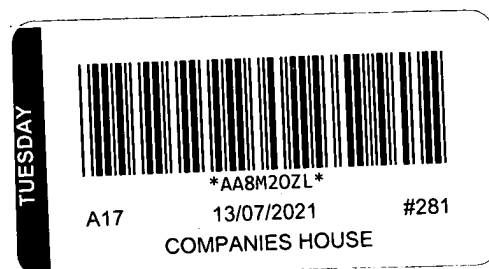


Company Registration No. 06599929 (England and Wales)

DANIELI HOLDINGS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 APRIL 2020



DANIELI HOLDINGS LIMITED

COMPANY INFORMATION

| | |
|--------------------------|--|
| Directors | N A Winch S W Howe D Winch |
| Secretary | N A Winch |
| Company number | 06599929 |
| Registered office | Patrick House Gosforth Park Avenue Newcastle Upon Tyne Tyne & Wear NE12 8EG |
| Auditor | RSM UK Audit LLP Chartered Accountants 1 St. James' Gate Newcastle upon Tyne United Kingdom NE1 4AD |

DANIELI HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 APRIL 2020

The directors present the strategic report for the year ended 30 April 2020.

Fair review of the business

Danieli Holdings Limited is a holding company that provides head office services to its subsidiaries and related parties. Its income relates to recharges of various costs, such as head office salaries, rent and ancillary services.

Throughout the year the group consisted of Danieli Holdings Limited and its subsidiaries listed in note 13 of the financial statements. The principal activities of each of the subsidiaries is also listed in note 13.

The group's performance was as follows:

| | 2020 | 2019 | Variance |
|--------------|---------|---------|----------|
| Turnover | £1,828k | £1,957k | (£129k) |
| Gross profit | £341k | £776k | (£435k) |
| EBITDA | (£4k) | £71k | (£75k) |
| Net assets | £1,182k | £1,914k | (£732k) |

The performance of each trading group entity is measured each month by the directors by reviewing the above key performance indicators.

A fair review of business including these key performance indicators is included below for each trading entity that materially impacts upon group results:

Northridge Healthcare Limited

The principal activity of the company continued to be that of short-term respite care. The care home was closed for part of the 2017 financial year due to damage to the property. The care home has therefore been on its way to regaining full operational capacity. The care home is rated Good across all areas by the regulator as a result of the last inspection by the Care Quality Commission in 2019.

| | 2020 | 2019 | Variance |
|-----------------|---------|---------|----------|
| Turnover | £764k | £822k | (£58k) |
| Gross profit | £81k | £220k | (£220k) |
| EBITDA | £15k | (£172k) | £187k |
| Net liabilities | (£119k) | (£45k) | (£74k) |

Turnover fell to £764k in 2020 from £822k in 2019, a decrease of £58k. The decrease in turnover occurred due to fluctuations in occupancy after the period of closure in 2017. This impacted on other KPIs with gross margin decreasing from 26.8% to 10.5%, in the main due to increased staffing costs and net liabilities increasing from £45k to £119k.

The directors consider that careful management of costs should lead to improved performance from the care home in the future. The directors are committed to maintaining the property to a high standard and investing in staff to provide the best possible care to residents and users of the facility. During the prior year, an exceptional cost was incurred of £425k, in relation to repair costs and in the current year, one-off costs relating to this amounted to £64k. EBITDA after adjusting for these one off items amounts to £79k (2019: £253k).

The Coronavirus pandemic did impact on the business during the latter part of 2020, which is reflected in the gross margin result for the year. The directors took steps to ensure residents care took priority and as a result incurred costs in 2020 which are also deemed to be one-off in nature. Since the year end, there has been local authority support in respect of grants available for income uplift, rapid testing kits and infection control grants.

DANIELI HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

YOLO (Ponteland) Limited

The principal activity of the company continued to be the operation of a licensed premises.

| | 2020 | 2019 | Variance |
|--------------|-------|-------|----------|
| Turnover | £784k | £902k | (£118k) |
| Gross profit | £271k | £468k | (£197k) |
| EBITDA | £75k | £227k | (£152k) |
| Net assets | £288k | £281k | £7k |

The company further established itself in the marketplace during 2020, however the impact of the Coronavirus pandemic significantly affected all key performance indicators, given that all licensed premises closed in March 2020. The company has been able to utilise the government's Coronavirus Job Retention Scheme to enable it to protect jobs and the welfare of its employees. Subsequently to the year end, UK national and local lockdowns meant that the premises remained closed for large portions of the 2021 financial year, however now that lockdown measures are progressively becoming more relaxed, the directors are optimistic that spring/summer 2021 will see a strong trading performance.

Monitoring and managing risk

The directors continually analyse key risks to the group. All the risks facing the group rest within the subsidiary companies:

People:

The group is reliant on its ability to recruit, develop and retain staff to protect the business it has today and to deliver its future growth plans. Employees are provided with training and support that allow them to reach their potential within the company. Remuneration packages and pay rates are compared against security industry data to ensure that they remain competitive.

Reputational and regulatory risk:

Compliance with regulations is a risk and could potentially impact on the reputation of the group along with the ability to admit residents to the care home operated by the group. The group ensures it follows all Care Quality Commission (CQC) regulations, including local authority and clinical commissioning group contractual requirements, with senior team members attending appropriate courses and conferences to make sure the group is always fully up to date with any anticipated updates or changes. Yolo (Ponteland) Limited operates in the bars and leisure sector. The group ensures it follows all necessary licensing regulations in order to mitigate the risk of regulatory issues.

Going concern risk:

The ongoing global pandemic directly affects the group's ability to trade at normal levels, given the impact on the leisure and hospitality and care sector.

The directors have received government support in the form of rates relief, Covid recovery grants for use in the care business and have used the coronavirus job retention scheme to protect as many jobs as possible.

