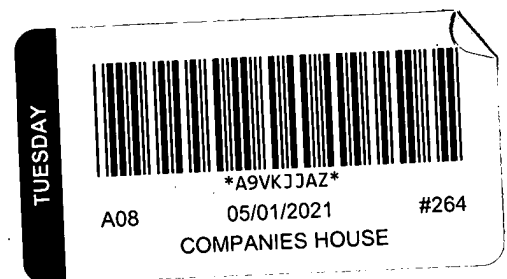


Registered number: 10113769

**GIBSON TOPCO LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**



**GIBSON TOPCO LIMITED**

**COMPANY INFORMATION**

**DIRECTORS**

I Anderson  
T Ashlin  
Z Tsai  
J Balmer (appointed 20 August 2019)  
J Sage (appointed 22 April 2020)  
H Atkar (resigned 31 January 2020)  
D Dalmedo (resigned 29 January 2020)  
R Harvey (appointed 1 April 2019, resigned 22 May 2020)

**REGISTERED NUMBER**

10113769

**REGISTERED OFFICE**

10 Lower Thames Street  
London  
EC3R 6AF

**INDEPENDENT AUDITOR**

KPMG LLP  
58 Clarendon Road  
Watford  
WD17 1DE

**ACCOUNTANTS**

RPG Crouch Chapman LLP  
62 Wilson Street  
London  
EC2A 2BU

## **GIBSON TOPCO LIMITED**

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## **GIBSON TOPCO LIMITED**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **INTRODUCTION**

The directors present the strategic report and financial statements for the year ended 31 December 2019.

#### **BUSINESS REVIEW**

The Group's principal activity is the operation of homes for the residential, nursing and specialist elderly care market sector. The results include a 12 month trading period for three homes with a fourth home concluding construction in December 2019 and obtaining its CQC registration.

The company continues to grow organically as well as through land acquisition and property development. Whilst we aim to improve efficiency in all areas of our operations we are driven to providing our current and future residents with high quality person centred care and this remains our top priority.

During the year the two of the three trading homes were visited by the Care Quality Commission and both received overall reviews of 'good'. The third home was not visited and retains its good rating obtained in 2018.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal business risks and uncertainties facing the Group are broadly grouped into categories as below.

##### **Regulation compliance**

The business closely monitors any updates to the sector's regulations and compliance to ensure it meets all requirements. The Directors ensure that qualified and experienced personnel are employed and that staff are continuously trained to provide quality care and services to the residents. The business is confident that the internal processes and practices will ensure ongoing compliance throughout any changes in the regulatory environment.

##### **Treasury operations and financial instruments**

The primary financial instruments are bank loans, intercompany loans, deposits, trade debtors, trade creditors and shareholder's funds. These arise directly from the group's trading operations and shareholder's support and are regularly reviewed to ensure the Group is not overexposed.

##### **Liquidity and credit risk**

The principal financial assets are bank balances and cash, which represent the group's maximum exposure to credit risk in relation to financial assets. The company manages its cash and borrowing requirements to maximise interest income and minimise interest expense, whilst ensuring the group has sufficient liquid resources to meet the operating needs of the business.

##### **Potential risk**

Due to the nature of the business the Directors have assessed that there will be little or no impact on the future activities of the company as a result of Brexit. The Directors continue to monitor developments in relation to Brexit.

## GIBSON TOPCO LIMITED

### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

#### PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

##### Coronavirus Pandemic

In December 2019, the Coronavirus was first reported and subsequently spread around the world resulting in the UK government placing the majority of the UK on lockdown on 23 March 2020. The protection of our residents and team members is our key priority and the business moved decisively putting in place early safeguarding measures to ensure their ongoing protection. The Group has ensured that it will be well positioned to manage any challenges which may arise. These protections include approaching cash expenditure with a reduced risk appetite and taking steps to ensure there is headroom on the company's working capital requirements. As such, at the date of signing this report, the Board do not consider that the economic impact of the Coronavirus will have a significant impact on the financial statements or on the long term prospects of the business.

#### FINANCIAL KEY PERFORMANCE INDICATORS

The board monitors the progress of the group by reference to the following KPIs:

- Turnover
- Operating profits
- Occupancy percentage
- Average weekly fees
- Labour percentage of turnover

This report was approved by the board on 14/07/2020 and signed on its behalf.

J Sage  
Director



## **GIBSON TOPCO LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **DIRECTORS**

The directors who held office during the year and in the period to the date of this report were as follows:

I Anderson

T Ashlin

Z Tsai

J Balmer (appointed 20 August 2019)

J Sage (appointed 22 April 2020)

H Atkar (resigned 31 January 2020)

D Dalmedo (resigned 29 January 2020)

R Harvey (appointed 1 April 2019, resigned 22 May 2020)

#### **RESULTS AND DIVIDENDS**

The loss for the year, after taxation, amounted to £4.7 million (2018: loss £6.5 million). The Directors do not propose the payment of a dividend.

#### **GOING CONCERN**

The group's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on page 1 and the Directors' Report on page 3.

Notwithstanding the fact that the group has net liabilities of £15.3 million (2018: £10.7 million) and made a net loss of £4.7 million (2018: £ 6.5 million) the group and company continue to adopt the going concern basis of accounting in preparing their annual financial statements which the directors consider to be appropriate for the following reasons.

In June 2020, the directors of the company undertook an assessment of the ability of the company and group to continue in operation and meet their liabilities as they fall due over the 15 month period to 30 September 2021. In doing so, the directors considered events throughout the period of their assessment, including the availability of the existing financing facilities, which at 31 December 2019 included £29.8 million of unused approved loan facility available for draw down.

