Company Registration No. 08812984

# NEWCO A 13 LIMITED

## Annual report and financial statements

Year ended 31 December 2022

NEWCO A 13 LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
Year ended 31 December 2022

CONTENTS

# OFFICERS AND PROFESSIONAL ADVISERS
## Year ended 31 December 2022

### DIRECTORS

Colin Haig
Irene Gray
Paul Preston
Amanda Scott

### REGISTERED OFFICE

Unit 523 Highgate Studios
53-79 Highgate Road
London
NW5 1TL

### INDEPENDENT AUDITOR

Grant Thornton UK LLP
30 Finsbury Square
London
EC2A 1AG

# STRATEGIC REPORT
## Year ended 31 December 2022

The Directors present their strategic report for the year ended 31 December 2022.

***BUSINESS REVIEW AND PRINCIPAL ACTIVITY***

The principal activity of the company in the year under review was that of a holding company.

The subsidiary undertakings principally affecting the profits or net assets of the Group in the year are listed in note 10 to the financial statements.

The Group operates a portfolio of residential and nursing care homes in the South of England.

During the year, the Group's homes experienced a steady and sustainable recovery in Occupancy rates following two years heavily impacted by the effects of the COVID pandemic, rising from 88% at the close of the previous year to a peak of 93% in mid-2022 before easing back slightly towards the end of the year. However, growth targets at most of the key target homes were met and the average Occupancy across the Group, at 91% for the year, was very close to the Forecast, despite the delaying effect on admissions caused by short lockdown periods imposed by health authorities to control the spread of the Omicron variant in the early part of the year.
Alongside the improvement in Occupancy rates, the Group's homes were able to achieve a year on year increase in weekly fee rates of 4.7% from a funder mix unchanged from the previous year, and the resultant impact of these rate and volume improvements in the year lifted Income by 8.8% from 2021. This is a testimony to the excellent reputation which the homes hold with commissioners and private funders in their local markets for the excellence of the care provided in settings that are safe, well-maintained and led by experienced management teams.

The reduced impact of the pandemic in the care sector also allowed for the Group's cost structure to move towards a more normalised position in 2022 with the ending of the government grant funding, which had significantly mitigated the effect of the additional running costs incurred by care providers in the previous two years. However, in line with other providers in the sector, maintaining sufficient headcount in its homes was a major challenge in the year, with suitable candidates deterred initially by the mandatory vaccination requirement at the end of the previous year (though subsequently removed by the Government) and by the low wages offered by providers as a consequence of under-funding of social care. In such a competitive environment, it became necessary to use a significantly higher number of agency staff to maintain safe staffing levels. This increasing demand for agency staff across the care sector resulted in higher hourly rates, which, together with the increased volumes, equated to 11% of the total payroll cost and pushed the ratio to Income up to 65% (2021: 64%). To meet the challenge of maintaining sufficient numbers of suitably qualified care staff, Senior Management introduced a strategy of recruiting from overseas via an experienced agency, and this had already had a noticeable impact in reducing agency exposure at high-using sites by the end of the year.

The Directors will approach the challenge of improving profitability in 2023 through their continued focus on maintaining the Group's above-market Occupancy level and by targeting strong fee growth to maximise its Income. Alongside this they will continue their ongoing commitment to paying a fair, above living wage rate to the Group's loyal staff teams and to funding its programmes of employee engagement and development, both of which will reduce staff turnover and consequential erosion of margins. Further, tight controls over the non-payroll cost base will be more essential than in any recent year in order to mitigate the damaging impact of significant price inflation in key areas such as energy and food. Senior Management will continue to leverage the good relationships with key suppliers to ensure both competitive pricing and consistency and reliability of service delivery.

| KEY PERFORMANCE INDICATORS | 2022 | 2021 |
|---|---|---|
| Occupancy level as a percentage of available beds | 91% | 87% |
| Staff cost as a percentage of turnover | 65% | 64% |
| Operating profit as a percentage of turnover | 10% | 14% |

## STRATEGIC REPORT (CONTINUED)
## Year ended 31 December 2022

### PRINCIPAL RISKS AND UNCERTAINTIES

The Group's principal risks and uncertainties are:

- A significant decline in occupancy or in negotiated fee rates for the provision of care
- The recruitment and retention of high-quality nursing and care staff sufficient to meet rota requirements
- Ensuring that the standard of care provided is compliant with the changing regulatory environment
- Maintaining the safety, efficiency and comfort of the home environments

The Group continues to address these risks through:

- Continuous improvement in the quality and value for money of the care it provides, which maintains its position as the provider of choice for care purchasers in the geographical locations in which it operates
- Continuous monitoring, review and updating of its care governance processes
- Ongoing investment in its staff through learning, development and reward
- Widening the scope of its overseas recruitment strategy
- The continuation of the programme of refurbishment of the homes and through increased maintenance expenditure

On behalf of the Board

Colin Haig

Colin Haig
Director
Date: 10/7/2023

# DIRECTORS' REPORT
# Year ended 31 December 2022

The Directors present their report and the audited consolidated financial statements for Newco A 13 Limited and its subsidiaries (the "Group") for the financial year ended 31 December 2022.