The directors have negotiated a time to pay arrangement with HMRC to ensure that Crown creditors are being repaid, but on a manageable basis with regard to cash flow.

The group had net current assets of £565k (2019: £476k) at the year end. The company manages its day to day working capital requirements at an overall group level, through its available cash resources, cash flow from operating activities, external financing from bank loans, overdrafts and an invoice discounting facility.

The directors have prepared trading and cash flow forecasts building in uncertainties in the economic environment as a result of the coronavirus pandemic, which indicate that the group's existing funding facilities are adequate to meet its liabilities as they fall due. As part of these forecasts the group rely on the continued support of the group's bankers. In June 2021, the group secured a significant Coronavirus Business Interruption Loan which supports the business during the effort to reopen after a significant period of lockdown.

DANIELI HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

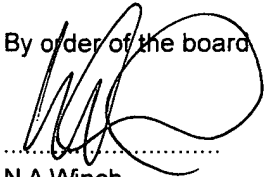
Monitoring and managing risk (continued)

Consequently, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the directors continue to adopt the going concern basis in preparing these financial statements.

Future developments

Given the current vaccination programme continues to roll out at pace and signs from government that the country is on track to 'reopen' for business in summer 2021, the directors consider the group to be well placed to meet demand in all areas of trade the group is exposed to, be it in the leisure or care sector.

By order of the board



N A Winch

Secretary

Date: 21 June 2021

DANIELI HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2020

The directors present their annual report and financial statements for the year ended 30 April 2020.

Principal activities

The principal activities of the group in the year under review were those of respite care, training services and the operation of a licensed premises.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

N A Winch
S W Howe
D Winch

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £900,000 (2019: £nil). The directors do not recommend payment of a further dividend.

Financial instruments

Financial risk management objectives and policies

The group finances its operations through a mixture of retained profits, bank borrowings, hire purchase agreements and borrowings from related entities. The management's objectives are to:

- retain sufficient liquid funds to enable the group to meet its day to day obligations as they fall due whilst maximising returns on surplus funds;
- minimise the group's exposure to fluctuation of interest rates when seeking new borrowings; and
- match the repayment schedule of any external borrowings with the expected future cash flows expected to arise from the group's trading activities.

As all of the group's surplus funds are invested in sterling bank accounts and all of its borrowings are obtained from standard bank overdrafts, loans, hire purchase agreements, finance lease agreements and connected-company borrowings, there is no price risk.

Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Matters of strategic importance

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of risk management and future developments.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

DANIELI HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

By order of the board


.....
N A Winch
Secretary

Date: 21 June 2021
.....

DANIELI HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 APRIL 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DANIELI HOLDINGS LIMITED

Opinion

We have audited the financial statements of Danieli Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2020 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the 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 FRS 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 the parent company's affairs as at 30 April 2020 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 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

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. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DANIELI HOLDINGS LIMITED (CONTINUED)

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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.

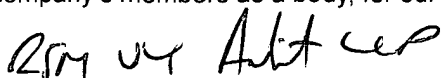
Auditor's responsibilities for the audit of the financial statements

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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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



Steven Cleugh FCCA (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

1 St. James' Gate

Newcastle upon Tyne

United Kingdom, NE1 4AD

9/7/21

DANIELI HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 APRIL 2020

| | Notes | 2020 £ | 2019 £ |
|---|-------|------------------|------------------|
| Turnover | 3 | 1,828,264 | 1,957,452 |
| Cost of sales | | (1,487,335) | (1,181,830) |
| Gross profit | | 340,929 | 775,622 |
| Administrative expenses | | (2,259,909) | (2,353,648) |
| Other operating income | | 1,664,679 | 1,428,535 |
| Operating loss | 5 | (254,301) | (149,491) |
| Share of results of associates and joint ventures | | 501,776 | 235,857 |
| Interest payable and similar expenses | 7 | (56,862) | (54,739) |
| Profit before taxation | | 190,613 | 31,627 |
| Tax on profit | 8 | (22,439) | 17,976 |
| Profit for the financial year | | 168,174 | 49,603 |

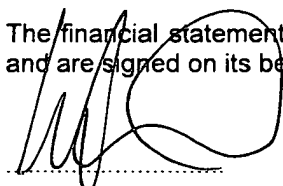
Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

DANIELI HOLDINGS LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2020**

| | Notes | 2020 £ | £ | 2019 £ | £ |
|--|-------|------------------|--------------------|------------------|--------------------|
| Fixed assets | | | | | |
| Goodwill | 10 | | 81,190 | | 91,123 |
| Tangible assets | 11 | | 5,021,971 | | 4,835,647 |
| Investments | 12 | | 857,633 | | 355,857 |
| | | | <u>5,960,794</u> | | <u>5,282,627</u> |
| Current assets | | | | | |
| Stocks | 15 | 33,561 | | 41,010 | |
| Debtors | 16 | 6,833,449 | | 6,218,311 | |
| Cash at bank and in hand | | 5,811 | | 33,796 | |
| | | <u>6,872,821</u> | | <u>6,293,117</u> | |
| Creditors: amounts falling due within one year | 17 | (11,199,833) | | (8,265,836) | |
| Net current liabilities | | | <u>(4,327,012)</u> | | <u>(1,972,719)</u> |
| Total assets less current liabilities | | | 1,633,782 | | 3,309,908 |
| Creditors: amounts falling due after more than one year | 18 | | (340,595) | | (1,318,100) |
| Provisions for liabilities | 21 | | (111,174) | | (77,969) |
| Net assets | | | <u>1,182,013</u> | | <u>1,913,839</u> |
| Capital and reserves | | | | | |
| Called up share capital | 23 | | 1,000 | | 1,000 |
| Revaluation reserve | 24 | | 415,000 | | 415,000 |
| Profit and loss reserves | 24 | | 795,532 | | 1,527,358 |
| Equity attributable to owners of the parent company | | | <u>1,211,532</u> | | <u>1,943,358</u> |
| Non-controlling interests | | | <u>(29,519)</u> | | <u>(29,519)</u> |
| | | | <u>1,182,013</u> | | <u>1,913,839</u> |