The group have prepared cash flow forecasts for the 15 month period to 30 September 2021 including a severe downside scenario reflecting a possible disruption to operations as result of COVID-19 including a significant impact on occupancy levels and not returning to normal occupancy levels until early 2021. Under all scenarios considered, the group was able to operate within its existing borrowing facilities and its financial covenants. The plan shows that the company and the group are a going concern when considering the trading of the group and continuation of the existing group financing facility. The business has taken, and continues to take, robust and quick action in response to the pandemic and as a result to date have experienced minimal disruption to operations.

As set out in note 17, the existing financing facility is repayable in full in July 2021. The directors expect the existing facilities to be replaced with a new agreement on the same or improved terms. The timing of agreeing a new financing arrangement and conditions attaching to any new agreement is to be determined.

## **GIBSON TOPCO LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **GOING CONCERN (CONTINUED)**

In the analysis performed, the directors also considered what would happen if the facility expired with repayment of outstanding borrowings falling due. This is considered unlikely as in the scenario that a new facility is not agreed prior to July 2021 the directors expect that agreement would be reached for the existing facility to be extended. Synova Capital, the group's ultimate controlling party, have indicated that, in this unlikely scenario, they would seek to and would have the capacity to provide financial support to support the group until such a time that a new financing arrangement was in place.

The company has also received confirmation from the group's ultimate controlling party that they intend to continue to provide further growth capital funding to be utilised as development opportunities arise and to support investment and operating costs, and that this support will not be withdrawn and no amounts owed by the company will be called for repayment, for at least 12 months from the date of approval of these financial statements

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The directors are confident, based on the circumstances outlined above, that the company and group will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

#### **FUTURE DEVELOPMENTS**

The Directors continue to invest in Woodland Grove, Hastings Court, Beechwood Grove and Lambwood Heights to ensure best in class provision of care in a high-quality safe environment. A rolling programme of capital expenditure ensures these high standards are maintained on an ongoing basis.

The Directors are pleased to report that a healthy pipeline of potential development sites are being actively pursued to maintain significant growth in future years and include a rolling plan of two homes being commissioned and CQC registered each year.

The Directors aim to maintain the operational and management policies which have resulted in the Group's strong performance. They anticipate that 2020 will show further growth and progression for the business.

#### **ENGAGEMENT WITH EMPLOYEES**

##### **Employee involvement**

The group values communication between management and employees on all matters affecting the welfare of the business. Regular management meetings are held between the local management and employees to allow a free flow of information and ideas.

##### **Disabled employees**

It is the group's policy to give full and fair consideration to applications from people with disabilities, having regard to their particular aptitudes and abilities. If an employee becomes disabled, the company's objective is the continued provision of suitable employment, either in the same or an alternative position, with appropriate training being given if necessary. Employees with disabilities share in equal opportunities for training, promotion and career development.

## GIBSON TOPCO LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

#### DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

#### POST BALANCE SHEET EVENTS

In December 2019, the coronavirus was first reported and subsequently spread around the world resulting in the UK government placing the majority of the UK on lockdown on 23 March 2020. The directors have considered the impact of this on the group's operations and consider that the impact will not materially affect the group during the period in lockdown. The directors have taken robust and quick action to protect the business, including reducing cash expenditure where possible and ensuring there is sufficient headroom in the company's working capital requirements. As such, at the date of signing this report, they do not consider that the economic impact of the coronavirus will have a significant impact on the financial statements.

No other significant post balance sheet events have arisen.

#### AUDITOR

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



## GIBSON TOPCO LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

#### DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (United Kingdom Generally Accepted Accounting Practice), 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 group and parent company and of the group's profit or loss for that period.

In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

This report was approved by the board on behalf.

14/07/2020

and signed on its



J Sage  
Director

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

### **Opinion**

We have audited the financial statements of Gibson Topco Limited ("the company") for the year ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

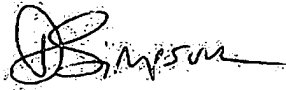
### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

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.



**David Simpson (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
58 Clarendon Road  
Watford  
WD7 1DE

17 July 2020

**GIBSON TOPCO LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

|   | Note | 2019<br>£000   | 2018<br>£000   |
|---|------|----------------|----------------|
| Turnover                                  | 4    | 12,918         | 8,615          |
| Cost of sales                             |      | (9,459)        | (6,738)        |
| <b>GROSS PROFIT</b>                       |      | <b>3,459</b>   | <b>1,877</b>   |
| Administrative expenses                   |      | (3,555)        | (4,047)        |
| <b>OPERATING LOSS</b>                     | 5    | <b>(96)</b>    | <b>(2,170)</b> |
| Interest payable and expenses             | 8    | (4,573)        | (4,292)        |
| <b>LOSS BEFORE TAXATION</b>               |      | <b>(4,669)</b> | <b>(6,462)</b> |
| Tax on loss                               | 9    | -              | -              |
| <b>LOSS FOR THE FINANCIAL YEAR</b>        |      | <b>(4,669)</b> | <b>(6,462)</b> |
| <b>LOSS FOR THE YEAR ATTRIBUTABLE TO:</b> |      |                |                |
| Owners of the parent Company              |      | (4,669)        | (6,462)        |
|   |      | <u>(4,669)</u> | <u>(6,462)</u> |

There were no recognised gains and losses for 2019 or 2018 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2019 (2018: NIL).

The notes on pages 16 to 35 form part of these financial statements.