## FINANCIAL RISK MANAGEMENT

The Group has established a risk and financial management framework whose primary objectives are to protect the Group from events that hinder the achievement of the Group's performance objectives.

The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk at a business unit level.

### Exposure to credit, liquidity and cash flow risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Group policies are aimed at minimising such losses and require that deferred terms are only granted to customers who demonstrate an appropriate payment history.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group aims to mitigate liquidity risk by managing cash generation by its operations, applying cash collection targets throughout the Group.

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability such as future interest payments on a variable rate debt. The Group is exposed to interest rate risk through the variability of SONIA and it manages this risk by ensuring it has sufficient interest cover.

## FINANCIAL RESULTS AND DIVIDENDS

The results for the financial year are set out on page 11.

The Directors do not recommend the payment of a dividend (2021: nil).

## FUTURE DEVELOPMENTS

The Group's strategy is to improve commercial and operational performance to position itself in the coming year to attract new investment to replace the existing bank facility and to provide further capital for bed-capacity growth.

## DIRECTORS

The Directors who held office during the year and up to the date of signing the financial statements are given below:

Colin Haig
Paul Preston
Irene Gray
Amanda Scott

## EMPLOYEES

The Group is committed to employment policies which follow best practice based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The Group gives full and fair consideration to applications for employment for disabled persons, having regard to their particular aptitudes and abilities.

Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Group. If members of staff become disabled the Group continues employment, either in the same or an alternative position, with appropriate retraining being given, or workplace adjustment made, if necessary.

The Group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Group plays a major role in maintaining its continued success.

## GOING CONCERN

The Group's business activities together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 and 3.

## DIRECTORS' REPORT (CONTINUED)
## Year ended 31 December 2022

The Group has considered its projected operating profits and total cashflows under both a base case and low case scenario for future periods out to December 2024 and, in each of these scenarios, has concluded that it has sufficient funds to undertake its operating activities for a period of at least 12 months from the signing date. The Group has cash reserves and projected future operating cashflows which are considered sufficient by the directors to fund the Group's operations.

The Group continues to receive support from its bankers and, during the year, the repayment date of the bank loan, which amounted to £43.5m at the balance sheet date, has been extended to 31 December 2024. Following covenant breaches as at 31 December 2022, which were subsequently waived by the Group's bankers on 25 May 2023, the bank loan has been presented as being repayable within one year. This reclassification of the bank loan to a current liability is to comply with accounting standards and the bank remains supportive, as evidenced by their issuance of a waiver and covenant reset; there is no impact on the Group's liquidity position or expected changes to cash outflows as the loan is not due to repaid until 31 December 2024. There are no material uncertainties that could cause a significant doubt over the Group's ability to continue as a going concern.

Based on the above considerations, the Directors continue to adopt the going concern basis of accounting in preparing these Financial Statements.

### DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) 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 and profit or loss of the Company and Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are 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.

### DIRECTORS INDEMINITIES

The Company has made qualifying third party provisions for the benefit of its directors, which were made during the year and remain in force at the date of this report.

### STATEMENT BY THE DIRECTORS IN ACCORDANCE WITH S172(1) COMPANIES ACT 2006

The board of directors of Newco A 13 Limited consider, both individually and collectively, that they have acted in in good faith and in the way most likely to promote the success of the Group for the benefit of its members as a whole having regard to the stakeholders and matters set out in s172 (1)(a-f) of the Act in the decisions taken during the year ended 31 December 2022.

The following paragraphs summarise how the directors fulfil their duties:

**Our purpose, strategy and consideration of the consequence of decisions for the long term**
Our purpose is to support those in our care by offering outstanding quality of life. Our mission is to provide a family feel to the exceptional care we deliver by valuing, respecting and caring for each and every person who lives or works at Forest Healthcare.

Each year, the board undertakes a review of the Group's business plan for the forthcoming year as part of the Budget setting process. Once approved, the Budget forms the basis for the measurement of financial performance and informs investment decisions.

**Engaging with our stakeholders**
The board recognises its responsibility to act fairly between all stakeholders of the Group and its decisions are based on the best long term interests of its stakeholders, considering the balance of financial and operational risk compared with the potential future returns.

**Residents and relatives**
The Group prides itself in the way it cares for its residents on a daily basis and we maintain a close relationships with relatives of our residents. Our residents and relatives have the right to expect the highest quality of care and service at a price that presents value for money.

**Lenders**
The availability of cash and debt is essential for the Group to execute its strategy. The board is committed to having a positive, transparent and engaging relationship with its lenders on an ongoing basis. The board provides weekly, monthly, quarterly and annual updates to its lenders, aligned to relevant facility documents, as well as engaging in open dialogue and regular progress updates.