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



N A Winch
Director

21 June 2021

DANIELI HOLDINGS LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2020**

| | Notes | 2020 £ | £ | 2019 £ | £ |
|---|-------|--------------------|---|--------------------|---|
| Fixed assets | | | | | |
| Tangible assets | 11 | 1,748,226 | | 1,826,382 | |
| Investments | 12 | 595,080 | | 595,080 | |
| | | <u>2,343,306</u> | | <u>2,421,462</u> | |
| Current assets | | | | | |
| Debtors | 16 | 7,522,264 | | 7,044,088 | |
| Creditors: amounts falling due within one year | 17 | <u>(9,573,146)</u> | | <u>(7,353,725)</u> | |
| Net current liabilities | | <u>(2,050,882)</u> | | <u>(309,637)</u> | |
| Total assets less current liabilities | | 292,424 | | 2,111,825 | |
| Creditors: amounts falling due after more than one year | 18 | (130,160) | | (505,276) | |
| Net assets | | <u>162,264</u> | | <u>1,606,549</u> | |
| Capital and reserves | | | | | |
| Called up share capital | 23 | 1,000 | | 1,000 | |
| Revaluation reserve | 24 | 415,000 | | 415,000 | |
| Profit and loss reserves | 24 | <u>(253,736)</u> | | <u>1,190,549</u> | |
| Total equity | | <u>162,264</u> | | <u>1,606,549</u> | |

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's loss for the year was £544,285 (2019 - £139,601 loss).

The financial statements were approved by the board of directors and authorised for issue on 21 June 2021 and are signed on its behalf by:


N A Winch
Director

DANIELI HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2020

| | Notes | Share capital £ | Revaluation reserve £ | Profit and loss reserves £ | Total controlling interest £ | Non-controlling interest £ | Total £ |
|--|-------|--------------------|--------------------------|-------------------------------|---------------------------------|-------------------------------|------------|
| Balance at 1 May 2018 | | 1,000 | 415,000 | 1,477,755 | 1,893,755 | (29,519) | 1,864,236 |
| Year ended 30 April 2019: | | | | | | | |
| Profit and total comprehensive income for the year | | - | - | 49,603 | 49,603 | - | 49,603 |
| Balance at 30 April 2019 | | 1,000 | 415,000 | 1,527,358 | 1,943,358 | (29,519) | 1,913,839 |
| Year ended 30 April 2020: | | | | | | | |
| Profit and total comprehensive income for the year | | - | - | 168,174 | 168,174 | - | 168,174 |
| Dividends | 9 | - | - | (900,000) | (900,000) | - | (900,000) |
| Balance at 30 April 2020 | | 1,000 | 415,000 | 795,532 | 1,211,532 | (29,519) | 1,182,013 |

DANIELI HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2020

| | Notes | Share capital £ | Revaluation reserve £ | Profit and loss reserves £ | Total £ |
|--|-------|--------------------|--------------------------|-------------------------------|------------|
| Balance at 1 May 2018 | | 1,000 | 415,000 | 1,330,150 | 1,746,150 |
| Year ended 30 April 2019: | | | | | |
| Loss and total comprehensive income for the year | | - | - | (139,601) | (139,601) |
| Balance at 30 April 2019 | | 1,000 | 415,000 | 1,190,549 | 1,606,549 |
| Year ended 30 April 2020: | | | | | |
| Loss and total comprehensive income for the year | | - | - | (544,285) | (544,285) |
| Dividends | 9 | - | - | (900,000) | (900,000) |
| Balance at 30 April 2020 | | 1,000 | 415,000 | (253,736) | 162,264 |

DANIELI HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 APRIL 2020

| | Notes | 2020 £ | £ | 2019 £ | £ |
|---|-------|-----------|-----------|-----------|-----------|
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 25 | | 81,039 | | 295,809 |
| Interest paid | | | (56,862) | | (54,739) |
| Income taxes paid | | | (6,678) | | (378) |
| Net cash inflow from operating activities | | | 17,499 | | 240,692 |
| Investing activities | | | | | |
| Purchase of tangible fixed assets | | (398,953) | | (57,270) | |
| Proceeds on disposal of tangible fixed assets | | 6,520 | | 17,574 | |
| Other investments and loans made | | - | | (65,200) | |
| Net cash used in investing activities | | | (392,433) | | (104,896) |
| Financing activities | | | | | |
| Proceeds of new bank loans | | 310,701 | | - | |
| Repayment of bank loans | | (149,419) | | (118,198) | |
| Payment of finance leases obligations | | (95,735) | | (135,497) | |
| Net cash generated from/(used in) financing activities | | | 65,547 | | (253,695) |
| Net decrease in cash and cash equivalents | | | (309,387) | | (117,899) |
| Cash and cash equivalents at beginning of year | | | (141,287) | | (23,388) |
| Cash and cash equivalents at end of year | | | (450,674) | | (141,287) |
| Relating to: | | | | | |
| Cash at bank and in hand | | | 5,811 | | 33,796 |
| Bank overdrafts included in creditors payable within one year | | | (456,485) | | (175,083) |

DANIELI HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2020

1 Accounting policies

Company information

Danieli Holdings Limited (the 'parent company') is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Patrick House Gosforth Park Avenue, Gosforth Business Park, Newcastle upon Tyne, Tyne & Wear, NE12 8EG.

The group consists of Danieli Holdings Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment at fair value. The principal accounting policies adopted are set out below.