**GIBSON TOPCO LIMITED**  
**REGISTERED NUMBER:10113769**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

|  | Note | 2019<br>£000    | 2018<br>£000    |
|--|------|-----------------|-----------------|
| <b>FIXED ASSETS</b>  |      |                 |                 |
| Intangible assets  | 10   | 2,949           | 3,362           |
| Tangible assets  | 11   | 45,545          | 31,706          |
|  |      | <u>48,494</u>   | <u>35,068</u>   |
| <b>CURRENT ASSETS</b>                                      |      |                 |                 |
| Debtors: amounts falling due within one year               | 14   | 1,919           | 1,280           |
| Cash at bank and in hand                                   | 13   | 2,838           | 1,884           |
|  |      | <u>4,757</u>    | <u>3,164</u>    |
| Creditors: amounts falling due within one year             | 15   | (39,698)        | (30,480)        |
| <b>NET CURRENT LIABILITIES</b>                             |      | <u>(34,941)</u> | <u>(27,316)</u> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>               |      | <u>13,553</u>   | <u>7,752</u>    |
| Creditors: amounts falling due after more than one year    | 16   | (28,894)        | (18,424)        |
| <b>PROVISIONS FOR LIABILITIES</b>                          |      |                 |                 |
| Deferred taxation  | 19   | (8)             | (8)             |
|  |      | <u>(8)</u>      | <u>(8)</u>      |
| <b>NET ASSETS EXCLUDING PENSION ASSET</b>                  |      | <u>(15,349)</u> | <u>(10,680)</u> |
| <b>NET LIABILITIES</b>                                     |      | <u>(15,349)</u> | <u>(10,680)</u> |
| <b>CAPITAL AND RESERVES</b>                                |      |                 |                 |
| Called up share capital                                    | 20   | 1               | 1               |
| Profit and loss account                                    | 21   | (15,350)        | (10,681)        |
| <b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY</b> |      | <u>(15,349)</u> | <u>(10,680)</u> |
|  |      | <u>(15,349)</u> | <u>(10,680)</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14/07/2020

J Sage  
Director



The notes on pages 16 to 35 form part of these financial statements.

**GIBSON TOPCO LIMITED**  
**REGISTERED NUMBER: 10113769**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

|   | Note | 2019<br>£000    | 2018<br>£000    |
|---|------|-----------------|-----------------|
| <b>FIXED ASSETS</b>                                   |      |                 |                 |
| Investments   | 12   | 9,847           | 9,847           |
|   |      | <u>9,847</u>    | <u>9,847</u>    |
| <b>CURRENT ASSETS</b>                                 |      |                 |                 |
| Debtors: amounts falling due after more than one year | 14   | 17,440          | 12,119          |
| Debtors: amounts falling due within one year          | 14   | 12              | -               |
|   |      | <u>17,452</u>   | <u>12,119</u>   |
| Creditors: amounts falling due within one year        | 15   | (35,290)        | (27,165)        |
| <b>NET CURRENT LIABILITIES</b>                        |      | <u>(17,838)</u> | <u>(15,046)</u> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |      | <u>(7,991)</u>  | <u>(5,199)</u>  |
| <b>NET LIABILITIES</b>                                |      | <u>(7,991)</u>  | <u>(5,199)</u>  |
| <b>CAPITAL AND RESERVES</b>                           |      |                 |                 |
| Called up share capital                               | 20   | 1               | 1               |
| Profit and loss account                               | 21   | (7,992)         | (5,200)         |
|   |      | <u>(7,991)</u>  | <u>(5,199)</u>  |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14/07/2020

**J Sage**  
Director



The notes on pages 16 to 35 form part of these financial statements.

**GIBSON TOPCO LIMITED**

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

|                                      | Called up<br>share capital<br>£000 | Profit and<br>loss account<br>£000 | Equity<br>attributable<br>to owners of<br>parent<br>Company<br>£000 | Total equity<br>£000 |
|--------------------------------------|------------------------------------|------------------------------------|---|----------------------|
| At 1 January 2019                    | 1                                  | (10,681)                           | (10,680)  | (10,680)             |
| COMPREHENSIVE INCOME FOR THE<br>YEAR |                                    |                                    |   |                      |
| Loss for the year                    | -                                  | (4,669)                            | (4,669)   | (4,669)              |
| AT 31 DECEMBER 2019                  | <u>1</u>                           | <u>(15,350)</u>                    | <u>(15,349)</u>   | <u>(15,349)</u>      |

The notes on pages 16 to 35 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

|                                      | Called up<br>share capital<br>£000 | Profit and<br>loss account<br>£000 | Equity<br>attributable<br>to owners of<br>parent<br>Company<br>£000 | Total equity<br>£000 |
|--------------------------------------|------------------------------------|------------------------------------|---|----------------------|
| At 1 January 2018                    | 1                                  | (4,219)                            | (4,218)   | (4,218)              |
| COMPREHENSIVE INCOME FOR THE<br>YEAR |                                    |                                    |   |                      |
| Loss for the year                    | -                                  | (6,462)                            | (6,462)   | (6,462)              |
| AT 31 DECEMBER 2018                  | <u>1</u>                           | <u>(10,681)</u>                    | <u>(10,680)</u>   | <u>(10,680)</u>      |

The notes on pages 16 to 35 form part of these financial statements.



