CE Nominees Limited an indirect subsidiary company (which is not significant to the Group) under s479C of the Companies Act 2006 to allow it to take exemption from audit.

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**CE TOPCO LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**14. Fixed asset investments (continued)****Subsidiary undertakings (continued)**

The aggregate of the share capital and reserves as at 31 December 2020 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

| Name                                      | Aggregate<br>of share<br>capital and<br>reserves | Profit/(Loss) |
|---|--|---------------|
|   | £000   | £000          |
| CE Finco Limited *                        | 13,388   | (4,089)       |
| CE Cleanco Limited **                     | 24,091   | (19)          |
| CE Bidco Limited **                       | 13,648   | (3,446)       |
| CE Nominees Limited **                    | -  | -             |
| Capital Economics Research Limited **     | 16,690   | (197)         |
| Capital Economics Limited **              | 15,947   | 4,952         |
| Capital Economics (USA) Inc **            | (3,509)  | 165           |
| Capital Economics (N.A.) Limited **       | 10,375   | 1,036         |
| Capital Economics (Asia) Pte. Ltd **      | 2,416  | 224           |
| Capital Economics (Australia) Pty. Ltd ** | (1,656)  | 25            |
| Capital Economics (HK) Limited **         | 7  | -             |

**CE TOPCO LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020****15. Debtors**

|                                     | <b>Group<br/>2020<br/>£000</b> | <b>Group<br/>2019<br/>£000</b> | <b>Company<br/>2020<br/>£000</b> | <b>Company<br/>2019<br/>£000</b> |
|-------------------------------------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| <b>Due after more than one year</b> |                                |                                |                                  |                                  |
| Other debtors                       | <b>462</b>                     | 463                            | -                                | -                                |
|                                     |                                |                                |                                  |                                  |
|                                     | <b>Group<br/>2020<br/>£000</b> | <b>Group<br/>2019<br/>£000</b> | <b>Company<br/>2020<br/>£000</b> | <b>Company<br/>2019<br/>£000</b> |
| <b>Due within one year</b>          |                                |                                |                                  |                                  |
| Trade debtors                       | <b>3,970</b>                   | 4,537                          | -                                | -                                |
| Amounts owed by group undertakings  | -                              | -                              | <b>9,255</b>                     | 8,492                            |
| Amounts owed by related parties     | -                              | 3                              | -                                | -                                |
| Other debtors                       | <b>1,518</b>                   | 91                             | <b>33</b>                        | 5                                |
| Prepayments                         | <b>754</b>                     | 641                            | -                                | -                                |
| Deferred taxation (note 20)         | -                              | 252                            | -                                | -                                |
|                                     | <b>6,242</b>                   | 5,524                          | <b>9,288</b>                     | 8,497                            |

An impairment provision of £122,182 (2019: £137,490) has been recognised against trade debtors. A gain of £15,308 has been recognised to the profit and loss (2019: loss of £77,490).

For the Company: Amounts owed by Group undertakings are unsecured, repayable on demand and interest is charged at 8.5% (2019: 9%) on the balance owed by CE Finco Limited. £752k of interest was charged in the year (2019: £730K) on the balance which was £9,230k at 31 December 2020 (2019: £8,468k).

**16. Cash and cash equivalents**

|                          | <b>Group<br/>2020<br/>£000</b> | <b>Group<br/>2019<br/>£000</b> | <b>Company<br/>2020<br/>£000</b> | <b>Company<br/>2019<br/>£000</b> |
|--------------------------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| Cash at bank and in hand | <b>8,044</b>                   | 7,608                          | -                                | -                                |