**Our people**
Our people are critical to delivering the Group's values and mission of supporting those in our care to experience a high quality of life. The senior management team interact regularly with colleagues from across the Group at every level.

**Commissioners and regulators**
The Group strives to be the preferred provider for our local commissioners and to be considered by them as a partner of choice. We hold regular meetings with them and provide openness, transparency and accountability in all of our communications.

### INDEPENDENT AUDITOR

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

On behalf of the Board

Colin Haig
Director
Date: 10/7/2023

# Independent auditor's report to the members of Newco A 13 Limited

## Opinion

We have audited the financial statements of Newco A 13 Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022, which comprise the Consolidated Statement of Comprehensive Income, Consolidated and Company Balance Sheets, Consolidated Cash Flow Statement, Consolidated and Company Statements of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 UK leaving the European Union (Brexit) and the 'cost of living' crisis driven by high and volatile inflation, 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.

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

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

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have 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.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and company and determined the most significant ones which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (United Kingdom Generally Accepted Accounting Practice, Companies Act 2006 and UK tax compliance);
- We understood how the group and company is complying with those legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and correspondence received from regulatory bodies;
- We assessed the susceptibility of the group and company's financial statements to material misstatement, including - how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
    - fraudulent revenue recognition on revenue transactions throughout the year;
    - management override of controls.
- Our audit procedures involved:
    - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
    - review and assessment of management's accounting paper on impairment of assets and examination of supporting documentation to support management's key assumptions;
    - journal entry testing, with a focus on high risk journals meeting certain criteria, including unusual account combinations and those that were posted directly to cash accounts; and
    - challenging assumptions and judgements made by management in its significant accounting estimates.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement partner's 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, knowledge of the industry in which the client operates, and understanding of the legal and regulatory requirements specific to the entity;
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;

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. This description forms part of our auditor's report.

Use of our report

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

Grant Thornton UK LLP

**Elizabeth Collins BSc (Hons) ACA**
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants

30 Finsbury Square
London
EC2A 1AG

Date 10/7/2023

NEWCO A 13 LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
**Year ended 31 December 2022**

| | Note | 2022 £ | 2021 £ |
|---|---|---|---|
| Turnover | 5 | 40,378,136 | 37,222,057 |
| Cost of sales | | (29,251,757) | (26,553,532) |
| Gross profit | | 11,126,379 | 10,668,525 |
| Administrative expenses | | (8,234,768) | (7,067,658) |
| Other operating income | 6 | 1,224,550 | 1,637,113 |
| Operating profit | | 4,116,161 | 5,237,980 |
| Interest payable and similar charges | 7 | (1,323,173) | (782,166) |
| Profit on ordinary activities before taxation | 6 | 2,792,988 | 4,455,814 |
| Tax on profit on ordinary activities | 8 | (669,696) | (2,860,443) |
| Profit for the financial year | | 2,123,292 | 1,595,371 |

There was no other comprehensive income for 2022 (2021: nil).

All results derive from continuing operations.

The notes on pages 17 to 28 form an integral part of the financial statements.

NEWCO A 13 LIMITED

## CONSOLIDATED BALANCE SHEET
## As at 31 December 2022

| | Note | 2022 £ | 2021 £ |
|---|---|---|---|
| Fixed assets | | | |
| Tangible assets | 11 | 62,015,381 | 62,786,100 |
| | | 62,015,381 | 62,786,100 |
| Current assets | | | |
| Debtors | 12 | 5,573,602 | 4,297,167 |
| Cash at bank and in hand | | 949,720 | 2,074,725 |
| | | 6,523,322 | 6,371,892 |
| Creditors: amounts falling due within one year | 13 | (48,744,526) | (5,098,026) |
| Net current (liabilities)/assets | | (42,221,204) | 1,273,866 |
| Total assets less current liabilities | | 19,794,177 | 64,059,966 |
| Creditors: amounts falling due after more than one year | 14 | - | (46,520,580) |
| Provisions for liabilities | 22 | (5,735,904) | (5,604,405) |
| Net assets | | 14,058,273 | 11,934,981 |
| Capital and reserves | | | |
| Called up share capital | 18 | 2 | 2 |
| Warrant reserve | | 1 | 1 |
| Profit and loss account | | 14,058,270 | 11,934,978 |
| Total shareholder's funds | | 14,058,273 | 11,934,981 |

*The financial statements of Newco A 13 Limited, registered number 08812984, were approved by the directors and* authorised for issue on 10/7/2023

The notes on pages 17 to 28 form an integral part of the financial statements.

