YourLife Management Services Limited

ANNUAL REPORT & FINANCIAL STATEMENTS

For the year ended 31 October 2021

Company registration number: 07153519

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DIRECTORS AND ADVISERS

For the year ended 31 October 2021

Directors
F Carleton (appointed 19 July 2021)
J E Martin
D R Searle (resigned 15 August 2021)

Registered Office
4^{th} Floor
100 Holdenhurst Road
Bournemouth
Dorset
BH8 8AQ

Independent Auditor
Ernst & Young LLP
Grosvenor House
Grosvenor Square
Southampton
SO15 2BE

Banker
HSBC Bank plc
70 Pall Mall
London
SW1Y 5EZ

STRATEGIC REPORT

For the year ended 31 October 2021

The Directors present their Strategic Report for the Company for the year ended 31 October 2021 ('2021'). The Directors, in preparing this report, have complied with s414c and s414cb of the Companies Act.

Business Overview

During the year, the McCarthy & Stone Group, was acquired by Mastiff BidCo Limited, a wholly-owned indirect subsidiary of Lone Star Real Estate Fund VI.

The Transaction was implemented by means of a Court-sanctioned scheme of arrangement (the Scheme) under Part 26 of the Companies Act. The Scheme was approved by the Company's shareholders at meetings held on 7 December 2020. Court sanction of the Scheme was received on 28 January 2021 and the Scheme became effective on 1 February 2021 at which point the Group de-listed from the London Stock Exchange.

The results of the Company will now consolidate at McCarthy Stone Limited for the full financial year and the post-acquisition results are consolidated at Mastiff BidCo Limited.

The Company follows the same strategy and is subject to the same principal risks and uncertainties as Mastiff BidCo Limited and its subsidiaries (the Group). Further details regarding the Group's strategy and the market in which it operates can be found in the Annual Report and financial statements of Mastiff BidCo Limited which are available on the Jersey Financial Services Commission.

The Group is the UK's leading developer and manager of retirement communities, under the trading name McCarthy Stone. The Group buys land and then builds, sells and manages a range of high-quality retirement developments.

McCarthy Stone has two main product ranges - Retirement Living and Retirement Living PLUS - which provide mainly one and two-bedroom apartments with varying levels of support and care for older people. Retirement Living developments provide independence in private apartments designed specifically for the over 60s, as well as facilities such as communal lounges and guest suites that support companionship. Retirement Living PLUS developments, which are designed specifically for the over 70s, offer all of this plus more on-site facilities such as restaurants, well-being suites and function rooms. Importantly, they also provide on-site flexible care and support packages to assist those needing additional help.

Performance

During the year ended 31 October 2021 turnover was £31.5m (31 October 2020 £28.4m) resulting in an operating profit of £3.1m (31 October 2020: £1.8m) and a profit before taxation of £3.1m (31 October 2020: £1.8m). No dividend has been declared or paid in respect of the year ended 31 October 2021.

The business performance has been strong due to an increased need for care and domestic support across developments. Each development generates management fees on a per apartment basis and each development also delivers revenue in the form of care and domestic support services. During the year ended 31 October 2021, 290,546 hours of care and domestic were delivered across RL and RLP developments, an increase of 42,115 hours compared to the prior period ended 31 October 2020. Notwithstanding, the infection rates within our communities were lower in comparison to those of the equivalent age-groups across the UK.

STRATEGIC REPORT (CONTINUED)

For the year ended 31 October 2021

The Company's balance sheet and financial position showed £4.7m of net assets at 31 October 2021 (2020: £1.6m) which is further underpinned by available cash of £5.7m at 31 October 2021 (2020: £2.8m). There is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

YourLife Management Services Limited continues to be the sole provider of management services to 'Retirement Living PLUS' retirement developments built by the Group across the UK.

Principal activities

The Company provides property management and support services to the residents of Retirement Living PLUS developments built and developed by McCarthy & Stone Retirement Lifestyles Limited.

Key performance indicators

Turnover increased year-on-year owing to increased number of developments managed by YourLife Management Services and as a result of increased additional care and domestic hours delivered during the year ended 31st October 2021.