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

|                                   | Called up<br>share capital | Profit and<br>loss account | Total equity   |
|-----------------------------------|----------------------------|----------------------------|----------------|
|                                   | £000                       | £000                       | £000           |
| At 1 January 2019                 | 1                          | (5,200)                    | (5,199)        |
| COMPREHENSIVE INCOME FOR THE YEAR |                            |                            |                |
| Loss for the year                 | -                          | (2,792)                    | (2,792)        |
| AT 31 DECEMBER 2019               | <u>1</u>                   | <u>(7,992)</u>             | <u>(7,991)</u> |

The notes on pages 16 to 35 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

|                                   | Called up<br>share capital | Profit and<br>loss account | Total equity   |
|-----------------------------------|----------------------------|----------------------------|----------------|
|                                   | £000                       | £000                       | £000           |
| At 1 January 2018                 | 1                          | (2,348)                    | (2,347)        |
| COMPREHENSIVE INCOME FOR THE YEAR |                            |                            |                |
| Loss for the year                 | -                          | (2,852)                    | (2,852)        |
| AT 31 DECEMBER 2018               | <u>1</u>                   | <u>(5,200)</u>             | <u>(5,199)</u> |

The notes on pages 16 to 35 form part of these financial statements.

**GIBSON TOPCO LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

|   | 2019<br>£000    | 2018<br>£000    |
|---|-----------------|-----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |                 |                 |
| Loss for the financial period                                 | (4,669)         | (6,462)         |
| ADJUSTMENTS FOR:  |                 |                 |
| Amortisation of goodwill                                      | 413             | 413             |
| Depreciation of tangible assets                               | 181             | 370             |
| Interest payable and similar charges                          | 4,573           | 184             |
| (Increase)/decrease in debtors                                | (639)           | 328             |
| Increase in creditors   | 769             | 3,984           |
| <b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>           | <b>628</b>      | <b>(1,183)</b>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |                 |                 |
| Acquisition of subsidiary undertaking                         | -               | (223)           |
| Purchase of tangible fixed assets                             | (14,020)        | (12,787)        |
| <b>NET CASH FROM INVESTING ACTIVITIES</b>                     | <b>(14,020)</b> | <b>(13,010)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |                 |                 |
| New secured loans   | 10,294          | 6,669           |
| Issue of preference shares                                    | 4,500           | 8,899           |
| Interest paid   | (448)           | (184)           |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b>                  | <b>14,346</b>   | <b>15,384</b>   |
| <b>INCREASE IN CASH AND CASH EQUIVALENTS</b>                  | <b>954</b>      | <b>1,191</b>    |
| Cash and cash equivalents at beginning of year                | 1,881           | 690             |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>           | <b>2,835</b>    | <b>1,881</b>    |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:</b> |                 |                 |
| Cash at bank and in hand                                      | 2,838           | 1,884           |
| Bank overdrafts   | (3)             | (3)             |
|   | <b>2,835</b>    | <b>1,881</b>    |

## GIBSON TOPCO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 1. GENERAL INFORMATION

Gibson Topco Limited is a private company limited by shares, incorporated in England and Wales under the Companies Act. The address of the registered office is given on the company information page. The company is a holding company for a residential care home group.

#### 2. ACCOUNTING POLICIES

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The group has early adopted the FRS102 Triennial review 2017 amendments, including the provision in relation to transferring investment property rented to another group company to property plant and equipment at cost less accumulated depreciation.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS102. The following exemptions available under FRS102 in respect of certain disclosures for the parent company financial statements have been applied:

- no separate parent company cash flow statement with related notes is included;
- certain disclosures relating to financial instruments.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 2.2 Basis of consolidation

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

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

## GIBSON TOPCO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 2. ACCOUNTING POLICIES (CONTINUED)

##### 2.3 Going concern

The group's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on page 1 and the Directors' Report on page 3.

Notwithstanding the fact that the group has net liabilities of £15.3 million (2018: £10.7 million) and made a net loss of £4.7 million (2018: £ 6.5 million) the group and company continue to adopt the going concern basis of accounting in preparing their annual financial statements which the directors consider to be appropriate for the following reasons.

In June 2020, the directors of the company undertook an assessment of the ability of the company and group to continue in operation and meet their liabilities as they fall due over the 15 month period to 30 September 2021. In doing so, the directors considered events throughout the period of their assessment, including the availability of the existing financing facilities, which at 31 December 2019 included £29.8 million of unused approved loan facility available for draw down.

The group have prepared cash flow forecasts for the 15 month period to 30 September 2021 including a severe downside scenario reflecting a possible disruption to operations as result of COVID-19 including a significant impact on occupancy levels and not returning to normal occupancy levels until early 2021. Under all scenarios considered, the group was able to operate within its existing borrowing facilities and its financial covenants. The plan shows that the company and the group are a going concern when considering the trading of the group and continuation of the existing group financing facility. The business has taken, and continues to take, robust and quick action in response to the pandemic and as a result to date have experienced minimal disruption to operations.

As set out in note 17, the existing financing facility is repayable in full in July 2021. The directors expect the existing facilities to be replaced with a new agreement on the same or improved terms. The timing of agreeing a new financing arrangement and conditions attaching to any new agreement is to be determined.

In the analysis performed, the directors also considered what would happen if the facility expired with repayment of outstanding borrowings falling due. This is considered unlikely as in the scenario that a new facility is not agreed prior to July 2021 the directors expect that agreement would be reached for the existing facility to be extended. Synova Capital, the group's ultimate controlling party, have indicated that, in this unlikely scenario, they would seek to and would have the capacity to provide financial support to support the group until such a time that a new financing arrangement was in place.