Reduced disclosures

The parent company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Change in accounting policy

The company has adopted the amendments to FRS 102 published in the Triennial Review 2017. This has resulted in no change in accounting policy and no change in the current or prior year figures presented in the financial statements.

DANIELI HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

1 Accounting policies (Continued)

Basis of consolidation

The consolidated financial statements incorporate those of Danieli Holdings Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 30 April 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Going concern

At the statement of financial position date the group had net current liabilities of £4,327,012 (2019: £1,972,719) and net assets of £1,182,013 (2019: £1,913,839).

The directors have prepared detailed forecasts which have been updated to consider the impact of the Covid-19 pandemic on activity levels, the working capital and overall funding requirements. The Directors, with reference to these forecasts and the working capital of the group, believe that the group has adequate resources to continue in operational existence for a period of no less than 12 months from the date of approval of the financial statements. In addition, the directors have had confirmation from a connected party that they will provide the support as required. As such the directors consider it appropriate to prepare the financial statements on the going concern basis.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services to external customers in the ordinary nature of the business. Turnover is recognised as the service is delivered to the end user. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Turnover is shown net of Value Added Tax.

Turnover is also recognised at the time of sale and at the fair value of the consideration received for bar and food sales after deducting discounts, and is shown net of VAT and other sales related taxes.

Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 20 years as, in the opinion of the directors, this represents the period over which the goodwill is expected to give rise to economic benefits.

DANIELI HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

1 Accounting policies (Continued)

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets, other than freehold land, less their residual values over their useful lives on the following bases:

| | |
|---------------------------------|---|
| Freehold property - head office | 2% straight line |
| Leasehold land and buildings | 10% straight line |
| Plant & machinery | 10 - 25% straight line or 20 - 25% reducing balance |
| Fixtures and fittings | 10 - 25% straight line or 15 - 20% reducing balance |
| Office equipment | 20 - 25% straight line or 25% reducing balance |
| Motor vehicles | 20% straight line |
| Freehold property - care home | Not depreciated |

Plant & machinery includes CCTV equipment.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

The directors consider that the freehold property classification of asset should be split down into head office buildings and other trading properties such as a care home. The directors have adopted a policy of revaluation for the head office buildings and policy of cost for the care home class of assets.

The trading properties have not been depreciated as in the opinion of the directors the estimated residual value of the tangible fixed asset is not materially different from the carrying value of the asset, any depreciation thus calculated would be immaterial and recent valuations of the properties indicate their current values are consistent with the net book values in these financial statements.

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

DANIELI HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2020

1 Accounting policies (Continued)

Undertakings in which the group has significant influence (i.e. the power to participate in the financial and operating policy decisions but not control or joint control over those policies) are classified as associates. The group's share of the results, other comprehensive income and equity of associates are accounted for using the equity method based on the associate's financial statements to 30 April 2019.

Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill.

All unrealised profit or losses on transactions with the associate are eliminated to the extent of the group's interest, except where unrealised losses provide evidence of an impairment. Where necessary, adjustments are made to bring the accounting policies of the associate into line with those used by the group.

Losses in an associate that reduce the carrying amount of the investment in the associate to below zero are not recognised, but a provision is recognised to the extent that the group has an obligation or has made payments on behalf of the associate.

Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the weighted average cost basis and for finished goods and work in progress, includes direct labour costs and overheads appropriate to the stage of manufacture.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

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

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include trade and other debtors, amounts owed by group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

DANIELI HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

1 Accounting policies (Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and amounts owed to group undertakings, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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.

Equity instruments

Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

DANIELI HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2020

1 Accounting policies (Continued)

Deferred tax

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the group to consume substantially all of its economic benefit), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2 Judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

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

| | 2020 £ | 2019 £ |
|---|------------------|------------------|
| Turnover analysed by class of business | | |
| Training services | 25,000 | 24,480 |
| Respite care services | 763,887 | 822,242 |
| Operation of licenced premises | 1,039,377 | 1,110,730 |
| | <u>1,828,264</u> | <u>1,957,452</u> |

DANIELI HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2020

3 Turnover and other revenue (Continued)

All of the group's turnover is attributable to activities located in the UK.

4 Employees

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

| | Group 2020 Number | 2019 Number | Company 2020 Number | 2019 Number |
|----------------|-------------------------|----------------|---------------------------|----------------|
| Site | 57 | 58 | - | - |
| Administration | 42 | 44 | 42 | 44 |
| | <u>99</u> | <u>102</u> | <u>42</u> | <u>44</u> |

Their aggregate remuneration comprised:

| | Group 2020 £ | 2019 £ | Company 2020 £ | 2019 £ |
|-----------------------|--------------------|------------------|----------------------|------------------|
| Wages and salaries | 1,972,316 | 1,598,754 | 1,005,500 | 915,324 |
| Social security costs | 142,490 | 133,614 | 82,455 | 79,317 |
| Pension costs | 31,515 | 17,200 | 17,919 | 8,890 |
| | <u>2,146,321</u> | <u>1,749,568</u> | <u>1,105,874</u> | <u>1,003,531</u> |

5 Operating loss

| | 2020 £ | 2019 £ |
|---|----------------|----------------|
| Operating loss for the year is stated after charging/(crediting): | | |
| Depreciation of owned tangible fixed assets | 170,091 | 135,133 |
| Depreciation of tangible fixed assets held under finance leases | 70,533 | 75,274 |
| (Profit)/loss on disposal of tangible fixed assets | (298) | 2,218 |
| Amortisation of intangible assets | 9,933 | 9,933 |
| | <u>250,259</u> | <u>292,558</u> |

6 Auditor's remuneration

| | 2020 £ | 2019 £ |
|---|--------------|--------------|
| Fees payable to the company's auditor and its associates: | | |
| For audit services | | |
| Audit of the financial statements of the group and company | 4,000 | 4,500 |
| Audit of the financial statements of the company's subsidiaries | 4,000 | 4,500 |
| | <u>8,000</u> | <u>9,000</u> |