Key Performance Indicators	2021	2020
Developments under management	104	103
Staff employed by Company at 31 October	1,342	1,333
Care hours provided during the year	229,603	197,957
Domestic hours provided during the year	60,944	50,808
Turnover (£m)	31.6	28.4
Operating profit (£m)	3.1	1.8
Operating margin	*10%*	*6%*

Principal Risks and Uncertainties

As part of the Group's Risk Management Framework, Principal Risks and Uncertainties have been identified that could prevent the Group from achieving its strategic objectives and how these risks could be effectively mitigated to an acceptable level, its risk appetite. These risks are reviewed, updated and approved on a regular basis by the Group's Executive and Risk & Audit Committees.

Pandemics:

An epidemic or pandemic of an infectious disease (either a further wave of Covid-19 or the emergence of a new disease) may lead to the imposition of Government controls, including social distancing, on the movement of people with the associated cessation of large parts of the economy for a significant period of time. The cessation of business will lead to reduced business activity and revenues until normal sales and construction activity can be safely recommenced.

Economic:

Investment in land, levels of committed expenditure and production programmes are all carefully targeted, monitored and continually assessed against market conditions. The business is equipped and has demonstrated in light of the current pandemic that it maintains flexibility to react swiftly, when necessary to changes in market conditions.

STRATEGIC REPORT (CONTINUED)

For the year ended 31 October 2021

Principal Risks and Uncertainties – Continued

Government legislation:
In January 2021 MHCLG (Ministry of Housing, Communities & Local Government) reversed its decision to exempt the retirement housing industry from the zero rating of new ground rents. The ban is set to come in from April 2023. The Group has carried out an impact assessment of having no ground rents on new build properties. It is considering new commercial options and has reviewed its land appraisal process accordingly.

Delivery of strategic objectives:
Clear and concise objectives have been developed to deliver the targets as defined in the Group strategy. The Transformation Committee which is chaired by the CEO closely monitor progress against the objectives, holding management to account and takes remedial action in order to ensure delivery against agreed timelines and objectives.

Land and planning:
Divisional land buying teams are in place providing local knowledge and expertise. These teams are targeted on land exchange and completion as part of their reward structure. Land is typically acquired with a high degree of conditionality, so as to not commit to purchase without having appropriate planning agreements in place. Divisional planning teams have the support and oversight of Group Investment Committee.

Workflow:
The Group continues to align workflow towards a steady state production and workflow is closely monitored by divisional management, the Executive Committee and the Board

Employees:
The Group has put in place attractive reward mechanisms and provides extensive opportunities for professional development and training, both of which are regularly reviewed against peer housebuilders and other employers in local markets. Resource requirements are assessed against annual budgets and recruitment processes are designed to ensure talent attraction and retention to deliver the Group's strategic objectives. Investment in learning and development across the Group will also help to reduce the risk associated with employee retention.

Liquidity and funding:
Capital, funding and liquidity are all subject to extensive stress testing with the results informing the levels of capital and liquidity that are required to be held in the event of adverse conditions.

Health and safety:
The Group strives for excellence in health and safety and considers it to be a top priority. This is supported by a rigorous, independent site inspection process which routinely assesses and reports on standards. Regular reporting on key metrics and emerging issues are reviewed monthly by the Executive Committee. Care Quality Commission inspections are performed across all Retirement Living PLUS developments and actions are tracked to address any potential weaknesses in process.

STRATEGIC REPORT (CONTINUED)

For the year ended 31 October 2021

Principal Risks and Uncertainties – Continued

Carrying value of inventory and investment property:
Whenever possible, contracts to purchase land are via option agreement or are conditional on the Group obtaining detailed planning consent and/or a commercial viability clause. The Group performs impairment reviews in line with International Financial Reporting Standards ('IFRS') requirements, on a yearly basis to ensure the value of inventory and investment property is correctly reported. Regular independent valuations of investment property are also performed to ensure carrying values are accurate.

Operational and technology:
There is additional focus on business continuity and potential fraud monitoring within our technology function. A significant amount of work has been undertaken to enable and improve home working conditions and network capacity. Incident and issue management and escalation governance structures and processes are in place with oversight from the Executive and Risk & Audit Committees. Potential customers are now able to visit our developments on a pre-booked and pre-qualified basis - with strict guidelines in place to maximise safety.

The Group maintains central IT systems and has a robust cyber security programme in place. Dedicated resources and regular reviews seek to reduce the risk of successful cyber-attacks and a disaster recovery programme is in place and regularly tested. Compliance with the UK GDPR legislation forms a core part of our policies and procedures.

