Registration number: 10113769

GIBSON TOPCO LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Hazlewoods LLP
Windsor House
Bayshill Road
Cheltenham
GL50 3AT

GIBSON TOPCO LIMITED

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GIBSON TOPCO LIMITED

COMPANY INFORMATION

Directors	I J Anderson T J W Ashlin J L Balmer Z D Tsai J H Sage
Registered office	Lambwood Heights 244 Lambourne Road Chigwell IG7 6HX
Auditors	Hazlewoods LLP Windsor House Bayshill Road Cheltenham GL50 3AT

GIBSON TOPCO LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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

Principal activity
The principal activity of the company is as a holding company. The principal activity of the Group is the operation of homes for the residential, nursing and specialist elderly care market sector. This is carried out through the operating companies in the Group, Oakland Primecare Ltd and Hastings Court Ltd.

Fair review of the business
The results for the year which are set out in the profit and loss account show turnover of £14,824,000 (2019 - £12,918,000) and an operating loss of £595,000 (2019 - profit of £16,000). At 31 December 2020 the company had net liabilities of £22,428,000 (2019 - £15,349,000). The directors consider the performance for the year and the financial position at the year end to be satisfactory.

The results include a 12-month trading period for four homes with a further two under construction to conclude by mid-2021. The comparative period presents the results for three homes with Lambwood Heights opening at the start of 2020.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2020	2019
Turnover	£'000	14,824	12,918
Operating (loss)/profit	£'000	(595)	16
Occupancy percentage	%	71	91
Average weekly fees	£ per week	1,311	1,273
Direct labour percentage of turnover	%	58	48

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 a top priority for the Directors and business. The directors instill strong governance procedures throughout the Group such that all members are treated fairly.

During the year, due to the Coronavirus pandemic, only one of the trading homes was visited by the Care Quality Commission ("CQC"). This received an overall rating of 'good'. A further one home had a short-focused visit to assess infection control measures which resulted in a published report confirming that the inspectorate was fully assured that the measures in place were safe and effective.

The Group achieved external validation of their high standards of service through being successfully shortlisted for a number of national awards including:
- Luxury Care Home of the Year - Knight Frank
- Small Residential Care Provider of the Year - LaingBuisson
- Management Excellence - LaingBuisson
- Outstanding Response to Covid-19 - LaingBuisson
- Dementia Care Manager of the Year - National Care Awards
- Care Newcomer - National Care Awards
- Registered Nurse of the Year - National Care Awards

The Group is reviewing its strategic approach for developing environmentally friendly and sustainable care homes for the future. In 2020 this work commenced with the achievement of Level 1 Greenmark accreditation. The Group aims to achieve Level 2 within the course of 2021.

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. A consultation to update methodology of inspection has been proposed which would see the inspectorate being able to revise rating without a physical inspection visit. 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 real estate, 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.

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 achieving greater than 90% vaccination uptake of staff and full resident vaccinations. 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.

Engagement with employees
Annual survey
The Group's annual engagement survey was conducted in September 2020 with 80% participation and a 5% increase on engagement compared to 2019. A group action plan, to supplement the home action plans, is now being progressed.

Employee performance
The Directors have implemented and maintained multiple approaches to encourage employee performance, including: long service awards; spot rewards; quarterly performance reviews and external salary benchmarking.

Top employers accreditation
The Group's policies and practices for managing employees was externally assessed resulting in the Group being published in the Top Employers list. This recognises the Group's high standards of HR and People practices. The Group now joins more than 1,600 top employers in 120 countries across five continents.

Engagement with suppliers, customers and other relationships
The Group seeks to foster long term relationships with key suppliers and undertake regular review meetings to ensure good working practices are adhered to.

Throughout the Covid-19 pandemic extensive written communication has been shared with customers, being residents and their relatives. In addition, numerous Zoom meetings were held between relatives and the Chief Executive to ensure they received all information about the Group's approach to the pandemic.

In October 2020, the Group completed its annual resident and relative survey which resulted in positive feedback in all areas. An action plan is now in place to further improve our quality of service.

Section 172(1) statement
The directors of the Company must act in accordance with the duties detailed in section 172 of the Companies Act 2006 which is summarised as follows:

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

a) The likely consequences of any decision in the long term;
b) The interest of the company's employees;
c) The need to foster the company's business relationships with suppliers, customers and others;
d) The impact of the company's operations on the community and the environment;
e) The desirability of the company maintaining a reputation for high standards of business conduct; and
f) The need to act fairly as between members of the company.