DANIELI HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2020

6 Auditor's remuneration (Continued)

7 Interest payable and similar expenses

| | 2020 | 2019 |
|--|---------------|---------------|
| | £ | £ |
| Interest on bank overdrafts and loans | 56,654 | 52,938 |
| Interest on finance leases and hire purchase contracts | 208 | 1,801 |
| | <u>56,862</u> | <u>54,739</u> |

8 Taxation

| | 2020 | 2019 |
|--|---------------|-----------------|
| | £ | £ |
| Current tax | | |
| UK corporation tax on profits for the current period | - | (112,504) |
| Adjustments in respect of prior periods | 378 | 115,636 |
| | <u>378</u> | <u>3,132</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | (9,502) | (37,928) |
| Changes in tax rates | 8,589 | - |
| Adjustment in respect of prior periods | 22,974 | 16,820 |
| | <u>22,061</u> | <u>(21,108)</u> |
| Total tax charge/(credit) | <u>22,439</u> | <u>(17,976)</u> |

DANIELI HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2020

8 Taxation (Continued)

The total tax charge/(credit) for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

| | 2020 £ | 2019 £ |
|--|-----------|-----------|
| Profit before taxation | 190,613 | 31,627 |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%) | 36,216 | 6,009 |
| Tax effect of expenses that are not deductible in determining taxable profit | 44,098 | (40,682) |
| Tax effect of income not taxable in determining taxable profit | (95,337) | - |
| Adjustments in respect of prior years | 378 | 115,636 |
| Permanent capital allowances in excess of depreciation | 3,683 | 5,761 |
| Amortisation on assets not qualifying for tax allowances | 1,887 | 1,887 |
| Other permanent differences | 8 | - |
| Deferred tax adjustments in respect of prior years | 22,974 | 16,820 |
| Tax at marginal rate | - | 10,347 |
| Remeasurement of deferred tax for tax rate changes | 8,589 | - |
| Deferred tax not recognised | (57) | (133,754) |
| Taxation charge/(credit) | 22,439 | (17,976) |

9 Dividends

| | 2020 £ | 2019 £ |
|------------|-----------|-----------|
| Final paid | 900,000 | - |

10 Intangible fixed assets

| Group | Goodwill £ |
|------------------------------------|---------------|
| Cost | |
| At 1 May 2019 and 30 April 2020 | 236,717 |
| Amortisation and impairment | |
| At 1 May 2019 | 145,594 |
| Amortisation charged for the year | 9,933 |
| At 30 April 2020 | 155,527 |

DANIELI HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2020

10 Intangible fixed assets (Continued)

Carrying amount

| | |
|------------------|-------------------|
| At 30 April 2020 | 81,190 |
| | <u> </u> |
| At 30 April 2019 | 91,123 |
| | <u> </u> |

The company had no intangible fixed assets at 30 April 2020 or 30 April 2019.

Amortisation is included within administrative expenses in the Statement of Comprehensive Income.

DANIELI HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 APRIL 2020**

11 Tangible fixed assets

| Group | Freehold property - head office £ | Leasehold land and buildings £ | Plant & machinery £ | Fixtures and fittings £ | Office equipment £ | Motor vehicles £ | Freehold property - care home £ | Total £ |
|------------------------------------|--|---|---------------------------|-------------------------------|--------------------------|------------------------|--|------------|
| Cost or valuation | | | | | | | | |
| At 1 May 2019 | 1,492,500 | 780,267 | 101,084 | 433,516 | 309,895 | 486,869 | 2,167,587 | 5,771,718 |
| Additions | - | 269,478 | 957 | 113,503 | 15,805 | 33,427 | - | 433,170 |
| Disposals | - | - | - | - | (55,920) | (70,740) | - | (126,660) |
| At 30 April 2020 | 1,492,500 | 1,049,745 | 102,041 | 547,019 | 269,780 | 449,556 | 2,167,587 | 6,078,228 |
| Depreciation and impairment | | | | | | | | |
| At 1 May 2019 | - | 171,812 | 58,461 | 266,849 | 204,762 | 234,187 | - | 936,071 |
| Depreciation charged in the year | - | 72,103 | 6,555 | 39,251 | 36,339 | 86,376 | - | 240,624 |
| Eliminated in respect of disposals | - | - | - | - | (55,920) | (64,518) | - | (120,438) |
| At 30 April 2020 | - | 243,915 | 65,016 | 306,100 | 185,181 | 256,045 | - | 1,056,257 |
| Carrying amount | | | | | | | | |
| At 30 April 2020 | 1,492,500 | 805,830 | 37,025 | 240,919 | 84,599 | 193,511 | 2,167,587 | 5,021,971 |
| At 30 April 2019 | 3,660,087 | 608,455 | 42,623 | 166,667 | 105,133 | 252,682 | - | 4,835,647 |

DANIELI HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

| Company | Freehold property - head office | Fixtures and fittings | Office equipment | Motor vehicles | Total |
|------------------------------------|---------------------------------|-----------------------|------------------|----------------|-----------|
| | £ | £ | £ | £ | £ |
| Cost | | | | | |
| At 1 May 2019 | 1,492,500 | 3,285 | 257,049 | 445,757 | 2,198,591 |
| Additions | - | - | 15,325 | 33,427 | 48,752 |
| Disposals | - | - | - | (18,184) | (18,184) |
| At 30 April 2020 | 1,492,500 | 3,285 | 272,374 | 461,000 | 2,229,159 |
| Depreciation and impairment | | | | | |
| At 1 May 2019 | - | 2,042 | 163,787 | 206,380 | 372,209 |
| Depreciation charged in the year | - | 328 | 33,982 | 86,376 | 120,686 |
| Eliminated in respect of disposals | - | - | - | (11,962) | (11,962) |
| At 30 April 2020 | - | 2,370 | 197,769 | 280,794 | 480,933 |
| Carrying amount | | | | | |
| At 30 April 2020 | 1,492,500 | 915 | 74,605 | 180,206 | 1,748,226 |
| At 30 April 2019 | 1,492,500 | 1,243 | 93,262 | 239,377 | 1,826,382 |