Colin Haig

Colin Haig
Director

NEWCO A 13 LIMITED

## COMPANY BALANCE SHEET
## As at 31 December 2022

| | Note | 2022 £ | 2021 £ |
|---|---|---|---|
| Fixed assets | | | |
| Investments | 10 | 1 | 1 |
| | | | 1 |
| Current assets | | | |
| Debtors | 12 | 3 | 3 |
| | | 3 | 3 |
| Creditors: amounts falling due within one year | 13 | (377,472) | (207,931) |
| Net current liabilities | | (377,469) | (207,928) |
| Total assets less current liabilities | | (377,468) | (207,927) |
| Net liabilities | | (377,468) | (207,927) |
| Capital and reserves | | | |
| Called up share capital | 18 | 2 | 2 |
| Warrant reserve | | 1 | 1 |
| Profit and loss account | | (377,471) | (207,930) |
| Total shareholders' deficit | | (377,468) | (207,927) |

The notes on pages 17 to 28 form an integral part of the financial statements.

The loss for the financial year dealt within the financial statements of the parent Company was £169,541 (2021: nil). As permitted by Section 408 of the Companies Act 2006, no separate Statement of Comprehensive Income is presented in respect of the Company.

The financial statements of Newco A 13 Limited, registered number 08812984, were approved by the Board of directors and authorised for issue on 10/7/2023

Colin Haig

Colin Haig
Director

NEWCO A 13 LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## Year ended 31 December 2022

| | Called up share capital £ | Warrant reserve £ | Profit and loss account £ | Total equity £ |
|---|---|---|---|---|
| Balance at 31 December 2021 | 2 | 1 | 11,934,978 | 11,934,981 |
| Total comprehensive income for the period | | | | |
| Profit for the year | - | - | 2,123,292 | 2,123,292 |
| Total comprehensive income for the period | - | - | 2,123,292 | 2,123,292 |
| Balance at 31 December 2022 | 2 | 1 | 14,058,270 | 14,058,273 |
| Balance at 31 December 2020 | 2 | 1 | 10,339,607 | 10,339,610 |
| Total comprehensive income for the period | | | | |
| Profit for the year | - | - | 1,595,371 | 1,595,371 |
| Total comprehensive income for the period | - | - | 1,595,371 | 1,595,371 |
| Balance at 31 December 2021 | 2 | 1 | 11,934,978 | 11,934,981 |

The notes on pages 17 to 28 form an integral part of the financial statements.

NEWCO A 13 LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY
## Year ended 31 December 2022

| | Called up share capital | Warrant reserve | Profit and loss account | Total equity |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Balance at 31 December 2021 | 2 | 1 | (207,930) | (207,927) |
| Total comprehensive income for the period | | | | |
| Loss for the year | - | - | (169,541) | (169,541) |
| Total comprehensive income for the period | - | - | (169,541) | (169,541) |
| Balance at 31 December 2022 | 2 | 1 | (377,471) | (377,468) |
| Balance at 31 December 2020 | 2 | 1 | (207,930) | (207,927) |
| Total comprehensive income for the period | | | | |
| Result for the year | - | - | - | - |
| Total comprehensive income for the period | - | - | - | - |
| Balance at 31 December 2021 | 2 | 1 | (207,930) | (207,927) |

The notes on pages 17 to 28 form an integral part of the financial statements.

NEWCO A 13 LIMITED

## CONSOLIDATED CASH FLOW STATEMENT
## Year ended 31 December 2022

| | Note | 2022<br>£ | 2021<br>£ |
|---|---|---|---|
| Net cash flows from operating activities | 15 | 3,914,330 | 5,274,087 |
| Cash flows from investing activities | | | |
| Purchase of fixed assets | 11 | (676,073) | (903,097) |
| *Net cash flows from investing activities* | | (676,073) | (903,097) |
| Cash flows from financing activities | | | |
| Repayments of borrowings | 15 | (3,055,000) | (4,493,000) |
| Interest paid | 7 | (1,308,262) | (767,897) |
| Net cash flows from financing activities | | (4,363,262) | (5,260,897) |
| Net decrease in cash and cash equivalents | 15 | (1,125,005) | (889,907) |
| Cash and cash equivalents at beginning of year | | 2,074,725 | 2,964,632 |
| Cash and cash equivalents at end of year | | 949,720 | 2,074,725 |
| Cash and cash equivalents at the end of the year comprise | | | |
| Cash at bank and in hand | | 949,720 | 2,074,725 |
| | | 949,720 | 2,074,725 |

The notes on pages 17 to 28 form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS
# Year ended 31 December 2022

## 1. GENERAL INFORMATION

Newco A 13 Limited (the "Company") is a Company limited by shares incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic report on pages 2 and 3.

## 2. STATEMENT OF COMPLIANCE

The Group financial statements and the individual Company financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) Basis of preparation

These financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with FRS 102.

The functional currency of Newco A 13 Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling. There are no foreign operations operated by the Group.