These items are addressed within the Strategic Report and Directors' Report for the period under review.

Approved by the Board on 16/9/2021 and signed on its behalf by:

Joe Sage
....
J H Sage
Director

GIBSON TOPCO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

I J Anderson
T J W Ashlin
J L Balmer
Z D Tsai
J H Sage (appointed 22 April 2020)
H S Atkar (resigned 31 January 2020)
D Dalmedo (resigned 29 January 2020)
R J Harvey (resigned 22 May 2020)

Employee involvement
The Group values communication between management and employees on all matters affecting the welfare of the business. Consultation with the employees occurred on multiple matters including: new group branding; group mission vision and values; uniform selection; employee benefits; and the naming of new developments.

Regular management meetings are held between the local management and employees to allow a free flow of information and ideas. Information technology tools including Teams, Zoom, Kaizala and Facebook are used to foster good communication amongst the teams. The Directors ensure that employees have access to information that is important to them by providing regular updates and ensuring that important information is available to self-serve via an online information repository.

Employment of disabled persons
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.

The Group's approach to employing team members with disabilities has been externally assessed resulting in being awarded "disability confident" accreditation.

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.

Following the successful Greenmark accreditation the Directors plan to progress the environmental and community work undertaken including investigating requirements to construct and operate a carbon neutral care home.

The Directors pay heed to the long term consequences of their decisions and aim to maintain the operational and management policies which have resulted in the Group's strong performance to date. They anticipate that 2021 will show further growth and progression for the business.

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 2 and the Directors' Report on page 5.

Notwithstanding the fact that the Group has net liabilities of £22.4 million (2019 - £15.3 million) and made a net loss of £7.1 million (2019 - £4.7 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.

As set out in note 16, the historic financing facility was replaced in May 2021 with a new facility repayable in July 2021. This new facility will support the continued growth of the business for the coming years.

The Group have prepared multiyear cash flow forecasts including a severe downside scenario reflecting a possible disruption to operations as result of COVID-19 including a significant impact on occupancy levels. Under all scenarios considered, the Group would be able to operate within its borrowing facilities. The plan shows that the company and the Group are a going concern when considering the trading of the Group and continuation of the 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.

The Directors are confident having secured the businesses ongoing financing facility that the Going Concern status of the Group will remain strong for the foreseeable future.

Important events after the financial period
Following the year end the Group agreed a new five-year financing package. The refinancing will support ongoing developments as well as financing new development opportunities as the business seeks to continue its strong growth trajectory. The deal sees Oakland continuing its long-standing partnership with HSBC, with further growth facilities provided by funds managed by Elevation, a specialist investment manager in the UK healthcare real estate sector.

In February 2021 the Group completed the purchase of its latest land site in Hildenborough. Development of a new purpose-built, premium care home commenced soon thereafter in line with the Group's strategy.

Disclosure of information to the auditor
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 auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

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

16/9/2021

Approved by the Board on .... and signed on its behalf by:

Joe Sage
....
J H Sage
Director

GIBSON TOPCO LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable 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 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GIBSON TOPCO 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISA's (UK).

In identifying and assessing risks of material mis-statement in respect of fraud, including irregularities and non-compliance with laws and regulations, our procedures included the following:

• We obtained an understanding of the legal and regulatory frameworks applicable to the company financial statements or that had a fundamental effect on the company's operations. We determined that the most significant laws and regulations included UKGAAP, UK Companies Act 2006 and taxation laws.
• We understood how the company is complying with those legal and regulatory frameworks by making inquiries of management, those responsible for legal and compliance procedures.
• We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
• Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
• Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process. Detailed analysis of journals posted through the accounting system during the year to 31 December 2020 has been undertaken;
• Understanding the controls in place to prevent and detect fraud. Reliance was not placed on controls for the entirety of the audit, instead taking a substantive testing approach, however controls were in place to prevent fraud, and they appeared to be working effectively;
• Challenging assumptions and judgements made by management in its significant accounting estimates.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

GIBSON TOPCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GIBSON TOPCO 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
....
Simon Worsley (Senior Statutory Auditor)
For and on behalf of Hazlewoods LLP, Statutory Auditor