Reputation and customer satisfaction:
The Group enforces strict procedures over the handover of developments for occupation and the handover of specific apartments to individual customers. Ongoing management, care and wellbeing services are provided within a robust framework of controls which are closely monitored. The Care Quality Commission (CQC) inspects our Retirement Living PLUS developments and provides constructive feedback which is also used to ensure that we are meeting applicable care standards. The business has a dedicated customer services team and tracks customer satisfaction through NHBC, HBF and internal surveys. An in-house estate agency supports the resales process for customers in our managed developments on the general housing market, with the aim of speeding up the sales process and maximising value on resale.

Sustainability and climate change:
Robust sustainability objectives and targets have been developed in line with the United Nations Sustainability goals and these are be set over the short, medium and long term.

STRATEGIC REPORT (CONTINUED)
For the year ended 31 October 2021

Principal Risks and Uncertainties – Continued

The Group Sustainability Committee identifies strategic climate change risks and opportunities facing the business through regular review of issues and trends, working in active collaboration with external experts.

This Strategic Report was approved by the Board signed on its behalf by:

Jeanette Martin

J E Martin
Director

24 June 2022

YourLife Management Services Limited
4th Floor
100 Holdenhurst Road
Bournemouth
Dorset
BH8 8AQ

DIRECTORS' REPORT

For the year ended 31 October 2021

The Directors of YourLife Management Services Limited (the Company) (registered number 07153519) present their annual report and audited financial statements for the year ended 31 October 2021.

Principal activity

The Company provides property management and support services to the residents of Retirement Living PLUS developments built and developed by McCarthy & Stone Retirement Lifestyles Limited.

Results and dividends

The results for the year ended 31 October 2021 show a profit after taxation which amounted to £2.5m (31 October 2020: £1.5m).

No dividend has been declared or paid in respect of the year ended 31 October 2021.

Ownership

The Company is a 100% owned subsidiary of McCarthy & Stone Management Services Limited. During the year, the McCarthy & Stone Group, was acquired by Mastiff BidCo Limited, a wholly-owned indirect subsidiary of Lone Star Real Estate Fund VI. There has been no change to the issued share capital of the Company during the year. There has been no change to the Company's issued share capital during the year.

Directors and Directors' interests

The Directors of the Company during the year and up to the date of signing were:

Name	Date of appointment	Date of resignation
F Carleton	19 July 2021	-
J E Martin	26 February 2019	-
D R Searle	2 September 2019	15 August 2021

No Director has any interests in the shares of the Company. There have been no changes in the Directors' interests in the share capital of the Company since 31 October 2021.

Directors' insurance

The Company has appropriate insurance cover in respect of possible legal action being taken by third parties against its Directors and Officers.

Directors' conflicts of interest

Each of the Directors has a duty under the Companies Act 2006 to avoid a situation where he has or could have a direct or indirect interest that conflicts with the interests of the Company. The Company's Articles of Association contains provisions for dealing with conflicts or potential conflicts. The procedures for dealing with conflicts of interest have operated effectively during the year under review and the Directors have concluded that there were no conflicts of interest during the year.

DIRECTORS' REPORT (CONTINUED)

For the year ended 31 October 2021

Directors' indemnities

As permitted by the Company's Articles of Association, qualifying third party indemnity provisions for the benefit of its Directors have been in place throughout the year under which the Company has agreed to indemnify the Directors, to the extent permitted by law and by the Articles, against all liability arising in respect of any act or omission in the course of performing their duties.

Employees

At 31 October 2021 the total number of persons employed by the Company was 1,342 (31 October 2020: 1,333). The average number of persons employed during the year ended 31 October 2021 was 1,330 (31 October 2020: 1,289).

Political donations

There were no political donations during the current or previous year.

Going Concern

The Company has obtained a parental letter of support confirming that the Group will continue to support the trading activities of the Company and assist in meeting its liabilities as and when they fall due through intercompany arrangements. Management has assessed the ability of the parent to provide such support should it be required. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

A letter of support has been obtained because McCarthy Stone do not forecast at an entity level, cash is moved within the group to support the trading activities of each entity through intercompany arrangements. Further, all entities also align to the Group's strategy focussed on being the UK's leading developer and manager of retirement communities and are core in the forecast projections that supported the going concern status. Therefore, all entities will be supported in achieving this through funding from the Group.