Newco A 13 Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside these consolidated financial statements. Exemptions have been taken in relation to presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel in respect of its separate financial statements.

### (b) Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Business combinations are accounted for under the purchase method. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

### (c) Going concern

The Group's business activities together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 and 3.

The Group continues to receive support from its bankers and, during the year, the repayment date of the bank loan, which amounted to £43.5m at the balance sheet date, has been extended to 31 December 2024. Following covenant breaches as at 31 December 2022, which were subsequently waived by the Group's bankers on 25 May 2023, the bank loan has been presented as being repayable within one year. This reclassification of the bank loan to a current liability is to comply with accounting standards and the bank remains supportive, as evidenced by their issuance of a waiver and covenant reset; there is no impact on the Group's liquidity position or expected changes to cash outflows as the loan is not due to repaid until 31 December 2024. There are no material uncertainties that could cause a significant doubt over the Group's ability to continue as a going concern.

Based on the above considerations, the Directors continue to adopt the going concern basis of accounting in preparing these Financial Statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**(d) Turnover**

Turnover represents fees receivable for nursing and personal care from public authorities and private individuals, which are exempt from value added tax. Turnover from the supply of these services is recognised upon provision of service.

**(e) Tangible fixed assets and depreciation**

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

(i) Land & buildings

Land and buildings are stated at cost (or deemed cost for land and buildings held at fair value at the date of transition to FRS 102) less accumulated depreciation and accumulated impairment losses.

The Company had previously recognised freehold land and buildings at their fair value and as such, they were stated at this amount less any subsequent depreciation and accumulated impairment losses. The Company has adopted the transition exemption under FRS 102 paragraph 35.10(c) and has elected to use the previous fair value as deemed cost.

(ii) Plant and machinery and fixtures, fittings and equipment

Plant and machinery and fixtures, fittings and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

(iii) Depreciation and residual values

Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

| | | |
|---|---|---|
| Freehold land | - | Not depreciated |
| Freehold buildings | - | Over 50 years |
| Plant and machinery | - | 15% straight line |
| Fixtures, fittings & equipment | - | 15% - 33% straight line |
| Motor vehicles | - | 25% reducing balance |

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

**(f) Investment in subsidiary undertakings**

Investments in subsidiary undertakings are shown at cost less any provision for impairment.

**(g) Employee benefits**

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown under accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**(h) Taxation**

The taxation expense for the year comprises current and deferred tax recognised in the reporting year. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

**(i) Cash and cash equivalents**

Cash and cash equivalents include cash in hand and deposits held at call with banks.

**(j) Financial instruments**

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**(j) Financial instruments**

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets are initially measured at fair value, which is normally the transaction price.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow Group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan and are capitalised as a pre-payment and amortised over the period of the facility to which it relates.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

(iii) Offsetting

Financial assets and liabilities are offset, and the net amounts presented in the financial statements 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 to liability simultaneously.

**(k) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

**(l) Warrant reserve**

Warrants are classified as equity on the basis that the warrant holder is entitled to subscribe for warrant shares, which carry rights to all dividends and distributions. The warrants are initially recognised at their fair value and subsequently measured at cost less impairment on the basis that they are equity instruments that are not traded publicly and therefore the fair value cannot be measured reliably.

**(m) Related party transactions**

The Company discloses transactions with related parties which are not wholly owned with the same Group. It does not disclose transactions with members of the same Group that are wholly owned.

**(n) Government grants**

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating to either revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the assets. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (o) Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a periodic rate of interest on the remaining balance of the liability. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND 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.

### (a) Critical accounting estimates and assumptions

The Group 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.

(i) Impairment of debtors

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

## 5. TURNOVER

The total turnover of the Company for the year and prior year has been derived from its principal activity wholly undertaken in the United Kingdom.

An analysis of the Group's turnover by class of business is set out below.

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Nursing and residential care | 40,378,136 | 37,222,057 |
| | 40,378,136 | 37,222,057 |

An analysis of the Group's turnover is as follows:

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Rendering of services | 40,378,136 | 37,222,057 |
| | 40,378,136 | 37,222,057 |

NEWCO A 13 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2022

## 6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Profit on ordinary activities before taxation is stated after charging/(crediting): | | |
| Depreciation of tangible fixed assets - owned assets | 1,446,793 | 1,457,323 |
| Auditors' remuneration – audit fees (parent and subsidiaries) | 174,000 | 119,400 |
| Auditors' remuneration – tax compliance fees | 63,300 | 57,600 |
| Operating lease rentals – land and buildings | 164,739 | 256,000 |
| Operating lease rentals – other | 38,614 | 30,829 |

Included within profit on ordinary activities before taxation is other operating income of £1,224,550 (2021: £1,637,113) relating to government grants.