Windsor House
Bayshill Road
Cheltenham
GL50 3AT

Date: 16/9/2021

GIBSON TOPCO LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £ 000	(As restated) 2019 £ 000
Turnover	3	14,824	12,918
Cost of sales		(9,517)	(8,246)
Gross profit		5,307	4,672
Administrative expenses		(5,926)	(4,656)
Other operating income	4	24	-
Operating (loss)/profit	5	(595)	16
Interest payable and similar charges	6	(6,483)	(4,685)
Loss before tax		(7,079)	(4,669)
Taxation	10	-	-
Loss for the financial year		(7,079)	(4,669)

The above results were derived from continuing operations.

The group has no other comprehensive income for the year.

GIBSON TOPCO LIMITED

(REGISTRATION NUMBER: 10113769)
CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2020

	Note	2020 £ 000	2019 £ 000
Fixed assets			
Intangible assets	11	2,513	2,949
Tangible assets	12	60,218	45,545
		62,731	48,494
Current assets			
Debtors	14	1,257	1,919
Cash at bank and in hand		1,770	2,838
		3,027	4,757
Creditors: Amounts falling due within one year	15	(6,079)	(5,520)
Net current liabilities excluding loans and borrowings		(3,052)	(763)
Loans and borrowings falling due within one year	16	(82,099)	(34,179)
Net current liabilities		(85,151)	(34,941)
Total assets less current liabilities		(22,420)	13,553
Creditors: Amounts falling due after more than one year	15	-	(28,894)
Provisions for liabilities	10	(8)	(8)
Net liabilities		(22,428)	(15,349)
Capital and reserves			
Called up share capital	18	1	1
Profit and loss account		(22,429)	(15,350)
Equity attributable to owners of the company		(22,428)	(15,349)
Total equity		(22,428)	(15,349)

Approved and authorised by the Board on 16/9/2021 and signed on its behalf by:

Joe Sage
....
J H Sage
Director

GIBSON TOPCO LIMITED

(REGISTRATION NUMBER: 10113769)
BALANCE SHEET AS AT 31 DECEMBER 2020

	Note	2020 £ 000	2019 £ 000
Fixed assets			
Investments	13	9,847	9,847
Current assets			
Debtors: Amounts falling due within one year	14	-	12
Debtors: Amounts falling due after more than one year	14	19,909	17,440
		19,909	17,452
Creditors: Amounts falling due within one year	15	(42,025)	(35,290)
Net current liabilities		(22,116)	(17,838)
Net liabilities		(12,269)	(7,991)
Capital and reserves			
Called up share capital	18	1	1
Profit and loss account		(12,270)	(7,992)
Total equity		(12,269)	(7,991)

The company made a loss after tax for the financial year of £4,278,458 (2019 - loss of £2,792,000).

16/9/2021

Approved and authorised by the Board on .... and signed on its behalf by:

Joe Sage
....
J H Sage
Director

The notes on pages 18 to 32 form an integral part of these financial statements.

GIBSON TOPCO LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2020	1	(15,350)	(15,349)
Loss for the year	-	(7,079)	(7,079)
At 31 December 2020	1	(22,429)	(22,428)

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2019	1	(10,681)	(10,680)
Loss for the year	-	(4,670)	(4,670)
At 31 December 2019	1	(15,350)	(15,349)

GIBSON TOPCO LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2020	1	(7,992)	(7,991)
Loss for the year	-	(4,278)	(4,278)
At 31 December 2020	1	(12,270)	(12,269)

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2019	1	(5,200)	(5,199)
Loss for the year	-	(2,792)	(2,792)
At 31 December 2019	1	(7,992)	(7,991)

GIBSON TOPCO LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £ 000	2019 £ 000
Cash flows from operating activities			
Loss for the year		(7,079)	(4,669)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	608	594
Finance costs	6	6,483	4,685
		13	611
Working capital adjustments			
Decrease/(increase) in trade debtors	14	648	(639)
Increase in trade creditors	15	159	767
Net cash flow from operating activities		819	739
Cash flows from investing activities			
Acquisitions of tangible assets		(14,851)	(14,020)
Cash flows from financing activities			
Interest paid		(1,522)	(559)
Proceeds from bank borrowing draw downs		12,572	10,294
Repayment of bank borrowing		(334)	-
Proceeds from issue of shares classified as liabilities		2,250	4,500
Net cash flows from financing activities		12,966	14,235
Net (decrease)/increase in cash and cash equivalents		(1,065)	954
Cash and cash equivalents at 1 January		2,835	1,881
Cash and cash equivalents at 31 December		1,770	2,835

The notes on pages 18 to 32 form an integral part of these financial statements.