**CE TOPCO LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020****17. Creditors: Amounts falling due within one year**

|                                    | <b>Group<br/>2020<br/>£000</b> | <b>Group<br/>2019<br/>£000</b> | <b>Company<br/>2020<br/>£000</b> | <b>Company<br/>2019<br/>£000</b> |
|------------------------------------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| Trade creditors                    | 235                            | 323                            | -                                | -                                |
| Amounts owed to group undertakings | -                              | -                              | 494                              | 398                              |
| Amounts owed to related parties    | 30                             | -                              | -                                | -                                |
| Corporation tax                    | -                              | 167                            | 126                              | -                                |
| Other taxation and social security | 249                            | 423                            | -                                | -                                |
| Other creditors                    | 54                             | 29                             | -                                | -                                |
| Accruals and deferred income       | 15,735                         | 15,937                         | 153                              | 58                               |
|                                    | <b>16,303</b>                  | <b>16,879</b>                  | <b>773</b>                       | <b>456</b>                       |

For the Company: Amounts owed to group undertakings carry no interest, are unsecured and repayable on demand.

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

|                               | <b>Group<br/>2020<br/>£000</b> | <b>Group<br/>2019<br/>£000</b> | <b>Company<br/>2020<br/>£000</b> | <b>Company<br/>2019<br/>£000</b> |
|-------------------------------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| Loan notes                    | 33,753                         | 25,830                         | -                                | -                                |
| Bank loans                    | 40,942                         | 41,457                         | -                                | -                                |
| Accruals and deferred income  | 346                            | 10,557                         | 187                              | 5,651                            |
| Share capital treated as debt | 40,315                         | 30,354                         | 39,506                           | 30,354                           |
|                               | <b>115,356</b>                 | <b>108,198</b>                 | <b>39,693</b>                    | <b>36,005</b>                    |

Loan notes attract a coupon rate of 7.5% at 31 December 2020 (2019: 10%) and are redeemable at the earlier of 25 March 2028 or the sale or listing of the Group. Interest is payable annually; however, the Company has the option to defer and compound until redemption date which it has elected to do each payment date since the Loan Notes were raised on 26 March 2018. The loan notes are unsecured.

On 26 March 2018, £30,635,938 loan notes were raised at a 10% rate of interest.

On 17 April 2019, £4,518,222 of loan notes were redeemed along with £481,778 of interest. This was financed through a £5,000,000 drawdown of an existing loan in CE Bidco Ltd, an indirect subsidiary of the Company.

On 9 December 2020, the Loan Note Agreement was amended to adjust the interest coupon from 10% to 7.5% between 9 December and 1 January 2025. This change resulted in substantially different terms therefore, the original Debt has been derecognised.

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**CE TOPCO LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**18. Creditors: Amounts falling due after more than one year (continued)**

The new debt recognised in its place meets the conditions of a basic financial instrument. As the debt has the option to defer interest payments, it was considered a financing transaction therefore, initial measurement of £33,753,336 was calculated as the present value of future payments discounted at the market rate of interest. Key judgements were made for the most likely ending date for the debt being December 2023 and market rate of interest of the debt at the date of recognition being 7.5%. The difference between the value of the new debt and the carrying value of the old debt was £75,354 which was taken to the Profit and Loss as interest expense.

At 31 December 2020, the debt was subsequently measured at Amortised Cost using the Effective Interest Method. The Effective Interest Rate was determined to be 7.5% and a further £158,744 interest between 9 December and 31 December 2020 was recorded to the Profit and Loss. The closing balance of the debt is equal to this accrued interest plus the opening value of £33,753,336 noted above.

The Loan notes have been listed on The International Stock Exchange since 12 September 2018.

Bank loans comprise a multi-currency revolving credit facility of £43,000,000 (2019: 43,000,000) netted off by debt issue costs incurred of £1,249,412 (2018: £1,543,370). The facility requires quarterly interest-only payments, is secured by a fixed and floating charge over the assets of the Group and is due to be repaid in full on 26 March 2025. The facility was first entered into on 26 March 2018 with a drawdown of £38,000,000. On 29 March 2019 a further £5,000,000 was drawn down as an executed option of the agreement. Total Debt costs of £2,057,826 were capitalised on initial draw down of the bank loan in 2018. In the year ended 31 December 2020 £293,976 (2018: £293,976) was released to the statement of comprehensive income.