The company has also received confirmation from the group's ultimate controlling party that they intend to continue to provide further growth capital funding to be utilised as development opportunities arise and to support investment and operating costs, and that this support will not be withdrawn and no amounts owed by the company will be called for repayment, for at least 12 months from the date of approval of these financial statements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The directors are confident, based on the circumstances outlined above, that the company

## GIBSON TOPCO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 2. ACCOUNTING POLICIES (CONTINUED)

##### 2.3 Going concern (continued)

and group will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

##### 2.4 Turnover

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

##### 2.5 Turnover

Provision of care home services

Revenue from the provision of care home services is recognised in the period in which services are provided, in accordance with the individual residents contract, and if it is probable that the company will receive the consideration under the contract.

##### 2.6 Intangible assets

Goodwill

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

Amortisation is provided on the following basis:

|          |   |                |
|----------|---|----------------|
| Goodwill | - | 10 % per annum |
|----------|---|----------------|

##### 2.7 Tangible fixed assets

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

## GIBSON TOPCO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 2. ACCOUNTING POLICIES (CONTINUED)

##### 2.7 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the following rates.

Depreciation is provided on the following basis:

|                       |   |                      |
|-----------------------|---|----------------------|
| Freehold property     | - | 2% reducing balance  |
| Plant and machinery   | - | 20% reducing balance |
| Fixtures and fittings | - | 20% reducing balance |
| Computer equipment    | - | 33% reducing balance |

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

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

##### 2.8 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

##### 2.9 Debtors

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

##### 2.10 Cash and cash equivalents

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

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

##### 2.11 Financial instruments

Financial assets including cash at bank and trade and other debtors are measured initially at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities including trade and other creditors, as well as bank overdrafts, are measured initially at transaction price (including transaction costs) and subsequently held at

## GIBSON TOPCO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 2. ACCOUNTING POLICIES (CONTINUED)

##### 2.11 Financial instruments (continued)

amortised cost.

Debt instruments that are payable or receivable within one year are measured at the undiscounted amount of cash or other consideration expected to be paid or received.

##### 2.12 Creditors

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

##### 2.13 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### 2.14 Financial risk management

The principal financial assets are bank balances and cash, which represent the Group's maximum exposure to credit risk in relation to financial assets.

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

The Board of Directors monitor capital on the basis of the value of net assets attributable to redeemable shareholders.

##### 2.15 Operating leases

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

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

##### 2.16 Pensions

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

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

## GIBSON TOPCO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 2. ACCOUNTING POLICIES (CONTINUED)

##### 2.17 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the year in which they are incurred.

##### 2.18 Provisions for liabilities

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

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

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

##### 2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.



## GIBSON TOPCO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash generating unit, the viability and expected future performance of that unit.

The directors do not consider there to be any key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In preparing the financial statements the directors identified the following other sources of estimation uncertainty:

- **Tangible fixed assets (see note 11)**  
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Specifically, the freehold property held in Loughton Care Centre Limited, Plexcroft Limited and Longprime2 Ltd were judged to have a residual value in excess of historic cost such that no depreciation has been charged to the statement of comprehensive income during the year.
- **Goodwill (see note 10) and Investments (see note 12)**  
Goodwill and investments are reviewed for impairments on an annual basis. The Group determines the amount for which an asset can be exchanged between knowledgeable willing parties in an arm's length transaction. The nature, facts and circumstance of the investment drives the valuation methodology. The directors do not consider there to be any impairment indicators warranting a write down of goodwill or investments held in group companies.

#### 4. TURNOVER

All turnover arose within the United Kingdom.

## GIBSON TOPCO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 5. Operating loss

The operating loss is stated after charging:

|                                       | 2019<br>£000 | 2018<br>£000 |
|---------------------------------------|--------------|--------------|
| Depreciation of tangible fixed assets | 181          | 370          |
| Amortisation of goodwill              | 413          | 413          |
| Operating lease rentals               | 678          | 660          |
| Defined contribution pension cost     | 118          | 70           |
|                                       | <u>118</u>   | <u>70</u>    |

#### 6. AUDITORS' REMUNERATION

|   | 2019<br>£000 | 2018<br>£000 |
|---|--------------|--------------|
| Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements | 60           | 55           |
|   | <u>60</u>    | <u>55</u>    |
| FEES PAYABLE TO THE GROUP'S AUDITOR AND ITS ASSOCIATES IN RESPECT OF:   |              |              |
| fees payable to the Group's auditor and its associates in relation to taxation services                         | 30           | 40           |
|   | <u>30</u>    | <u>40</u>    |

# GIBSON TOPCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 7. EMPLOYEES

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

|                                     | Group<br>2019<br>£000 | Group<br>2018<br>£000 | Company<br>2019<br>£000 | Company<br>2018<br>£000 |
|-------------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Wages and salaries                  | 6,723                 | 4,767                 | -                       | -                       |
| Social security costs               | 559                   | 414                   | -                       | -                       |
| Cost of defined contribution scheme | 154                   | 70                    | -                       | -                       |
|                                     | <u>7,436</u>          | <u>5,251</u>          | <u>-</u>                | <u>-</u>                |

During the period the directors received emoluments amounting to £328,000 (2018: £159,000). Amounts paid to the highest paid director were £139,000 (2018: £128,000) with £2,000 (2018: £6,000) paid in pension contributions to a defined contribution scheme.