## 7. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Bank interest | 1,308,262 | 767,897 |
| Interest on loan notes | 14,911 | 14,269 |
| | 1,323,173 | 782,166 |

## 8. TAX ON PROFIT ON ORDINARY ACTIVITIES

### (a) Analysis of the tax charge in the year

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| **Current tax:** | | |
| United Kingdom corporation tax | 513,185 | 924,664 |
| Adjustment in respect of prior periods | 25,012 | (1,314) |
| **Deferred tax:** | | |
| Movement on timing differences | 131,499 | 1,937,093 |
| Tax on profit on ordinary activities | 669,696 | 2,860,443 |

### (b) Factors affecting the tax charge for the year

The tax assessed for the year is higher (2021: higher) than the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)

| | 2022 | 2021 |
|---|---|---|
| Profit on ordinary activities before taxation | 2,792,988 | 4,455,814 |
| Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2021: 19.00%) | 530,668 | 846,605 |
| Effects of: | | |
| Adjustments in respect of prior periods | 25,012 | (1,314) |
| Fixed asset differences | 179,015 | 199,396 |
| Expenses not deductible for tax purposes | (97,758) | (77,164) |
| Other movements | (1,621) | 74,040 |
| Deferred tax not recognised | - | 4,767 |
| Impact of changes in tax rates – deferred tax | 34,380 | 1,814,113 |
| **Total tax** | 669,696 | 2,860,443 |

### (c) Factors that may affect future tax charges

Finance Act 2022 was substantively enacted on 24 May 2022 and included the provision to increase the UK Corporation tax rate to 25% effective from 1 April 2023 and this rate has been applied when calculating the deferred tax at the year end.

## 9. STAFF COSTS

### Number of employees

The average monthly number of employees (including directors) during the year was:

| | 2022 Number | 2021 Number |
|---|---|---|
| Administration and nursing | 850 | 899 |

| Employment costs | 2022 £ | 2021 £ |
|---|---|---|
| Wages and salaries | 22,447,145 | 21,798,477 |
| Social security costs | 2,113,739 | 1,948,818 |
| Other pension costs | 464,184 | 459,061 |
| | 25,025,068 | 24,206,356 |

### Directors

The directors' emoluments were as follows:

| | 2022 £ | 2021 £ |
|---|---|---|
| Aggregate emoluments | 344,063 | 333,185 |
| | 344,063 | 333,185 |

The emoluments of the highest paid director were £204,559 (2021: £206,859). 3 directors were accruing benefits under the money purchase pension scheme (2021: 3).

### Key management compensation

Key management includes the executive and non-executive directors. The compensation paid or payable to key management for employee services is shown below:

| | 2022 £ | 2021 £ |
|---|---|---|
| Salaries and other short-term benefits | 344,063 | 333,185 |
| Post-employment benefits | 73,624 | 94.324 |
| | 417,687 | 427,509 |

## 10. INVESTMENTS

| | 2022 £ |
|---|---|
| At 1 January and 31 December | 1 |

The company has the following investment in subsidiary undertakings. No other investments are held. The directors believe that the carrying value of the investment is supported by its underlying net assets. All companies are owned indirectly other than Newco B 13 Limited.

## 10. INVESTMENTS (CONTINUED)

The registered office of each of the subsidiaries except for Forest Wembley Holdings Limited is 523 Highgate Studios, 53-79 Highgate Road, London, NW5 1TL. The registered office of Forest Wembley Holdings Limited is Oak House, Hirzel Street, St Peter Port, Guernsey, GY1 3RH.

| Name | Holding | Country of registration and incorporation | Nature of business |
|---|---|---|---|
| Forest Healthcare Limited | 100% | England | Management Company |
| Aspen Village Limited | 100% | England | Nursing and care homes |
| Blackberry Hill Limited | 100% | England | Nursing and care homes |
| Ash Court Community Limited | 100% | England | Nursing and care homes |
| Forest Gillingham Limited | 100% | England | Holding Company |
| Forest Crowthorne Limited | 100% | England | Holding Company |
| Forest Chigwell Limited | 100% | England | Holding Company |
| Forest Wokingham Limited | 100% | England | Holding Company |
| Forest Faringdon Limited | 100% | England | Holding Company |
| Forest Maidstone Limited | 100% | England | Holding Company |
| Forest Great Missenden Limited | 100% | England | Holding Company |
| Forest Hingham Limited | 100% | England | Holding Company |
| Forest New Barnet Limited | 100% | England | Holding Company |
| Forest Healthcare Operations Limited | 100% | England | Dormant |
| Forest Healthcare Finance Limited | 100% | England | Financing Company |
| Forest Healthcare Acquisitions Limited | 100% | England | Holding Company |
| Cedar Gardens Care Limited | 100% | England | Nursing and care homes |
| Grace Manor Care Limited | 100% | England | Nursing and care homes |
| Pinehurst Care Limited | 100% | England | Nursing and care homes |
| Diomark Care Limited | 100% | England | Nursing and care homes |
| Bonneycourt Limited | 100% | England | Nursing and care homes |
| Tamehaven Limited | 100% | England | Nursing and care homes |
| Calvercare Limited | 100% | England | Nursing and care homes |
| Hassingham Limited | 100% | England | Nursing and care homes |
| Phoenix Care Holdings Limited | 100% | England | Dormant |
| Phoenix Healthcare Limited | 100% | England | Nursing and care homes |
| Forest Wembley Holdings Limited | 100% | Guernsey | Dormant |
| Newco B 13 Limited | 100% | England | Holding company |