The Directors have assessed the Group's business activities and the factors likely to affect future performance considering current and anticipated economic conditions. In making their assessment the Directors have reviewed the Group's latest budget, forecasts, available loan facilities and considered reasonably possible downside sensitivities and mitigating actions. The Directors are confident that the Group has adequate resources in place to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements being to June 2023 being the going concern assessment period.

The going concern assessment considers the Group's projected liquidity position from existing committed financing facilities throughout the forecast period to June 2023. The Group had an unrestricted cash balance of £157.2m as at 31 October 2021. The Group also has the following committed sources of funding:

- a 5-year senior loan facility for £275m with bi-annual interest payments, with the Group's immediate parent company (Mastiff BidCo Limited) as borrower; and
- an undrawn £48.5m revolving credit facility

The external facilities are held by the Group's immediate parent Mastiff BidCo Limited and provided to the Group via a £200m intercompany loan which is repayable on demand.

Going Concern (continued)

The facility has no income statement based financial maintenance covenants, with the sole financial covenant being an LTV ratio. No measurement of this covenant is required prior to October 2023 unless loans drawn under the revolving credit facility exceed 40% of the total facility.

In addition, the Group is funded by two loans from the immediate parent Mastiff HoldCo Limited, a £215m interest bearing loan and a £209.7m interest free intercompany loan, repayable after October 2026 & November 2026 respectively.

The Directors have prepared a base case cash flow forecast at group level which covers a period of more than twelve months from the date of approval of these financial statements. This base case assumes that:

- Trading performance including pricing, cost inflation, sales volumes, land acquisitions and build programmes are aligned to the Group's latest board approved budget;
- That the Group will successfully execute quarterly sales of rental properties to a third-party investor in each quarter of the Forecast Period; and
- Grant income will be secured from Homes England in connection with a new proposed Affordable Shared Ownership customer proposition.

This base case indicates that the Group will have sufficient funds to enable it to operate within its available facilities and settle its liabilities as they fall due for at least the next twelve months.

The Directors have prepared a severe but plausible downside scenario covering the same forecast period, being at least the next twelve months from date of approval of these financial statements, which includes both sensitivities and mitigating actions that consider the potential impact of:

- An extended period of trading weakness as a result of the continuing uncertainty over demand from Group's core demographic owing to the ongoing Covid-19 pandemic with a c.24% volume reduction across the forecast period; Quarterly sales of rental properties to a third-party investor cease once the initial contractual commitment is fully utilised;
- No Homes England funding is secured in the forecast period; and
- The combination of further build cost inflation and no house price inflation.

In response to the crystallisation of each of the above sensitivities, the primary mitigating actions used to conserve liquidity are the curtailment of land purchases and postponement build starts. Such mitigating actions are within the Directors' control and the business closely monitors appropriate lead indicators to implement these actions in sufficient time to achieve the required cash preservation impact.

The combined impact of the above downside sensitivities and mitigating actions indicates that the Group and Company will have sufficient funds to enable it to operate within its available facilities and settle its liabilities as they fall due for at least the next twelve months in a reasonable worst-case scenario.

As a result of the above considerations, the Directors consider that the Group and Company have adequate resources in place for at least 12 months from the date of the approval of these financial statements, to June 2023, and have therefore adopted the going concern basis of accounting in preparing the financial statements.

DIRECTORS' REPORT (CONTINUED)

For the year ended 31 October 2021

Post balance sheet events

There are no post balance sheet events noted for the Company.

Statement of disclosure of information to the Independent Auditor

In the case of each of the persons who are Directors of the Company at the date when this report is approved:

- as far as each of the Directors are aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- each of the Directors has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approval of reduced disclosures

The Company, as a qualifying entity, has taken advantage, in respect of its separate financial statements, of the disclosure exemption in FRS 102 paragraph 1.12, as described within note 1.

The Directors' Report was approved by the Board of Directors on 24 June 2022 and signed on its behalf by:

Jeanette Martin

J E Martin
Director

YourLife Management Services Limited
4th Floor
100 Holdenhurst Road
Bournemouth
Dorset
BH8 8AQ

DIRECTORS' RESPONSIBILITIES STATEMENT

For the year ended 31 October 2021

Directors' Responsibilities Statement in respect of the financial statements

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss of the Company for that year. 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YOURLIFE MANAGEMENT SERVICES LIMITED

Opinion

We have audited the financial statements of Yourlife Management Services Limited for the year ended 31 October 2021 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 15 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 company's affairs as at 31 October 2021 and of its 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 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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least 12 months from the date of approval of the financial statements and up until June 2023, being the going concern assessment period.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework, Financial Reporting Standard 102 as applied in accordance with Section 408 of the Companies Act 2006), the Companies Act 2006 and the relevant tax compliance regulations in the UK. In addition to this, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statement, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect, health and safety, data protection, and anti-bribery and corruption.