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

|           | 2019<br>No. | 2018<br>No. |
|-----------|-------------|-------------|
| Employees | <u>303</u>  | <u>242</u>  |

### 8. Interest payable and similar charges

|                                       | 2019<br>£000 | 2018<br>£000 |
|---------------------------------------|--------------|--------------|
| Bank interest payable and charges     | 603          | 803          |
| Coupon on preference shares           | 3,320        | 2,780        |
| Coupon on D ordinary shares           | 235          | 210          |
| Amortisation of loan arrangement fees | 326          | 45           |
| Loan note interest                    | 89           | 454          |
|                                       | <u>4,573</u> | <u>4,292</u> |

# GIBSON TOPCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 9. TAXATION

|  | 2019<br>£000 | 2018<br>£000 |
|--|--------------|--------------|
| <u>TOTAL CURRENT TAX</u>                         | -            | -            |
| <u>DEFERRED TAX</u>                              |              |              |
| <u>TOTAL DEFERRED TAX</u>                        | -            | -            |
| <u>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</u> | -            | -            |

#### FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2018 -higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

|   | 2019<br>£000 | 2018<br>£000 |
|---|--------------|--------------|
| Loss on ordinary activities before tax  | (4,669)      | (6,462)      |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 -19%) | (887)        | (1,228)      |
| <u>EFFECTS OF:</u>  |              |              |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment               | 629          | 1,305        |
| Capital allowances for year in excess of depreciation   | 8            | (36)         |
| Utilisation of tax losses   | (115)        | (40)         |
| Other timing differences leading to an increase (decrease) in taxation                                  | -            | (315)        |
| unrelieved tax losses carried forward   | 365          | 314          |
| <u>TOTAL TAX CHARGE FOR THE YEAR</u>  | -            | -            |

#### FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Reductions to the UK Corporation tax rates were substantially enacted as part of the Finance Bill (No 2) 2015 on 18 November 2015. This reduced the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020.

A further reduction to the UK corporation tax was announced in the March 2016 budget reducing the main rate to 17% from 1 April 2020.

A deferred tax asset of £5,363,000 (2018: £857,000) has not been recognised as sufficient taxable profits are not expected in the foreseeable future.

**GIBSON TOPCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**10. INTANGIBLE ASSETS**

**Group and Company**

|                       | Goodwill<br>£000 |
|-----------------------|------------------|
| <u>COST</u>           |                  |
| At 1 January 2019     | 4,357            |
| At 31 December 2019   | <u>4,357</u>     |
| <u>AMORTISATION</u>   |                  |
| At 1 January 2019     | 995              |
| Charge for the year   | <u>413</u>       |
| At 31 December 2019   | <u>1,408</u>     |
| <u>NET BOOK VALUE</u> |                  |
| At 31 December 2019   | <u>2,949</u>     |
| At 31 December 2018   | <u>3,362</u>     |

# GIBSON TOPCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 11. TANGIBLE FIXED ASSETS

#### Group

|  | Freehold<br>property<br>£000 | Plant and<br>machinery<br>£000 | Fixtures and<br>fittings<br>£000 | Computer<br>equipment<br>£000 | Total<br>£000 |
|--|------------------------------|--------------------------------|----------------------------------|-------------------------------|---------------|
| <u>COST OR VALUATION</u>               |                              |                                |                                  |                               |               |
| At 1 January 2019                      | 31,071                       | 55                             | 831                              | 242                           | 32,199        |
| Additions                              | 13,236                       | 3                              | 668                              | 113                           | 14,020        |
| At 31 December 2019                    | <u>44,307</u>                | <u>58</u>                      | <u>1,499</u>                     | <u>355</u>                    | <u>46,219</u> |
| <u>DEPRECIATION</u>                    |                              |                                |                                  |                               |               |
| At 1 January 2019                      | -                            | 32                             | 395                              | 66                            | 493           |
| Charge for the year on<br>owned assets | -                            | 11                             | 136                              | 34                            | 181           |
| At 31 December 2019                    | <u>-</u>                     | <u>43</u>                      | <u>531</u>                       | <u>100</u>                    | <u>674</u>    |
| <u>NET BOOK VALUE</u>                  |                              |                                |                                  |                               |               |
| At 31 December 2019                    | <u>44,307</u>                | <u>15</u>                      | <u>968</u>                       | <u>255</u>                    | <u>45,545</u> |
| At 31 December 2018                    | <u>31,071</u>                | <u>22</u>                      | <u>437</u>                       | <u>176</u>                    | <u>31,706</u> |

The net book value of land and buildings may be further analysed as follows:

|          | 2019<br>£000  | 2018<br>£000  |
|----------|---------------|---------------|
| Freehold | <u>44,307</u> | <u>31,070</u> |
|          | <u>44,307</u> | <u>31,070</u> |

Freehold Property includes land of £4.537m that is not depreciated, property in relation to operating care homes of £28.424m that is not depreciated as in the view of the directors its residual value is in excess of its book value, and property of £11.346m that is not depreciated as it is in the course of construction.