The preferred ordinary shares are considered to be a debt-like instrument, rank ahead of equity and are entitled to a preferred amount of 10% which is payable inter alia on any return of capital. The 30,635,938 shares have value of £0.0001 each and were purchased for £1.00 each. Interest is charged to the statement of comprehensive income annually and compounded.

On 9 December 2020, the Articles of Association for the Company were amended to adjust the coupon on the preference shares from 10% to 7.5% between 9 December and 1 January 2025. This change resulted in substantially different terms therefore, the original Debt has been derecognised.

The new debt recognised in its place (again considered to be a debt-like instrument) meets the conditions of a basic financial instrument. As the debt has the option to defer interest (distributions), it was considered a financing transaction therefore, initial measurement of £39,506,565 was calculated as the present value of future payments discounted at the market rate of interest. Key judgements were made for the most likely ending date for the debt being December 2023 and market rate of interest (distributions) of the debt at the date of recognition being 7.5%. The difference between the value of the new debt and the carrying value of the old debt was £134,620 which was taken to the Profit and Loss as a reduction to interest expense.

At 31 December 2020, the debt was subsequently measured at Amortised Cost using the Effective Interest Method. The Effective Interest Rate was determined to be 7.5% and a further £186,709 interest between 9 December and 31 December 2020 was recorded to the Profit and Loss. The closing balance of the debt is equal to this accrued interest plus the opening value of £39,506,565 noted above.

The Group entered into a revolving credit facility on 27 April 2018 for £2m, of which £Nil was drawn down at 31 December 2020 (2019: £Nil)

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**CE TOPCO LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**19. Financial risk management**

The Group has exposures to four main areas of risk – interest rate risk, foreign exchange currency exposure, liquidity risk and customer credit exposure.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The main interest rate risk affecting the Group relates to changes in the bank's base rate as the Group's bank loan facility incurs interest at a floating rate.

**Foreign exchange currency exposure**

The Group is exposed to currency exchange rate risk due to a significant proportion of its receivables and operating expenses being denominated in non Sterling currencies. The net exposure of each currency is monitored and managed using natural hedging with foreign currency cash holdings and bank loans denominated in US dollars.

**Liquidity risk**

The objective of the Group in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Group expects to meet its financial obligations through operating cashflows. In the event that the operating cashflows would not cover all the financial obligations the Group has credit facilities available. Given the maturity of the debts, the Group is in a position to meet its commitments and obligations as they come due.

**Customer credit exposure**

The Group offer credit terms to customers which allow payment of the debt after services may have been provided. The Group is at risk to the extent that the customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on going customer relationships.

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**20. Deferred taxation**

|   | 2020<br>£000 | 2019<br>£000 |
|---|--------------|--------------|
| <b>Group - liability</b>                      |              |              |
| At beginning of period                        | 429          | 520          |
| Arising on business combination               | -            | -            |
| Movement in statement of comprehensive income | (8)          | (91)         |
|   | <u>421</u>   | <u>429</u>   |

The deferred taxation liability is made up as follows:

|  | 2020<br>£000 | 2019<br>£000 |
|--|--------------|--------------|
| Intangible assets recognised on business combination | <u>421</u>   | <u>429</u>   |

|   | 2020<br>£000 | 2019<br>£000 |
|---|--------------|--------------|
| <b>Group - asset</b>                          |              |              |
| At beginning of period                        | 252          | 121          |
| Movement in statement of comprehensive income | 169          | 131          |
|   | <u>421</u>   | <u>252</u>   |

The deferred taxation asset is made up as follows:

|  | 2020<br>£000 | 2019<br>£000 |
|--|--------------|--------------|
| Capital allowances in excess of depreciation | 52           | 48           |
| Short term timing differences                | 369          | 204          |
|  | <u>421</u>   | <u>252</u>   |

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**CE TOPCO LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
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**21. Provisions****Group**

|                            | <b>Property<br/>provision<br/>£000</b> |
|----------------------------|--|
| At 1 January 2020          | <b>416</b>                             |
| <b>At 31 December 2020</b> | <b>416</b>                             |

The provision represents a dilapidation provision in respect of certain properties rented by the Group. Of this provision, £Nil is expected to be utilised during 2021 in settlement of dilapidations on exited properties.