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

- We understood how the Company is complying with those frameworks by making enquiries of management and those charged with governance to understand how the Company maintains and communicates its policies and procedures in these areas. Our audit procedures were designed to either corroborate or provide contrary evidence, the results of which were followed up appropriately.

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved a review of board minutes to identify any non-compliance with laws and regulations, assessment of financial statement disclosures to ensure compliance with the relevant reporting frameworks, and enquiries with management and those charged with governance.

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override. Our procedures to address management override involved testing journals identified by specific risk criteria such as manual, large or unusual journals. We also discussed with management from various parts of the business to understand where it considered there was susceptibility to fraud and by assessing key assumptions over significant estimates made by management for evidence of bias. We also considered performance targets and their propensity to influence efforts made by management to manage revenue and earnings. We considered the programmes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls.

- To address our identified fraud risk of incorrect revenue recognition around the period end, we tested a sample of revenue transactions recorded before and after the year end sample basis by vouching to evidence that the performance obligations are satisfied, and revenue has been recorded in the right period. We also utilised data analytics tools to analyse revenue recorded before and after year end, this helped us to identify periods where revenue was concentrated, from which we selected samples to test.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://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.

Ernst & Young LLP

James Harris (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Southampton
24 June 2022

PROFIT AND LOSS ACCOUNT

For the year ended 31 October 2021

	Notes	2021 £'000	2020 £'000
Turnover	3	31,550.5	28,437.4
Cost of sales		(25,707.0)	(23,287.9)
Gross profit		5,843.5	5,149.5
Administrative expenses		(2,739.7)	(3,325.7)
Operating profit	3	3,103.8	1,823.8
Interest payable and similar charges		(0.5)	(5.0)
Profit on ordinary activities before taxation		3,103.3	1,818.8
Taxation on (profit)	6	(588.8)	(321.7)
Profit for the financial year		2,514.5	1,497.1

There were no gains or losses other than those stated in the Profit and Loss Account above. Accordingly no Statement of Comprehensive Income is given.

The notes on pages 21 to 29 form part of these financial statements.

All of the figures above relate to continuing operations.

YourLife Management Services Limited

BALANCE SHEET

As at 31 October 2021

	Notes	2021 £'000	2020 £'000
Current assets			
Debtors: amounts due within one year	7	1,370.8	898.3
Cash at bank and in hand		5,721.9	2,757.4
		7,092.7	3,655.7
Creditors: amounts due within one year	8	(2,997.2)	(2,074.8)
Net current assets		4,095.5	1,580.9
Total assets less current liabilities		4,095.5	1,580.9
Net assets		4,095.5	1,580.9
Capital and reserves			
Called up share capital	10	10.0	10.0
Retained earnings		4,085.5	1,571.0
Shareholders' funds		4,095.5	1,581.0

Company registration number: 07153519

Approved by the Board and authorised for issue on 24 June 2022.

Signed on its behalf by:

Jeanette Martin

J E Martin
Director

The notes on pages 21 to 29 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 October 2021

	Share capital £'000	Retained earnings £'000	Total £'000
Balance as at 31 October 2019	**10.0**	**73.9**	**83.9**
Profit for the year	-	1,497.1	1,497.1
Total comprehensive income for the year	-	**1,497.1**	**1,497.1**
Balance as at 31 October 2020	**10.0**	**1,571.0**	**1,581.0**
Profit for the year	-	2,514.5	2,514.5
Total comprehensive income for the year	-	**2,514.5**	**2,514.5**
Balance as at 31 October 2021	**10.0**	**4,085.5**	**4,095.5**

The notes on pages 21 to 29 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2021

1. Accounting policies

The following accounting policies have been used in dealing with items that are considered material in the financial statements. They have been applied consistently throughout the current and prior periods.

YourLife Management Services Limited (the Company) is a private company limited by shares and registered in England and Wales under the Companies Act 2006. The address of the registered office is given on page 2. The principal activities of the Company and the nature of the Company's operations are set out in the Strategic Report on pages 3 to 7.