## GIBSON TOPCO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 12. FIXED ASSET INVESTMENTS

##### SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

| Name                                  | Class of shares | Holding | Principal activity                        |
|---------------------------------------|-----------------|---------|---|
| Gibson Bidco Limited*                 | Ordinary        | 100%    | Holding company                           |
| Oakland Primecare Limited**           | Ordinary        | 100%    | Management company and care home operator |
| Hastings Court Ltd**                  | Ordinary        | 100%    | Care home operator                        |
| Gibson Propco Limited**               | Ordinary        | 100%    | Holding company                           |
| Loughton Care Centre Limited**        | Ordinary        | 100%    | Property investment                       |
| Plexcroft Limited**                   | Ordinary        | 100%    | Property investment                       |
| Lambourne Limited**                   | Ordinary        | 100%    | Property investment                       |
| Ravway Limited**                      | Ordinary        | 100%    | Property investment                       |
| Longprime2 Ltd**                      | Ordinary        | 100%    | Property investment                       |
| Oakland Wantage Care Home Limited**   | Ordinary        | 100%    | Property investment                       |
| Oakland Enfield Limited**             | Ordinary        | 100%    | Property investment                       |
| Oakland Maidstone Care Home Limited** | Ordinary        | 100%    | Property investment                       |
| Oakland Swanley Care Home Limited**   | Ordinary        | 100%    | Property investment                       |
| Oakland Guildford Care Home Limited** | Ordinary        | 100%    | Property investment                       |

\* subsidiaries directly held by the parent company

\*\* subsidiaries indirectly held by the parent company

All of the subsidiaries listed above registered office is 10 Lower Thames Street, London, EC3R 6AF.

**GIBSON TOPCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**12. FIXED ASSET INVESTMENTS (CONTINUED)**

**Company**

|                     | Investments<br>in subsidiary<br>companies<br>£000 |
|---------------------|---|
| Cost                |   |
| At 1 January 2019   | 9,847   |
| At 31 December 2019 | 9,847   |
| NET BOOK VALUE      |   |
| At 31 December 2019 | 9,847   |

**13. CASH AND CASH EQUIVALENTS**

|                          | Group<br>2019<br>£000 | Group<br>2018<br>£000 | Company<br>2019<br>£000 | Company<br>2018<br>£000 |
|--------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Cash at bank and in hand | 2,838                 | 1,884                 | -                       | -                       |
| Less: bank overdrafts    | (3)                   | (3)                   | -                       | -                       |
|                          | <u>2,835</u>          | <u>1,881</u>          | <u>-</u>                | <u>-</u>                |

**14. DEBTORS**

|                                    | Group<br>2019<br>£000 | Group<br>2018<br>£000 | Company<br>2019<br>£000 | Company<br>2018<br>£000 |
|------------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Amounts owed by group undertakings | -                     | -                     | 17,440                  | 12,119                  |
|                                    | <u>-</u>              | <u>-</u>              | <u>17,440</u>           | <u>12,119</u>           |
|                                    |                       |                       |                         |                         |
|                                    | Group<br>2019<br>£000 | Group<br>2018<br>£000 | Company<br>2019<br>£000 | Company<br>2018<br>£000 |
| Trade debtors                      | 546                   | 89                    | -                       | -                       |
| Other debtors                      | 794                   | 344                   | 5                       | -                       |
| Prepayments and accrued income     | 579                   | 847                   | 7                       | -                       |
|                                    | <u>1,919</u>          | <u>1,280</u>          | <u>12</u>               | <u>-</u>                |



# GIBSON TOPCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 14. DEBTORS (CONTINUED)

All amounts shown under debtors fall due for payment within one year.

### 15. CREDITORS: Amounts falling due within one year

|  | Group<br>2019<br>£000 | Group<br>2018<br>£000 | Company<br>2019<br>£000 | Company<br>2018<br>£000 |
|--|-----------------------|-----------------------|-------------------------|-------------------------|
| Bank overdrafts                        | 3                     | 3                     | -                       | -                       |
| Bank loans                             | 334                   | 184                   | -                       | -                       |
| Trade creditors                        | 1,666                 | 1,043                 | -                       | -                       |
| Other creditors                        | 1,340                 | 821                   | 200                     | 200                     |
| Other taxation and social security     | 163                   | 145                   | -                       | -                       |
| Preference shares classed as liability | 33,842                | 26,023                | 33,842                  | 26,023                  |
| Accruals and deferred income           | 2,350                 | 2,261                 | 1,248                   | 942                     |
|  | <u>39,698</u>         | <u>30,480</u>         | <u>35,290</u>           | <u>27,165</u>           |

Preference shares balance of £33,842,000 (2018: £26,023,000) includes unpaid dividends of £8,199,000 (2018: £4,880,000). Details regarding the company's preference shares are given in note 20.

Included in Accruals and deferred income are loan notes with a capital balance of £200,000, accrued interest on the loan notes of £541,000 and accrued ordinary D shares interest of £714,000.

### 16. CREDITORS: Amounts falling due after more than one year

|                                  | Group<br>2019<br>£000 | Group<br>2018<br>£000 | Company<br>2019<br>£000 | Company<br>2018<br>£000 |
|----------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Bank loans                       | 29,441                | 19,297                | -                       | -                       |
| Unamortised loan arrangement fee | (547)                 | (873)                 | -                       | -                       |
|                                  | <u>28,894</u>         | <u>18,424</u>         | <u>-</u>                | <u>-</u>                |

**GIBSON TOPCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**17. LOANS**

|  | Group<br>2019<br>£000 | Group<br>2018<br>£000 | Company<br>2019<br>£000 | Company<br>2018<br>£000 |
|--|-----------------------|-----------------------|-------------------------|-------------------------|
| AMOUNTS FALLING DUE WITHIN ONE<br>YEAR |                       |                       |                         |                         |
| Bank loans                             | 334                   | 184                   | -                       | -                       |
|  | <u>334</u>            | <u>184</u>            | <u>-</u>                | <u>-</u>                |
| AMOUNTS FALLING DUE 2-5 YEARS          |                       |                       |                         |                         |
| Bank loans                             | 29,441                | 19,297                | -                       | -                       |
| Unamortised loan arrangement fee       | (547)                 | (873)                 | -                       | -                       |
|  | <u>28,894</u>         | <u>18,424</u>         | <u>-</u>                | <u>-</u>                |
|  | <u>29,228</u>         | <u>18,608</u>         | <u>-</u>                | <u>-</u>                |

The bank loan is secured by a fixed and floating charge over all of the Group's property and other assets. The loan is split based on the stage of development of each care home and interest rates on different facility's range between 3.5% and 4.4% per annum with quarterly instalments of £83,500 (2018: £46,000). The loan is repayable in full by July 2021. As at the balance sheet date, there is a further £29,800,000 (2018: £10,700,000) of unused approved loan available for drawdown.