The company has no provisions at 31 December 2020 (2019: £Nil).

**22. Share capital**

|  | <b>2020<br/>£000</b> | <b>2019<br/>£000</b> |
|--|----------------------|----------------------|
| <b>Shares classified as equity</b>         |                      |                      |
| <b>Allotted, called up and fully paid</b>  |                      |                      |
| 800,000 A Ordinary shares of £0.1000 each  | <b>80</b>            | <b>80</b>            |
| 200,000 B Ordinary shares of £0.1000 each  | <b>20</b>            | <b>20</b>            |
| 2 Deferred Ordinary shares of £0.0100 each | <b>-</b>             | <b>-</b>             |
|  | <b>100</b>           | <b>100</b>           |

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**NOTES TO THE FINANCIAL STATEMENTS  
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**22. Share capital (continued)**

|  | <b>2020</b> | <b>2019</b> |
|--|-------------|-------------|
|  | <b>£000</b> | <b>£000</b> |
| <b>Shares classified as debt</b>                     |             |             |
| <b>Allotted, called up and fully paid</b>            |             |             |
| 30,635,936 Preferred ordinary shares of £0.0001 each | <u>3</u>    | <u>3</u>    |

The A ordinary shares are held by funds controlled by Phoenix Equity Partners Limited, management and other institutional investors. The B ordinary shares are held in trust by CE Nominees Limited on behalf of management.

Rights of each class of share:

The A and B ordinary shares rank parri passu and carry one vote per share.

The Preferred ordinary shares are considered to be a debt like instrument, rank ahead of equity and are entitled to a preferred amount of 10% which is payable inter alia on any return of capital.

In 2020, 3,000 C Ordinary Shares with nominal value of £0.10 were authorised for issue. At 31 December 2020, none had been issued.

The Deferred shares rank after all other shares, have no voting rights and are entitled to a return of capital on liquidation.

**23. Reserves****Share premium account**

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

**Foreign exchange reserve**

Comprises translation differences arising from the translation of financial statements of the Group's foreign entities into sterling (£).

**Treasury reserves**

This represents:

Nil A Ordinary Shares of £0.10 each (2019: 1,789 A Ordinary Shares of £0.10 each issued at a premium of £0.00 pcr share.)

Nil B Ordinary Shares of £0.10 each (2019: 14,250 B Ordinary Shares of £0.10 each issued at a premium of £0.90 per share.)

**Profit and loss account**

Includes all current and prior period profits and losses.

**CE TOPCO LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
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As at 31 December 2020 the Group and parent company had commitments under financial guarantees of USD262,000 (2019: USD262,000) in respect of HSBC Bank US N.A., GBP300,000 (2019: GBP300,000) in favour of HSBC Bank UK and AUD83,656.47 in favour of Dexus Capital, Investa Nominees Pty.

**25. Pension commitments**

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £171,139 (2019: £179,381). There was £23,635 (2019: £29,016) payable to the fund at the year end and this amount is included in other creditors.

**26. Commitments under operating leases**

At 31 December 2020 the Group had future minimum lease payments under non-cancellable operating leases as follows, all relating to land and buildings:

|  | <b>Group<br/>2020<br/>£000</b> | <b>Group<br/>2019<br/>£000</b> |
|--|--------------------------------|--------------------------------|
| Not later than 1 year                        | <b>1,225</b>                   | 1,253                          |
| Later than 1 year and not later than 5 years | <b>3,300</b>                   | 3,631                          |
| Later than 5 years                           | <b>193</b>                     | 963                            |
|  | <b>4,718</b>                   | 5,847                          |

The Group and the Company had no other commitments under the non-cancellable operating leases as at the reporting date.