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

| | Group 2020 £ | 2019 £ | Company 2020 £ | 2019 £ |
|----------------|--------------------|-----------|----------------------|-----------|
| Motor vehicles | 174,101 | 244,279 | 174,101 | 244,279 |

12 Fixed asset investments

| | Notes | Group 2020 £ | 2019 £ | Company 2020 £ | 2019 £ |
|-----------------------------|-------|--------------------|-----------|----------------------|-----------|
| Investments in subsidiaries | 13 | - | - | 475,080 | 475,080 |
| Investments in associates | 14 | 857,618 | 355,842 | 119,985 | 119,985 |
| Unlisted investments | | 15 | 15 | 15 | 15 |
| | | 857,633 | 355,857 | 595,080 | 595,080 |

DANIELI HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

12 Fixed asset investments (Continued)

Movements in fixed asset investments Group

| | Shares in group undertakings and participating interests £ | Other investments other than loans £ | Total £ |
|-------------------------------|--|--|-------------------|
| Cost or valuation | | | |
| At 1 May 2019 | 355,842 | 15 | 355,857 |
| Share in profit of associates | 501,776 | - | 501,776 |
| | <u> </u> | <u> </u> | <u> </u> |
| At 30 April 2020 | 857,618 | 15 | 857,633 |
| | <u> </u> | <u> </u> | <u> </u> |
| Carrying amount | | | |
| At 30 April 2020 | 857,618 | 15 | 857,633 |
| | <u> </u> | <u> </u> | <u> </u> |
| At 30 April 2019 | 355,842 | 15 | 355,857 |
| | <u> </u> | <u> </u> | <u> </u> |

Movements in fixed asset investments Company

| | Shares in group undertakings and participating interests £ | Other investments other than loans £ | Total £ |
|---------------------------------|--|--|-------------------|
| Cost or valuation | | | |
| At 1 May 2019 and 30 April 2020 | 595,065 | 15 | 595,080 |
| | <u> </u> | <u> </u> | <u> </u> |
| Carrying amount | | | |
| At 30 April 2020 | 595,065 | 15 | 595,080 |
| | <u> </u> | <u> </u> | <u> </u> |
| At 30 April 2019 | 595,065 | 15 | 595,080 |
| | <u> </u> | <u> </u> | <u> </u> |

DANIELI HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2020

13 Subsidiaries

Details of the company's subsidiaries at 30 April 2020 are as follows:

| Name of undertaking | Registered office key | Nature of business | Class of shares held | % Held | |
|--|-----------------------|-------------------------------|----------------------|--------|----------|
| | | | | Direct | Indirect |
| Danieli Property Investments Limited | 1 | Dormant | Ordinary | 100.00 | - |
| Education and Training Services (UK) Limited | 1 | Training services | Ordinary | 100.00 | - |
| Leisuretime (Freehold) Limited* | 1 | Non-trading licensed premises | Ordinary | - | 100.00 |
| Leisuretime (Leasehold) Limited* | 1 | Licensed premises | Ordinary | - | 100.00 |
| Leisuretime Pub Group Limited* | 1 | Dormant | Ordinary | 100.00 | - |
| Northridge Healthcare Limited | 1 | Respite care services | Ordinary | 100.00 | - |
| Phoenix Security (UK) Limited | 1 | Dormant | Ordinary | 100.00 | - |
| Student Accommodation Limited | 1 | Student accommodation | Ordinary | 100.00 | - |
| YOLO (Ponteland) Limited | 1 | Licensed bar and restaurant | Ordinary | 100.00 | - |
| White Liquid Solutions Limited | 1 | Dormant | Ordinary | 50.00 | - |

Registered Office address:

- 1 Patrick House, Gosforth Park Avenue, Gosforth Business Park, Newcastle upon Tyne, NE12 8EG

* denotes subsidiary is exempt from audit under section 479A of the Companies Act 2006.

The results of the subsidiaries have been included in the consolidated financial statements.

14 Associates

Details of associates at 30 April 2020 are as follows:

| Name of undertaking | Registered office | Nature of business | Class of shares held | % Held | |
|---------------------------------------|-------------------|-----------------------------|----------------------|--------|----------|
| | | | | Direct | Indirect |
| Stack Containers Limited | 1 | Unit rentals | Ordinary | 30.00 | - |
| Stack Trading Limited | 1 | Licensed bar and restaurant | Ordinary | - | 30.00 |
| Boutique Bar and Tipi Company Limited | 1 | Public houses and bars | Ordinary | 30.00 | - |

DANIELI HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2020

15 Stocks

| | Group 2020 £ | 2019 £ | Company 2020 £ | 2019 £ |
|-------------------------------------|--------------------|-----------|----------------------|-----------|
| Finished goods and goods for resale | 33,561 | 41,010 | - | - |

16 Debtors

| | Group 2020 £ | 2019 £ | Company 2020 £ | 2019 £ |
|---|--------------------|-----------|----------------------|-----------|
| Amounts falling due within one year: | | | | |
| Trade debtors | 80,618 | 83,252 | 31,551 | 3,348 |
| Corporation tax recoverable | 3,546 | 378 | - | - |
| Amounts owed by group undertakings | - | - | 3,031,045 | 2,764,151 |
| Other debtors | 6,361,779 | 5,742,854 | 4,353,361 | 4,184,697 |
| Prepayments and accrued income | 361,189 | 376,654 | 85,113 | 81,660 |
| | 6,807,132 | 6,203,138 | 7,501,070 | 7,033,856 |
| Deferred tax asset (note 21) | 26,317 | 15,173 | 21,194 | 10,232 |
| | 6,833,449 | 6,218,311 | 7,522,264 | 7,044,088 |