Basis of accounting

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with FRS 102 'the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' and the Companies Act 2006.

The Company's financial statements are presented in pound sterling and rounded to thousands unless specifically stated. The Company's functional and presentation currency is the pound sterling.

The Company 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. The Company is consolidated in the financial statements of its ultimate parent, McCarthy & Stone Limited (formerly McCarthy & Stone plc), which may be obtained on Companies House. Exemptions have been taken in these separate Company financial statements in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Going concern

The Company has obtained a parental letter of support confirming that the Group will continue to support the trading activities of the Company and assist in meeting its liabilities as and when they fall due through intercompany arrangements. Management has assessed the ability of the parent to provide such support should it be required. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

A letter of support has been obtained because McCarthy Stone do not forecast at an entity level, cash is moved within the group to support the trading activities of each entity through intercompany arrangements. Further, all entities also align to the Group's strategy focussed on being the UK's leading developer and manager of retirement communities and are core in the forecast projections that supported the going concern status. Therefore, all entities will be supported in achieving this through funding from the Group.

The Directors have assessed the Company's business activities and the factors likely to affect future performance considering current and anticipated economic conditions. In making their assessment the Directors have reviewed the Group's latest budget, forecasts, available loan facilities and considered reasonably possible downside sensitivities and mitigating actions. The Directors are confident that the Group has adequate resources in place to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements being to June 2023.

1. Accounting policies (continued)

Going concern (continued)

The going concern assessment considers the Group's projected liquidity position from existing committed financing facilities throughout the forecast period to June 2023. The Group had an unrestricted cash balance of £157.2m as at 31 October 2021 The Group also has the following committed sources of funding:

- a 5-year senior loan facility for £275m with bi-annual interest payments at nominal interest rate, with the Group's immediate parent company (Mastiff BidCo Limited) as borrower; and
- an undrawn £48.5m revolving credit facility.

The external facilities are held by the Group's immediate parent Mastiff BidCo Limited and provided to the Group via a £200m intercompany loan which is repayable on demand.

The facility has no income statement based financial maintenance covenants, with the sole financial covenant being an LTV ratio. No measurement of this covenant is not required prior to October 2023 unless loans drawn under the revolving credit facility exceed 40% of the total facility.

In addition, the Group is funded by two loans from the immediate parent Mastiff HoldCo Limited, a £215m interest bearing loan and a £209.7m interest free intercompany loan, repayable after October 2026 & November 2026 respectively.

The Directors have prepared a base case cash flow forecast which covers a period of more than twelve months from the date of approval of these financial statements. This base case assumes that:

- Trading performance including pricing, cost inflation, sales volumes, land acquisitions and build programmes are aligned to the Group's latest board approved budget;
- That the Group will successfully execute quarterly sales of rental properties to a third-party investor in each quarter of the Forecast Period; and
- Grant income will be secured from Homes England in connection with a new proposed Affordable Shared Ownership customer proposition

This base case indicates that the Group will have sufficient funds to enable it to operate within its available facilities and settle its liabilities as they fall due for at least the next twelve months.

The Directors have prepared a severe but plausible downside scenario covering the same forecast period, being at least the next twelve months from date of approval of these financial statements, which includes both sensitivities and mitigating actions that consider the potential impact of:

- An extended period of trading weakness as a result of the continuing uncertainty over demand from Group's core demographic owing to the ongoing COVID-19 pandemic with a c.24% volume reduction across the forecast period;
- Quarterly sales of rental properties to a third-party investor cease once the initial contractual commitment is fully utilised;
- No Homes England funding is secured in the forecast period; and
- The combination of further build cost inflation and no house price inflation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 October 2021

1. Accounting policies (continued)

Going concern (continued)

In response to the crystallisation of each of the above sensitivities, the primary mitigating actions used to conserve liquidity are the curtailment of land purchases and postponement build starts. Such mitigating actions are within the Directors' control and the business closely monitors appropriate lead indicators to implement these actions in sufficient time to achieve the required cash preservation impact.

The combined impact of the above downside sensitivities and mitigating actions indicates that the Group and Company will have sufficient funds to enable it to operate within its available facilities and settle its liabilities as they fall due for at least the next twelve months in a reasonable worst-case scenario.

As a result of the above considerations, the Directors consider that the Group and Company have adequate resources in place for at least 12 months from the date of the approval of these financial statements and have therefore adopted the going concern basis of accounting in preparing the financial statements.