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**27. Related party transactions**

The Group has taken exemptions available in FRS 102 and therefore not disclosed transactions or balances with wholly owned entities which form part of the Group.

Included within trade debtors at the period end is an amount of £Nil (2019: £2,590) due from Roger Bootle Limited which is a company controlled by one of the directors. During the period income of £51,506 (2019: £21,584) has also been received by the Group from this company in relation to office services.

Directors held 136,229 (2019: 143,994) A ordinary shares, 52,500 (2019: 85,000) B ordinary shares, 5,216,910 (2019: 5,514,250) Preferred ordinary shares, and £5,216,910 (2019: £5,435,844) loan notes as at 31 December 2020. Accrued interest on the loan notes from date of acquisition to 31 December 2020 was £1,571,540 (2019: £1,003,907), and the accrued, preferred amount accrued on the Preferred ordinary shares was £1,571,540 (2019: £1,018,364).

Included within creditors at the period end is an amount of £30,000 (2019: £0) due to Phoenix Equity Partners Ltd which provides Key Management Personnel ("KMP") to the Group. During the period expenses of £100,000 (2019: £Nil) were also incurred by the Group from this company related to the provision of KMP.

**28. Controlling party**

CE Topco Limited does not have a single ultimate controlling party by virtue that no single shareholder holds more than 50% of the voting rights. These financial statements are the highest level for which consolidated financial statements for CE Topco Limited and its subsidiaries are prepared.



## CE TOPCO LIMITED

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## 29. Analysis of net debt

|   | As at 1<br>January<br>2020<br>£000 | Cash flows<br>£000 | Non-cash<br>cash<br>movements<br>£000 | As at 31<br>December<br>2020<br>£000 |
|---|------------------------------------|--------------------|---------------------------------------|--------------------------------------|
| <b>Cash at bank and in hand</b>                             |                                    |                    |                                       |                                      |
| Cash at bank and in hand                                    | 7,606                              | 438                | -                                     | 8,044                                |
| <b>Loans due after more than one year</b>                   |                                    |                    |                                       |                                      |
| Unsecured loan notes  | (30,842)                           | -                  | (3,070)                               | (33,912)                             |
| Arrangement fees in respect of loan notes                   | 196                                | -                  | (196)                                 | -                                    |
| Preferred ordinary shares                                   | (36,197)                           | -                  | (3,496)                               | (39,693)                             |
| Arrangement fees in respect of preferred<br>ordinary shares | 191                                | -                  | (191)                                 | -                                    |
| Bank loans  | (43,000)                           | -                  | -                                     | (43,000)                             |
| Arrangement fees in respect of bank loans                   | 1,543                              | -                  | (294)                                 | 1,249                                |
|   | <u>(108,109)</u>                   | <u>-</u>           | <u>(7,247)</u>                        | <u>(115,356)</u>                     |
| <b>Total</b>  | <u><b>(100,503)</b></u>            | <u><b>438</b></u>  | <u><b>(7,247)</b></u>                 | <u><b>(107,312)</b></u>              |

Non-cash movements relate to:

- Accrued interest on loan notes during the year (£3,041K).
- Reclassification of Loan Notes in 2020 which were transferred but not redeemed. (£91K)
- Debt adjustment (loss) resulting from derecognition and recognition of loan notes taken to P&L as interest (£75k)
- Impairment of loan note arrangement fees during the year (£58k)
- Accrued distributions (treated as interest) on preference shares during the year (3,560k).
- Reclassification of Loan Notes in 2020 which were transferred but not redeemed. (£91K)
- Impairment of preference share arrangement fees during the year (£56k)
- Less: Debt adjustment (gain) resulting from derecognition and recognition of preference shares taken to P&L as interest (£21k)
- Arrangement fees amortisation on Senior Debt (£294K).

There are no restrictions over the use of the cash and cash equivalents balances which comprises cash at bank and in hand, and bank overdrafts.