The Group has elected to provide a parental guarantee to Newco B 13 Limited, Forest Gillingham Limited, Forest Crowthorne Limited, Forest Chigwell Limited, Forest Wokingham Limited, Forest Faringdon Limited, Forest Maidstone Limited, Forest Great Missenden Limited, Forest Hingham Limited, Forest New Barnet Limited and Forest Healthcare Acquisitions Limited in accordance with section 479A of the Companies Act 2006, meaning that they are exempt from the requirement to have a statutory audit.

NEWCO A 13 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2022

## 11. TANGIBLE ASSETS

| | Land and buildings £ | Plant and machinery £ | Fixtures, fittings and equipment £ | Motor vehicles £ | Total £ |
|---|---|---|---|---|---|
| **Cost or deemed cost** | | | | | |
| At 1 January 2022 | 74,065,187 | 547,875 | 4,290,514 | 9,720 | 78,913,296 |
| Additions | - | 220,722 | 455,351 | - | 676,073 |
| Disposals | - | (66,552) | (940,874) | - | (1,007,426) |
| At 31 December 2022 | 74,065,187 | 702,045 | 3,804,991 | 9,720 | 78,581,943 |
| **Accumulated depreciation** | | | | | |
| At 1 January 2022 | 13,049,576 | 310,778 | 2,758,418 | 8,423 | 16,127,195 |
| Charge for the year | 807,963 | 83,056 | 555,450 | 324 | 1,446,793 |
| Eliminated on disposal | - | (66,552) | (940,874) | - | (1,007,426) |
| At 31 December 2022 | 13,857,539 | 327,282 | 2,372,994 | 8,747 | 16,566,562 |
| **Net book value** | | | | | |
| At 31 December 2022 | 60,207,648 | 374,763 | 1,431,997 | 973 | 62,015,381 |
| At 31 December 2021 | 61,015,611 | 237,095 | 1,532,096 | 1,297 | 62,786,100 |

## 12. DEBTORS

| | Group 2022 £ | Group 2021 £ | Company 2022 £ | Company 2021 £ |
|---|---|---|---|---|
| Trade debtors | 5,228,091 | 3,938,745 | - | - |
| Other debtors | 123,427 | 136,092 | 3 | 3 |
| Prepayments and accrued income | 222,084 | 222,330 | - | - |
| | 5,573,602 | 4,297,167 | 3 | 3 |

## 13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group 2022 £ | Group 2021 £ | Company 2022 £ | Company 2021 £ |
|---|---|---|---|---|
| Bank loan | 43,465,580 | - | - | - |
| Trade creditors | 1,363,129 | 724,286 | - | - |
| Amounts due to group undertakings | - | - | 377,471 | 207,930 |
| Other taxation and social security costs | 573,784 | 503,253 | - | - |
| Corporation tax | 688,781 | 550,852 | - | - |
| Other loan | 346,257 | 331,346 | - | - |
| Other creditors | 1,206,627 | 1,243,879 | 1 | 1 |
| Government grants | 350,965 | 1,044,641 | - | - |
| Accruals and deferred income | 749,403 | 699,769 | - | - |
| | 48,744,526 | 5,098,026 | 377,472 | 207,931 |

NEWCO A 13 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2022

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (CONTINUED)**

The bank loan interest is paid quarterly at 1.5% plus SONIA Compounded in Arrears Rate; principal is repaid quarterly through the cash sweep mechanism in the Loan Agreement, which is based on the excess free cash flow generated in the previous quarter and is, therefore, variable.

The loan, which is held with the Bank of Ireland and is secured against the group's properties, matures on 31 December 2024, and the outstanding balance is repayable on that date. As explained in the going concern disclosure in note 3(c), the breaches of covenants at 31 December 2022, even though subsequently waived post year end, requires classification of the loan balance as a current liability.

Amounts owed to group undertakings have no fixed repayment terms, are repayable on demand and are interest free.

The other loan is subordinate to the bank loan and warrant and accrues interest at 4%.

**14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

| | 2022<br>£ | 2021<br>£ |
|---|---|---|
| Bank loan due within one to two years | - | 46,520,580 |
| | - | 46,520,580 |

See note 13 for disclosure on the bank loan.

