

**SONNET CARE HOMES MIDCO LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

Hazlewoods LLP  
Windsor House  
Bayshill Road  
Cheltenham  
GL50 3AT

## SONNET CARE HOMES MIDCO LIMITED

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## **SONNET CARE HOMES MIDCO LIMITED**

### **Company Information**

<b>Directors</b>	C Beck J M Clinton J Moore
<b>Registered office</b>	The New Deanery Deanery Hill Braintree Essex CM7 5SR
<b>Auditors</b>	Hazlewoods LLP Windsor House Bayshill Road Cheltenham GL50 3AT

## **SONNET CARE HOMES MIDCO LIMITED**

### **Directors' Report for the Year Ended 31 March 2020**

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

#### **Directors of the company**

The directors who held office during the year were as follows:

C Beck

J M Clinton

J Moore

#### **Disclosure of information to the auditors**

Each director has taken the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

#### **Reappointment of auditors**

Hazlewoods LLP have expressed their willingness to continue in office.

Approved by the Board on 7 August 2020 and signed on its behalf by:

.....  
J Moore  
Director

## **SONNET CARE HOMES MIDCO LIMITED**

### **Strategic Report for the Year Ended 31 March 2020**

The directors present their strategic report for the year ended 31 March 2020.

#### **Principal activity**

The principal activity of the company is that of a non-trading intermediate holding company.

#### **Fair review of the business**

The directors of the company consider that the financial position at the year end is satisfactory. The results for the year which are set out in the profit and loss account, show a profit before taxation of £nil (2019 - £71,586). At 31 March 2020, the company had total assets less current liabilities of £455,100 (2020 - £23,782,435).

Details of future developments, principal risks and uncertainties and key performance indicators are disclosed in the group financial statements of the company's parent company, Sonnet Care Homes Holdco Limited.

Approved by the Board on 7 August 2020 and signed on its behalf by:

.....  
J Moore  
Director

## **SONNET CARE HOMES MIDCO LIMITED**

### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the Directors' Report, Strategic 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **SONNET CARE HOMES MIDCO LIMITED**

### **Independent Auditor's Report to the Members of Sonnet Care Homes Midco Limited**

#### **Opinion**

We have audited the financial statements of Sonnet Care Homes Midco Limited (the 'company') for the year ended 31 March 2020, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its results 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**

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 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.

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. For example, it is difficult to evaluate all of the potential implications of the current COVID-19 outbreak on the company's trade, employees, customers, suppliers and the wider economy.

#### **Other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **SONNET CARE HOMES MIDCO LIMITED**

### **Independent Auditor's Report to the Members of Sonnet Care Homes Midco Limited**

#### **Opinion on other matter 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 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 our 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 and the Directors' Report.

We have nothing to report in respect of the following matters where 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 Statement of Directors' Responsibilities set out on page 4, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



## **SONNET CARE HOMES MIDCO LIMITED**

### **Independent Auditor's Report to the Members of Sonnet Care Homes Midco Limited**

#### **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.

.....  
Simon Worsley (Senior Statutory Auditor)  
For and on behalf of Hazlewoods LLP, Statutory Auditor  
Windsor House  
Bayshill Road  
Cheltenham  
GL50 3AT

7 August 2020

**SONNET CARE HOMES MIDCO LIMITED****Profit and Loss Account for the Year Ended 31 March 2020**

	<b>Note</b>	<b>2020 £</b>	<b>2019 £</b>
<b>Turnover</b>		-	-
Administrative expenses		-	(1,800)
<b>Operating loss</b>		-	(1,800)
Other interest receivable and similar income	<u>3</u>	-	1,004,608
Interest payable and similar charges	<u>4</u>	-	(931,222)
<b>Profit before tax</b>		-	71,586
Taxation	<u>7</u>	-	-
<b>Profit and total comprehensive income for the financial year</b>		-	71,586

The above results were derived from continuing operations.

The company has no other comprehensive income for the year.

The notes on pages 11 to 16 form an integral part of these financial statements.

# SONNET CARE HOMES MIDCO LIMITED

(Registration number: 08760597)

Balance Sheet as at 31 March 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Investments	<u>8</u>	455,100	455,000
<b>Current assets</b>			
Debtors: Amounts falling due after more than one year		-	23,329,235
Creditors: Amounts falling due within one year	<u>10</u>	-	(1,800)
Net current assets		-	23,327,435
Total assets less current liabilities		455,100	23,782,435
Creditors: Amounts falling due after more than one year	<u>10</u>	(100)	(21,626,778)
Net assets		<u>455,000</u>	<u>2,155,657</u>
<b>Capital and reserves</b>			
Called up share capital	<u>11</u>	455,000	455,000
Profit and loss account		-	1,700,657
Total equity		<u>455,000</u>	<u>2,155,657</u>

Approved and authorised by the Board on 7 August 2020 and signed on its behalf by:

.....

J Moore  
Director

The notes on pages 11 to 16 form an integral part of these financial statements.