17 Creditors: amounts falling due within one year

| | Notes | Group 2020 £ | 2019 £ | Company 2020 £ | 2019 £ |
|------------------------------------|-------|--------------------|-----------|----------------------|-----------|
| Bank loans and overdrafts | 19 | 1,763,063 | 351,825 | 848,565 | 234,696 |
| Obligations under finance leases | 20 | 33,355 | 85,922 | 33,355 | 85,922 |
| Trade creditors | | 103,012 | 214,566 | 76,112 | 116,014 |
| Amounts owed to group undertakings | | - | - | 1,072,048 | 1,072,681 |
| Corporation tax payable | | - | 3,132 | - | - |
| Other taxation and social security | | 510,305 | 454,418 | 461,138 | 383,822 |
| Other creditors | | 8,667,444 | 7,015,326 | 6,997,355 | 5,372,483 |
| Accruals and deferred income | | 122,654 | 140,647 | 84,573 | 88,107 |
| | | 11,199,833 | 8,265,836 | 9,573,146 | 7,353,725 |

Bank loans are secured by a debenture on certain assets and by an unlimited guarantee across the group and entities under common control (dated 23 February 2017). Overdrafts are secured by way of fixed and floating charges over the assets of the company.

Finance leases are secured under the assets to which they relate.

DANIELI HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2020

18 Creditors: amounts falling due after more than one year

| | Notes | Group 2020 £ | 2019 £ | Company 2020 £ | 2019 £ |
|----------------------------------|-------|--------------------|------------------|----------------------|----------------|
| Bank loans and overdrafts | 19 | 333,507 | 1,302,061 | 123,072 | 489,237 |
| Obligations under finance leases | 20 | 7,088 | 16,039 | 7,088 | 16,039 |
| | | <u>340,595</u> | <u>1,318,100</u> | <u>130,160</u> | <u>505,276</u> |

Bank loans are secured by a debenture on certain assets and by an unlimited guarantee across the group and entities under common control (dated 23 February 2017).

Finance leases are secured under the assets to which they relate.

19 Borrowings

| | Group 2020 £ | 2019 £ | Company 2020 £ | 2019 £ |
|-------------------------|--------------------|------------------|----------------------|----------------|
| Bank loans | 1,640,085 | 1,478,803 | 530,491 | 570,165 |
| Bank overdrafts | 456,485 | 175,083 | 441,146 | 153,768 |
| | <u>2,096,570</u> | <u>1,653,886</u> | <u>971,637</u> | <u>723,933</u> |
| Payable within one year | 1,763,063 | 351,825 | 848,565 | 234,696 |
| Payable after one year | 333,507 | 1,302,061 | 123,072 | 489,237 |

The long-term loans are secured by a debenture on certain assets and by an unlimited guarantee across the group and entities under common control (dated 23 February 2017).

DANIELI HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2020

19 Borrowings (Continued)

The group has four term loans with AIB Bank plc.

The balance on the first loan as at 30 April 2020 was £392,575 (2019: £422,471). This bank loan runs until 1 June 2020. Repayments of £15,165 are due quarterly, inclusive of capital and interest. At the end of the term the outstanding amount due under the loans will be repayable in full as a single payment unless a further facility is made available by the Bank. Interest is charged at 3.25% per annum varying being 2.75% above the Bank's Base Rate which was 0.5% during the year.

The balance on the second loan as at 30 April 2020 was £877,108 (2019: £941,383). This bank loan runs until 1 June 2020. Repayments of £23,970 are due quarterly, inclusive of capital and interest. At the end of the term the outstanding amount due under the loans will be repayable in full as a single payment unless a further facility is made available by the Bank. Interest is charged at 3.25% per annum varying being 2.75% above the Bank's Base Rate which was 0.5% during the year.

The balance on the third loan as at 30 April 2020 was £137,916 (2019: £147,694). This bank loan runs until 8 September 2022. Repayments of £5,067 are due quarterly, inclusive of capital and interest. At the end of the term the outstanding amount due under the loans will be repayable in full as a single payment unless a further facility is made available by the Bank. Interest is charged at 3.25% per annum varying being 2.75% above the Bank's Base Rate which was 0.5% during the year.

The balance on the fourth loan as at 30 April 2020 was £274,244 (2019: £31,530). This bank loan runs until 30 March 2024. Repayments of £18,849 are due quarterly, inclusive of capital and interest. At the end of the term the outstanding amount due under the loan will be repayable in full as a single payment unless a further facility is made available by the Bank. Interest is charged at 3.25% per annum varying being 2.75% above the Bank's Base Rate which was 0.5% during the year.

20 Finance lease obligations

| | Group 2020 £ | 2019 £ | Company 2020 £ | 2019 £ |
|---|--------------------|----------------|----------------------|----------------|
| Future minimum lease payments due under finance leases: | | | | |
| Less than one year | 35,573 | 91,979 | 35,573 | 91,979 |
| Between one and five years | 8,142 | 18,039 | 8,142 | 18,039 |
| | <u>43,715</u> | <u>110,018</u> | <u>43,715</u> | <u>110,018</u> |
| Less: future finance charges | (3,272) | (8,057) | (3,272) | (8,057) |
| | <u>40,443</u> | <u>101,961</u> | <u>40,443</u> | <u>101,961</u> |

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery and motor vehicles. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Obligations under finance leases are secured on the assets to which they relate.