Cash and cash equivalents

Cash and short-term deposits in the Balance Sheet comprise cash at bank and in hand.

Corporation tax

Corporation tax comprises current tax and deferred tax. Current tax is based on taxable profits for the year.

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the Balance Sheet date.

Tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise, tax is recognised in the Profit and Loss Account.

Pensions and other post-retirement benefits

The Company provides a defined contribution pension scheme arrangement. Contributions to the scheme are recognised in the Profit and Loss Account in the period in which they become payable. The amount charged to the Profit and Loss Account represents contributions payable to the individual policies held by employees with independent insurance companies.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 October 2021

1. Accounting policies (continued)

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

Turnover is attributable to a number of activities within the UK. These are the estate management and support services on behalf of McCarthy & Stone Retirement Lifestyles Limited, and the provision of care and domestic assistance to the residents of the developments they manage. All amounts arise in respect of operations undertaken during the year.

2. *Critical accounting judgements and key sources of estimation uncertainty*

Critical accounting judgements

In applying the Group's accounting policies, one critical judgement has been made in relation to the revenue recognition of certain recharges of employee costs to developments, and whether the Company acts as a principal or agent in such transactions. A judgement has been made that the Company acts as principal in this transaction and therefore revenue and cost of sales reflects this gross recognition.

No other critical judgements are deemed to have been made that have a material effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

There are no major sources of estimation uncertainty at the end of the reporting period that are deemed to have a significant risk of resulting in a material adjustment within the next financial year to the carrying amounts of assets at the year-end.

3. Operating profit

a. Turnover

Turnover is attributable to one continuing activity within the UK, being the provision of property management and support services to the residents of Retirement Living PLUS developments built and developed by McCarthy & Stone Retirement Lifestyles Limited.

b. Operating profit is stated after charging:

		2021 £'000	2020 £'000
Operating lease rentals -	plant and machinery	58.6	103.6

c. Auditor's remuneration

Remuneration of the auditor is settled by McCarthy & Stone (Developments) Limited on behalf of all companies within the Mastiff Bidco Limited Group, and was not recharged in the prior year. The total Group audit fee for auditing of the financial statements for the year ended 31 October 2021 was £0.4m (31 October 2020: £0.4m).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 October 2021

4. Employees

The number of persons employed as at 31 October 2021 was 1,342 (31 October 2020: 1,333). The average number of persons employed by the Company during the year ended 31 October 2021 was 1,330 (2020: 1,289).

	31 October 2021 Number	31 October 2020 Number
Estate managers, duty and support staff	1,249	1,254
Office and management	81	35
As at 31 October 2021	**1,330**	**1,289**

The aggregated payroll costs are as follows:

	31 October 2021 £'000	31 October 2020 £'000
Wages and Salaries	23,745.3	22,361.6
Social security costs	1,853.8	1,730.8
Other pension costs	644.1	609.4
For the year ended 31 October 2021	**26,243.2**	**24,701.8**

Estate managers, duty and support staff are employed by the Company to oversee each development managed by the Company. The employment costs of these staff are included in the above table but are recharged at cost to the relevant developments. These amounted to wages and salary costs of £19.3m in the year ended 31 October 2021 (31 October 2020: £17.6m), social security costs of £1.5m in the year ended 31 October 2021 (31 October 2020: £1.4m) and pension costs of £0.5m in the year ended 31 October 2021 (31 October 2020: £0.5m).

5. Directors' emoluments

	2021 £'000	2020 £'000
Emoluments (excluding pension contributions)	226.5	116.8
Company contributions to Group personal pension schemes	21.2	14.0
For the year ended 31 October 2021	**247.7**	**130.8**

Directors' emoluments for one director were paid by McCarthy & Stone Management Services Limited and recharged to this Company. One of the two directors is employed by another company within the McCarthy Stone Group and hence is not paid by the company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 October 2021