**SONNET CARE HOMES MIDCO LIMITED****Statement of Changes in Equity for the Year Ended 31 March 2020**

	<b>Share capital</b> <b>£</b>	<b>Profit and loss</b> <b>account</b> <b>£</b>	<b>Total</b> <b>£</b>
At 1 April 2019	455,000	1,700,657	2,155,657
Dividends	-	(1,700,657)	(1,700,657)
At 31 March 2020	<u>455,000</u>	<u>-</u>	<u>455,000</u>

	<b>Share capital</b> <b>£</b>	<b>Profit and loss</b> <b>account</b> <b>£</b>	<b>Total</b> <b>£</b>
At 1 April 2018	455,000	1,629,071	2,084,071
Profit for the year	-	71,586	71,586
At 31 March 2019	<u>455,000</u>	<u>1,700,657</u>	<u>2,155,657</u>

The notes on pages 11 to 16 form an integral part of these financial statements.

## **SONNET CARE HOMES MIDCO LIMITED**

### **Notes to the Financial Statements for the Year Ended 31 March 2020**

#### **1 General information**

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:  
The New Deanery  
Deanery Hill  
Braintree  
Essex  
CM7 5SR

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

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

##### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

##### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

##### **Name of parent of group**

These financial statements are consolidated in the financial statements of Sonnet Care Homes Holdco Limited.

The financial statements of Sonnet Care Homes Holdco Limited may be obtained from Companies House.

##### **Group accounts not prepared**

The company has taken exemption from preparing group accounts as it is included in consolidated accounts for a larger group which are drawn up as full consolidated audited accounts which are filed at Companies House.

##### **Judgements and estimation uncertainty**

The directors consider that there are no key areas of judgement or estimation uncertainty to be disclosed in these financial statements.

## **SONNET CARE HOMES MIDCO LIMITED**

### **Notes to the Financial Statements for the Year Ended 31 March 2020**

#### **Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

#### **Investments**

Fixed assets investments are stated at historical cost less provision for any diminution in value.

#### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### **Dividends**

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

#### **Financial instruments**

##### ***Classification***

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

##### ***Recognition and measurement***

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## SONNET CARE HOMES MIDCO LIMITED

### Notes to the Financial Statements for the Year Ended 31 March 2020

#### Financial instruments (continued)

##### *Impairment*

*Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.*

##### *Non-financial assets*

*An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.*

*Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.*

##### *Financial assets*

*For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.*

*For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.*

*Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.*

#### 3 Other interest receivable and similar income

	2020	2019
	£	£
Group interest receivable	-	1,004,608

#### 4 Interest payable and similar expenses

	2020	2019
	£	£
Interest on loans from group undertakings	-	931,222

#### 5 Staff costs

There were no employees during the year other than the directors.

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2020	2019
	No.	No.
Directors	3	3

## SONNET CARE HOMES MIDCO LIMITED

### Notes to the Financial Statements for the Year Ended 31 March 2020

#### 6 Auditors' remuneration

	2020 £	2019 £
Audit of the financial statements	-	600
<b>Other fees to auditors</b>		
All other non-audit services	-	1,200

#### 7 Taxation

The company has no tax charge for the year (2019 - £nil).

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2019 - lower than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £	2019 £
Profit before tax	-	71,586
Corporation tax at standard rate	-	13,601
Tax decrease arising from group relief	-	(13,601)
Total tax charge/(credit)	-	-



## SONNET CARE HOMES MIDCO LIMITED

### Notes to the Financial Statements for the Year Ended 31 March 2020

#### 8 Investments in subsidiaries, joint ventures and associates

	2020 £	2019 £
Investments in subsidiaries	455,100	455,000

#### Subsidiaries

##### Cost and net book value

At 1 April 2019	455,000
Additions	100
At 31 March 2020	455,100

#### Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2020	2019
Subsidiary undertakings				
Sonnet Care Homes Finance Limited	England and Wales	Ordinary	100%	100%
Sonnet Care Homes (Essex) Limited		Ordinary	100%	100%
Sonnet Care Homes Bocking Limited	England and Wales	Ordinary	100%	0%

The principal activity of Sonnet Care Homes Finance Limited is that of an intermediate holding company.

The principal activity of Sonnet Care Homes (Essex) Limited is the provision of care for the elderly and people with dementia. The investment is held indirectly.

The principal activity of Sonnet Care Homes Bocking Limited is that of a dormant company.

#### 9 Debtors

	2020 £	2019 £
Amounts owed by group undertakings	-	23,329,235
	-	23,329,235
Less non-current portion	-	(23,329,235)
Total current trade and other receivables	-	-

#### Details of non-current trade and other receivables

£Nil (2019 - £23,329,235) of amounts owed by group undertakings is classified as non-current.

## SONNET CARE HOMES MIDCO LIMITED

### Notes to the Financial Statements for the Year Ended 31 March 2020

#### 10 Creditors

	2020 £	2019 £
<b>Due within one year</b>		
Accrued expenses	-	1,800
<b>Due after one year</b>		
Amounts owed to group undertakings	100	21,626,778

#### 11 Share capital

##### Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	455,000	455,000	455,000	455,000

#### 12 Contingent liabilities

The company is bound by an intra-group guarantee in respect of the bank debt with other members of the group headed by its ultimate parent undertaking, Sonnet Care Homes Holdco Limited. The amount guaranteed is £15,661,650 (2019 - £5,753,400).

#### 13 Related party transactions

##### Summary of transactions with key management

Key management personnel are considered to be the directors of the company. The directors of the company were paid by the ultimate parent company, Sonnet Care Homes Holdco Limited.

#### 14 Parent and ultimate parent undertaking

The company's immediate and ultimate parent is Sonnet Care Homes Holdco Limited, incorporated in England and Wales.

The ultimate controlling party is August Equity Partners III GP Limited, a company registered in Scotland which is considered to have no single controlling party.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.