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:
Lambwood Heights
244 Lambourne Road
Chigwell
IG7 6HX

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.

Basis of consolidation
The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2020.

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

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

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 and the Directors' Report.

Notwithstanding the fact that the group has net liabilities of £22.4 million (2019 - £15.3 million) and made a net loss of £7.1 million (2019 - £4.7 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 April 2021 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 period to 31 December 2022. In doing so, the directors considered various events throughout the period of their assessment, including severe down side scenarios.

The group have prepared cash flow forecasts for the period to 31 December 2022 including a downside scenario reflecting a possible disruption to operations as result of COVID-19. Under the scenarios considered, the group was able to operate within its borrowing facilities and its financial covenants.

The forecasts show that the company and the group are a going concern when considering the trading of the group. 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 limited disruption to operations. The Group recently secured significant financing to support the continued growth of the business. This financing was secured on the strength of the operations and robustness of the business plan which was externally scrutinised.

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.

Reclassification of comparative amounts
During the year, the Directors have identified administrative staff costs included within cost of sales which have been subsequently reclassified in the comparative results. Also non-utilisation fees have been reclassified from administrative expenses to interest. There is no overall effect on the loss for the year.

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

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

Judgements

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 12)
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 11) and Investments (see note 13)
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.

Key sources of estimation uncertainty

No key sources of estimation uncertainty have been identified by management in preparing these financial statements other than those detailed in these accounting policies.

Revenue recognition

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.

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.

Government grants

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

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.

Tangible assets
Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation
Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold property	nil or 2% straight line
Freehold land	nil
Plant and machinery	20% straight line
Fixtures and fittings	20% straight line
Computer equipment	20% straight line

The directors have reviewed the useful economic lives of tangible assets in the year and have revised the accounting policy to the depreciation methods noted above.

Business combinations
Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquiisition date if the adjustment is probable and can be measured reliably.

Intangible assets
Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Amortisation
Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful economic life as follows:

Asset class	Amortisation method and rate
Goodwill	Over 10 years

Investments
Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Debtors
Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. All trade debtors are repayable within one year and hence are included at the undiscounted cost of cash expected to be received. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the debtors.

Creditors
Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

Borrowings
Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases
Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

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.

Defined contribution pension obligation
A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

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.

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.

A non financial 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.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units ('CGUs') of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

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.

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 Revenue

The analysis of the group's revenue for the year from continuing operations is as follows:

	2020 £ 000	2019 £ 000
Rendering of services	14,474	12,846
Other revenue	350	72
	14,824	12,918

The total turnover of the company has been derived from its principal activity wholly undertaken in the United Kingdom.

4 Other operating income

The analysis of the group's other operating income for the year is as follows:

	2020 £ 000	2019 £ 000
Government grants	24	-

5 Operating profit

Arrived at after charging

	2020 £ 000	2019 £ 000
Depreciation expense	172	181
Amortisation expense	436	413
Operating lease expense - property	844	845

6 Interest payable and similar expenses

	2020 £ 000	2019 £ 000
Interest on bank overdrafts and borrowings	1,672	714
Interest on preference shares	4,486	3,645
Amortisation of debt costs	325	326
	6,483	4,685

7 Staff costs

Group
The aggregate payroll costs (including directors' remuneration) were as follows:

	2020 £ 000	2019 £ 000
Wages and salaries	9,210	6,723
Social security costs	602	559
Pension costs, defined contribution scheme	231	154
	10,043	7,437

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

	2020 No.	2019 No.
Care staff	404	303

Company
The company incurred no staff costs and had no employees other than the directors.