**15. CASH FLOW STATEMENT**

| | 2022<br>£ | 2021<br>£ |
|---|---|---|
| **Group** | | |
| Profit for the financial year | 2,123,292 | 1,595,372 |
| Tax on profit on ordinary activities | 669,696 | 2,860,443 |
| Interest payable and similar charges | 1,323,173 | 782,166 |
| Operating profit | 4,116,161 | 5,237,981 |
| Adjustments for: | | |
| Depreciation | 1,446,793 | 1,457,323 |
| Operating cash flow before working capital movement | 5,562,954 | 6,695,303 |
| Corporation tax paid | (400,268) | (565,416) |
| Increase in debtors | (1,276,435) | (908,044) |
| Increase in creditors | 28,079 | 52,244 |
| Cash generated by operations | 3,914,330 | 5,274,087 |

| *Analysis of changes in net debt* | At 1 January 2022<br>£ | Cash Flows<br>£ | At 31 December 2022<br>£ |
|---|---|---|---|
| Cash and cash equivalents: | | | |
| Cash | 2,074,725 | (1,125,005) | 949,720 |
| | 2,074,725 | (1,125,005) | 949,720 |
| Borrowings | (46,520,580) | 3,055,000 | (43,465,580) |
| Total | (44,445,855) | 1,929,995 | (42,515,860) |

## 16. FINANCIAL COMMITMENTS

Total future minimum lease payments under non-cancellable operating leases are as follows:

| | Land and buildings 2022 £ | Other 2022 £ | Land and buildings 2021 £ | Other 2021 £ |
|---|---|---|---|---|
| Within one year | 148,752 | 36,576 | 164,739 | 38,614 |
| Between one and five years | 555,008 | 60,960 | 541,008 | 97,536 |
| After five years | 9,670,518 | - | 9,805,770 | - |
| | 10,374,278 | 97,536 | 10,511,517 | 136,150 |

## 17. FINANCIAL INSTRUMENTS

The group has the following financial instruments:

| | Note | 2022 £ | 2021 £ |
|---|---|---|---|
| Financial assets that are debt instruments measured at amortised cost: | | | |
| - Cash at bank and in hand | | 949,720 | 2,074,725 |
| - Trade debtors | 12 | 5,228,091 | 3,938,745 |
| - Other debtors | 12 | 123,427 | 136,092 |
| | | 6,301,238 | 6,149,562 |

| | Note | 2022 £ | 2021 £ |
|---|---|---|---|
| Financial liabilities measured at amortised cost: | | | |
| - Bank loans and overdrafts | 13/14 | 43,465,580 | 46,520,580 |
| - Trade creditors | 13 | 1,363,129 | 724,286 |
| - Other loan | 13 | 346,257 | 331,346 |
| | | 45,174,966 | 47,576,212 |

## 18. CALLED UP SHARE CAPITAL

| | 2022 £ | 2021 £ |
|---|---|---|
| Called up, allotted and not paid: | | |
| 200 (2021: 200) ordinary shares of £0.01 each | 2 | 2 |

There is a single class of ordinary shares with each share holding equal voting rights.

## 19. RELATED PARTY TRANSACTIONS

Per FRS 102 paragraph 33.1A, the Company is exempt from disclosing related party transactions as they are with other companies that are wholly owned within the Group.

There are no other transactions that require disclosure.

## 20. FINANCIAL GUARANTEES

The Company is a guarantor to the Group facility. A group cross guarantee is in place for all subsidiaries of the Newco A 13 Limited group. The guarantee is over the outstanding bank debt which at 31 December 2022 was £43,465,580 (2021: £46,520,580).

## 21. RETIREMENT BENEFIT SCHEMES

The Group operates a defined contribution retirement benefits scheme for all qualifying employees. The total expense charged to the income statement in the year ended 31 December 2022 was £464,184 (2021: £459,061).

## 22. PROVISIONS FOR LIABILITIES

| | Deferred taxation £ | Total £ |
|---|---|---|
| **Group** | | |
| At 1 January 2022 | 5,604,405 | 5,604,405 |
| Charged to the profit and loss account | 131,499 | 131,499 |
| At 31 December 2022 | 5,735,904 | 5,735,904 |

**DEFERRED TAX IS PROVIDED FOR AS FOLLOWS:**

| | 2022 £ | 2021 £ |
|---|---|---|
| **Group** | | |
| Accelerated capital allowances | 872,464 | 740,965 |
| Revaluation of tangible assets to fair value | 4,863,440 | 4,863,440 |
| At 31 December | 5,735,904 | 5,604,405 |

No significant reversal of deferred tax is expected in 2023.

## 23. RESERVES

Called up share capital - represents the nominal value of shares that have been issued.

Warrant reserve – represents the fair value of warrant shares issued.

Profit and loss account – includes all current and prior period retained profits and losses.

## 24. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The directors consider that at the Balance Sheet date, the ultimate controlling parties were Paul Preston and Colin Haig by virtue of their shareholdings in Newco A 13 Limited.