6. Taxation on profit

a. Analysis of tax charge for the period

	31 October 2021 £'000	31 October 2020 £'000
Current tax:		
UK corporation tax on the profit for the period	589.5	347.0
Adjustment in respect of previous periods	-	(25.3)
Deferred tax:		
Origination and reversal of timing differences	(0.1)	-
Adjustment in respect of previous periods	(0.6)	-
Tax charge on profit on ordinary activities	**588.8**	**321.7**

b. Factors affecting tax charge for the year

	31 October 2021 £'000	31 October 2020 £'000
Profit on ordinary activities before tax	3,103.4	1,818.8
Anticipated tax charge based on profit before tax at 19.00% (2020: 19.00%)	589.5	345.6
Effects of:		
Expenses not deductible for tax purposes	-	1.4
Change in deferred tax rate	(0.1)	-
Losses carried forward	-	(25.3)
Adjustment in respect of previous periods	(0.6)	-
Total tax charge for the year	**588.8**	**321.7**

c. Deferred taxation movements

	31 October 2021 £'000	31 October 2020 £'000
At 1 November	0.1	0.1
Charge for the period	0.7	-
At 31 October 2021	**0.8**	**0.1**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 October 2021

6. Taxation on profit (continued)

d. Deferred taxation reflected in the accounts

	31 October 2021 £'000	31 October 2020 £'000
Capital allowances in advance of amortisation	0.8	-
Deferred taxation asset	**0.8**	**0.1**

The Finance Act 2021, enacted on 24 May 2021 and effective from 1 April 2023 increased the main rate of UK corporation tax to 25%. The rate of corporation tax was 19.0% throughout the year (2020: 19.0%). The UK deferred tax assets/liabilities at 31 October 2021 have been calculated based on the expected rate at which the asset/liability will unwind.

7. Debtors: amounts due within one year

	31 October 2021 £'000	31 October 2020 £'000
Amounts owed by McCarthy Stone Group companies	538.5	0.9
Prepayments and other debtors	832.3	897.4
As at 31 October 2021	**1,370.8**	**898.3**

Balances owed by Group undertakings are interest free, unsecured and repayable on demand. There are no guarantees on balances and no provisions against outstanding balances have been made.

8. Creditors: amounts due within one year

	31 October 2021 £'000	31 October 2020 £'000
Trade creditors	10.5	66.9
Other creditors	1,278.5	1,171.3
Other taxation and social security	392.6	368.8
Amounts owed to McCarthy Stone Group companies	726.1	146.6
UK corporation tax	589.5	321.2
As at 31 October 2021	**2,997.2**	**2,074.8**

Balances owed to Group undertakings are interest free, unsecured and repayable on demand. There are no guarantees on balances.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 October 2021

9. Operating lease commitments

At the year-end the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Vehicles 31 October 2021 £'000	Vehicles 31 October 2020 £'000
Within one year	-	2.6
As at 31 October 2021	-	**2.6**

10. Share capital and reserves

	Allotted, called up & fully paid No.	Allotted, called up & fully paid £
Equity share capital		
Ordinary 'A' shares of £1 each	5,000	5,000
Ordinary 'B' shares of £1 each	5,000	5,000
As at 31 October 2020 and 2021	**10,000**	**10,000**

Each class of shares carries equal voting, dividends and capital repayment rights, but the Ordinary 'A' shares give the holder the right to appoint the majority of directors.

The Company's other reserves are as follows:
Retained earnings represents cumulative profits or losses net of dividends paid and other adjustments.

11. Pensions

The Company operates a stakeholder defined contribution retirement benefit scheme which is open to all employees.

Other than amounts that are deducted from employees' remuneration and accrued pending payment to the benefit scheme, no further obligations fall on the Company as the assets of these arrangements are held and managed by third parties entirely separate from the Company.

The Company's pension cost for the year ended 31 October 2021 was £644.1k (31 October 2020: £609.4k). The unpaid contributions outstanding at 31 October 2021 are £88.1k (31 October 2020: £98.8).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 October 2021

12. Related parties

The Company has taken advantage of the exemption available under FRS 102, section 33.1A, not to disclose transactions with wholly-owned members of the Group headed by Mastiff Bidco Limited.

13. Ultimate Parent undertaking and controlling party

The immediate parent undertaking of the Company is McCarthy & Stone Management Services Limited.

Mastiff BidCo Limited, which is registered in Jersey, is considered to the Company's immediate controlling party.

The financial statements of Mastiff BidCo Limited can be obtained from its registered office:

44 Esplanade
St Helier
Jersey
JE4 9WG

The ultimate controlling party is Lone Star Real Estate Fund VI, LP.

14. Post balance sheet events

There are no post balance sheet events noted for the Company.

15. Contingent liabilities

There are no contingent liabilities being held by the Company.