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2020 £ 000	2019 £ 000
Remuneration	473	328
Contributions paid to money purchase schemes	11	2
	484	330

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2020 No.	2019 No.
Received or were entitled to receive shares under long term incentive schemes	5	5

In respect of the highest paid director:

	2020 £ 000	2019 £ 000
Remuneration	182	139

9 Auditors' remuneration

	2020 £ 000	2019 £ 000
Audit of these financial statements	37	60
Other fees to auditors		
Taxation compliance services	12	30
All other non-audit services	15	-
	27	30

10 Taxation

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

The differences are reconciled below:

	2020 £ 000	2019 £ 000
Loss before tax	(7,079)	(4,669)
Corporation tax at standard rate	(1,289)	(887)
Effect of expense not deductible in determining taxable profit (tax loss)	917	629
Effect of tax losses	(248)	(115)
Tax (decrease)/increase from effect of capital allowances and depreciation	(94)	8
Tax increase from effect of unrelieved tax losses carried forward	714	365
Total tax charge/(credit)	-	-

A deferred tax asset of £1,451,000 (2019 - £917,000) has not been recognised, in respect of losses carried forward, as sufficient taxable profits are not forecast in the foreseeable future.

Deferred tax

Group
Deferred tax assets and liabilities

2020	**Liability £ 000**
Accelerated capital allowances	8

2019	**Liability £ 000**
Accelerated capital allowances	8

GIBSON TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

11 Intangible assets

Group

	Goodwill £ 000
Cost	
At 1 January 2020 and at 31 December 2020	4,357
Amortisation	
At 1 January 2020	1,408
Amortisation charge	436
At 31 December 2020	1,844
Carrying amount	
At 31 December 2020	2,513
At 31 December 2019	2,949

12 Tangible assets

Group

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Total £ 000
Cost			
At 1 January 2020	44,308	1,911	46,219
Additions	14,247	603	14,851
Disposals	(5)	-	(5)
At 31 December 2020	58,550	2,515	61,065
Depreciation			
At 1 January 2020	-	674	674
Charge for the year	-	172	172
At 31 December 2020	-	847	847
Carrying amount			
At 31 December 2020	58,550	1,668	60,218
At 31 December 2019	44,308	1,237	45,545

Included within the net book value of land and buildings above is £58,550,049 (2019 - £44,308,000) in respect of freehold land and buildings. Freehold Property includes land of £11,641,000 (2019 - £4,537,000) that is not depreciated, property in relation to operating care homes of £28,896,000 (2019 - £28,424,000) that is not depreciated as in the view of the directors its residual value is in excess of its book value, and property of £18,317,000 (2019 - £11,346,000) that is not depreciated as it is in the course of construction.

13 Investments

Company

	2020 £ 000	2019 £ 000
Investments in subsidiaries	9,847	9,847

Subsidiaries	**£ 000**
Cost and carrying amount	
At 1 January 2020 and at 31 December 2020	9,847

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) 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				
Gibson Bidco Limited	England and Wales	Ordinary	100%	100%
Gibson Propco Limited	England and Wales	Ordinary	100%	100%
Oakland Primecare Limited	England and Wales	Ordinary	100%	100%
Hastings Court Ltd	England and Wales	Ordinary	100%	100%
Loughton Care Centre Limited	England and Wales	Ordinary	100%	100%
Plexcroft Limited	England and Wales	Ordinary	100%	100%
Lambourne Limited	England and Wales	Ordinary	100%	100%
Ravway Limited	England and Wales	Ordinary	100%	100%
Longprime 2 Ltd	England and Wales	Ordinary	100%	100%
Oakland Wantage Care Home Limited	England and Wales	Ordinary	100%	100%
Oakland Enfield Limited	England and Wales	Ordinary	100%	100%
Oakland Maidstone Care Home Limited	England and Wales	Ordinary	100%	100%
Oakland Swanley Care Home Limited	England and Wales	Ordinary	100%	100%
Oakland Hildenborough Limited	England and Wales	Ordinary	100%	100%

All of the subsidiaries listed have a registered office of Lambwood Heights, 244 Lambourne Road, Chigwell, United Kingdom, IG7 6HX.

The only subsidiary that is directly owned by Gibson Topco Limited is Gibson Bidco Limited.

The principal activity of Gibson Bidco Limited and Gibson Propco Limited is that of a holding company. The principal activity of Oakland Primecare Limited is that of a management company and care home operator. The principal activity of Hastings Court Ltd is that of a care home operator. The principal activity of the other subsidiaries is property investment.