# GIBSON TOPCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 18. FINANCIAL INSTRUMENTS

|   | Group<br>2019<br>£000 | Group<br>2018<br>£000 | Company<br>2019<br>£000 | Company<br>2018<br>£000 |
|---|-----------------------|-----------------------|-------------------------|-------------------------|
| <b>FINANCIAL ASSETS</b>   |                       |                       |                         |                         |
| Financial assets measured at fair value through statement of comprehensive income | 2,838                 | 1,884                 | -                       | -                       |
| Financial assets that are debt instruments measured at amortised cost             | 1,340                 | 433                   | 17,445                  | 12,119                  |
|   | <u>4,178</u>          | <u>2,317</u>          | <u>17,445</u>           | <u>12,119</u>           |
| <b>FINANCIAL LIABILITIES</b>  |                       |                       |                         |                         |
| Financial liabilities measured at amortised cost                                  | (68,429)              | (48,758)              | (35,290)                | (27,166)                |
|   | <u>(68,429)</u>       | <u>(48,758)</u>       | <u>(35,290)</u>         | <u>(27,166)</u>         |

Financial assets measured at fair value through profit or loss are comprised of cash.

Financial assets measured at amortised cost comprise debtors (excluding prepayments and taxation).

Financial liabilities measured at amortised cost through profit or loss comprise creditors excluding taxation.

### 19. DEFERRED TAXATION

#### Group

|                      | 2019<br>£000 |
|----------------------|--------------|
| At beginning of year | (8)          |
| AT END OF YEAR       | <u>(8)</u>   |

# GIBSON TOPCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 19. DEFERRED TAXATION (CONTINUED)

#### AT END OF YEAR

|                                | Group<br>2019<br>£000 | Group<br>2018<br>£000 | Company<br>2019<br>£000 | Company<br>2018<br>£000 |
|--------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Accelerated capital allowances | (8)                   | (8)                   | -                       | -                       |
|                                | (8)                   | (8)                   | -                       | -                       |

### 20. SHARE CAPITAL

|   | 2019<br>£    | 2018<br>£    |
|---|--------------|--------------|
| <u>Shares classified as equity</u>        |              |              |
| <u>Allotted, called up and fully paid</u> |              |              |
| 719 A Ordinary shares of £1 each          | 719          | 719          |
| 101 B Ordinary shares of £1 each          | 101          | 101          |
| 180 C Ordinary shares of £1 each          | 180          | 180          |
| 1 D Ordinary share of £1                  | 1            | 1            |
|   | <u>1,001</u> | <u>1,001</u> |

A ordinary, B ordinary, C ordinary and D ordinary shares rank pari passu.

A ordinary, B ordinary and C ordinary shares have attached to them full voting rights.

During the period, the company issued £4,500,000 A2 preference shares at a nominal value of £1 each for cash consideration resulting in a total balance of A1, A2 and B1 preference shares of £25,643,171.

The A1, A2 and B1 preference shares rank pari passu in all material respects.

In accordance with FRS102 the preference shares are treated as a financial liability and are therefore classified within creditors due within one year. The dividends payable to the preference shareholders and D ordinary shareholders on the sale or listing of the company are accrued for each period. See notes 8 and 15.

## GIBSON TOPCO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 21. RESERVES

##### Called up share capital

The share capital account represents the nominal value of the company's ordinary equity shares.

##### Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

#### 22. PENSION COMMITMENTS

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £154,000 (2018: £70,000). Contributions totalling £34,000 (2018: £3,000) were payable to the fund at the reporting date.

#### 23. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2019 the Group had future minimum lease payments under non-cancellable operating leases as follows:

|                    | Group<br>2019<br>£000 | Group<br>2018<br>£000 |
|--------------------|-----------------------|-----------------------|
| Later than 5 years | 19,269                | 19,947                |
|                    | <u>19,269</u>         | <u>19,947</u>         |

#### 24. RELATED PARTY TRANSACTIONS

The group paid rental costs of £Nil (2018: £57,866) to A-Z Services Limited for shared overhead costs. There was no balance outstanding as at the period end. A-Z Services Limited is a related party by virtue of a common director (H Atkar).

Fees charged by Synova Capital LLP amounted to £49,666 (2018: £38,500). The balance was outstanding as at the year end.

## **GIBSON TOPCO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **25. POST BALANCE SHEET EVENTS**

In December 2019, the coronavirus was first reported and subsequently spread around the world resulting in the UK government placing the majority of the UK on lockdown on 23 March 2020. The directors have considered the impact of this on the group's operations and consider that the impact will not materially affect the group during the period in lockdown. The directors have taken robust and quick action to protect the business, including reducing cash expenditure where possible and ensuring there is sufficient headroom in the company's working capital requirements. As such, at the date of signing this report, they do not consider that the economic impact of the coronavirus will have a significant impact on the financial statements.

#### **26. CONTROLLING PARTY**

The directors consider that the ultimate controlling party is Synova Capital GP III LLP.