DANIELI HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2020

21 Deferred taxation

The major deferred tax liabilities and assets recognised by the group and company are:

| | Liabilities 2020 £ | Liabilities 2019 £ | Assets 2020 £ | Assets 2019 £ |
|------------------------------------|--------------------------|--------------------------|-----------------------------|-------------------------------|
| Group | | | | |
| Accelerated capital allowances | 137,013 | 78,165 | 13,263 | 3,311 |
| Tax losses | (25,212) | (196) | 12,386 | 11,862 |
| Capital Gains | (627) | - | 668 | - |
| | <u>111,174</u> | <u>77,969</u> | <u>26,317</u> | <u>15,173</u> |
| | | | | |
| | Liabilities 2020 £ | Liabilities 2019 £ | Assets 2020 £ | Assets 2019 £ |
| Company | | | | |
| Accelerated capital allowances | - | - | 8,140 | (1,630) |
| Tax losses | - | - | 12,386 | 11,862 |
| Capital Gains | - | - | 668 | - |
| | <u>-</u> | <u>-</u> | <u>21,194</u> | <u>10,232</u> |
| | | | | |
| | | | Group 2020 £ | Company 2020 £ |
| Movements in the year: | | | | |
| Liability/(asset) at 1. May 2019 | | | 62,796 | (10,232) |
| Charge/(credit) to profit or loss | | | 22,061 | (10,962) |
| Liability/(asset) at 30 April 2020 | | | <u>84,857</u> | <u>(21,194)</u> |

22 Retirement benefit schemes

| | 2020 £ | 2019 £ |
|---|---------------|---------------|
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | <u>31,515</u> | <u>17,200</u> |

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Contributions totalling £5,225 (2019: £10,688) were payable to the fund at the year end and are included in creditors.

DANIELI HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2020

23 Share capital

| | Group and company | |
|----------------------------------|-------------------|-------|
| | 2020 | 2019 |
| | £ | £ |
| Ordinary share capital | | |
| Issued and fully paid | | |
| 1,000 Ordinary shares of £1 each | 1,000 | 1,000 |

The company's Ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

24 Reserves

Revaluation reserve

Cumulative revaluation gains and losses in respect of land and buildings, except revaluation gains and losses recognised in profit and loss.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

25 Cash generated from group operations

| | 2020 | 2019 |
|--|---------------|----------------|
| | £ | £ |
| Profit for the year after tax | 168,174 | 49,603 |
| Adjustments for: | | |
| Share of results of associates and joint ventures | (501,776) | (235,857) |
| Taxation charged/(credited) | 22,439 | (17,976) |
| Finance costs | 56,862 | 54,739 |
| (Gain)/loss on disposal of tangible fixed assets | (298) | 2,218 |
| Amortisation and impairment of intangible assets | 9,933 | 9,933 |
| Depreciation and impairment of tangible fixed assets | 240,624 | 210,407 |
| Movements in working capital: | | |
| Decrease/(increase) in stocks | 7,449 | (15,758) |
| (Increase) in debtors | (1,500,826) | (1,918,545) |
| Increase in creditors | 1,578,458 | 2,157,045 |
| Cash generated from operations | 81,039 | 295,809 |

DANIELI HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2020

26 Analysis of changes in net debt - group

| | 1 May 2019 | Cash flows | New finance leases | 30 April 2020 |
|----------------------------------|-------------|------------|--------------------|---------------|
| | £ | £ | £ | £ |
| Cash at bank and in hand | 33,796 | (27,985) | - | 5,811 |
| Bank overdrafts | (175,083) | (281,402) | - | (456,485) |
| | (141,287) | (309,387) | - | (450,674) |
| Borrowings excluding overdrafts | (1,478,803) | (161,282) | - | (1,640,085) |
| Obligations under finance leases | (101,961) | 95,735 | (34,217) | (40,443) |
| | (1,722,051) | (374,934) | (34,217) | (2,131,202) |

27 Related party transactions

Transactions with related parties

During the year the group entered into the following transactions with related parties:

| | Sales | | Purchases | |
|---|-----------|-----------|-----------|--------|
| | 2020 | 2019 | 2020 | 2019 |
| | £ | £ | £ | £ |
| Group | | | | |
| Entities over which the group has control, joint control or significant influence | 1,687,708 | 1,461,106 | 22,034 | 30,345 |
| Company | | | | |
| Other related parties | 1,474,708 | 1,317,081 | - | - |

DANIELI HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2020

27 Related party transactions (Continued)

The following amounts were outstanding at the reporting end date:

| Amounts due to related parties | 2020 £ | 2019 £ |
|---|-----------|-----------|
| Group | | |
| Entities over which the group has control, joint control or significant influence | 8,647,221 | 6,982,299 |
| Company | | |
| Entities over which the company has control, joint control or significant influence | 6,983,857 | 5,348,887 |

The following amounts were outstanding at the reporting end date:

| Amounts due from related parties | 2020 Balance £ | 2019 Balance £ |
|---|----------------------|----------------------|
| Group | | |
| Entities over which the group has control, joint control or significant influence | 5,812,850 | 4,853,408 |
| Key management personnel | 618,422 | 807,369 |
| Company | | |
| Entities over which the company has control, joint control or significant influence | 3,814,059 | 3,303,013 |
| Key management personnel | 618,422 | 807,369 |

The group is party to an unlimited guarantee between Phoenix Security Holdings Limited, Phoenix Eye Limited, Homecare Plus Limited, Bannatyne's Limited, YOLO (Newcastle) Limited, Boutique Bar and Tipi Company Limited, Stack Containers Limited, Stack Trading Limited, The Muddler (Newcastle) Limited and Stack (Seaburn) Limited, which are all entities under common control of the directors and majority shareholders of the group.

28 Directors' transactions

Dividends totalling £900,000 (2019: £nil) were paid in the year in respect of shares held by the company's directors.

29 Controlling party

The directors consider the group to be jointly controlled by S Howe and N A Winch by virtue of their holdings in the company, Danieli Holdings Limited.