14 Debtors

	Group 2020 £ 000	Group 2019 £ 000	Company 2020 £ 000	Company 2019 £ 000
Trade debtors	313	546	-	-
Other debtors	617	794	-	5
Prepayments and accrued income	327	579	-	7
Amounts owed by group undertakings	-	-	19,909	17,440
	1,257	1,919	19,909	17,452
Less non-current portion	-	-	(19,909)	(17,440)
Total current trade and other debtors	1,257	1,919	-	12

Details of non-current trade and other debtors

Company

£19,909,163 (2020 - £17,440,000) of amounts owed by group undertakings is classified as non current. Amounts owed by group undertakings bear interest at 5.25% and are repayable after more than one year.

15 Creditors

	Note	Group 2020 £ 000	Group 2019 £ 000	Company 2020 £ 000	Company 2019 £ 000
Due within one year					
Loans and borrowings	16	82,099	34,179	40,309	33,842
Trade creditors		736	1,666	-	-
Social security and other taxes		282	163	-	-
Outstanding defined contribution pension costs		51	-	-	-
Other creditors		1,626	1,340	200	200
Accrued expenses and deferred income		3,386	2,350	1,516	1,248
		88,178	39,698	42,025	35,290
Due after one year					
Loans and borrowings	16	-	28,894	-	-

Included in other creditors are loan notes with a capital balance of £200,000 (2019 - £200,000). The loan notes accrue interest at 12.5% per annum. Interest accrued on the loan notes of £630,000 (2019 - £541,000) and D preference shares of £896,000 (2019 - £714,000) has been included within accrued expenses.

16 Loans and borrowings

	Group		Company	
	2020	2019	2020	2019
	£ 000	£ 000	£ 000	£ 000
Current loans and borrowings				
Bank borrowings	41,790	334	-	-
Bank overdrafts	-	3	-	-
Redeemable preference shares	40,309	33,842	40,309	33,842
	82,099	34,179	40,309	33,842

	Group		Company	
	2020	2019	2020	2019
	£ 000	£ 000	£ 000	£ 000
Non-current loans and borrowings				
Bank borrowings	-	28,894	-	-

The bank loans are secured by a debenture over the assets and undertakings of each company in the group.

Total bank loans outstanding of £41,790,000 (2019 - £29,227,000) (after deducting £222,000 (2019 - £547,000) of costs associated with the raising of this finance which are being released to the profit and loss account over the term of the debt; i.e. total bank debt was £42,012,000 (2019 - £29,774,000) at 31 December 2020) are repayable in full in July 2021. Interest is levied at a rate of 3.5% above base rate per annum, subject to the group's compliance with banking covenants.

The group has entered into an interest rate cap agreement with its bankers in respect of £9,950,000 of the bank loan. The interest rate applicable to the hedged loan is a 0.795% cap on base rate.

The redeemable preference shares balance of £28,846,000 (2019 - £33,842,000) includes unpaid dividends of £11,463,000 (2019 - £8,199,000). Details regarding the company's preference shares are given in note 18.

17 Pension and other schemes

Defined contribution pension scheme
The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £231,000 (2019 - £154,000).

Contributions totalling £50,686 (2019 - £34,000) were payable to the scheme at the end of the year and are included in creditors.

18 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	**£**	**No.**	**£**
A Ordinary shares of £1 each	719	719	719	719
B Ordinary shares of £1 each	101	101	101	101
C Ordinary shares of £1 each	180	180	180	180
D Ordinary shares of £1 each	1	1	1	1
	1,001	1,001	1,001	1,001

A ordinary, B ordinary, C ordinary and D ordinary shares rank pari passu, other than as detailed below.

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

During the period, the company issued £2,250,000 A2 preference shares at a nominal value of £1 each for cash consideration resulting in a total balance of A1, A2, B1 and C1 preference shares of £27,893,171.

The A1, A2, B1 and C1 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 15 and 16.

19 Obligations under leases and hire purchase contracts

Group

Operating leases
The total of future minimum lease payments is as follows:

	2020 £ 000	2019 £ 000
Not later than one year	694	-
Later than one year and not later than five years	2,777	-
Later than five years	17,297	19,269
	20,768	19,269

The amount of non-cancellable operating lease payments recognised as an expense during the year was £664,000 (2019 - £681,000).

20 Analysis of changes in net debt

Group

	At 1 January 2020 £ 000	Cash flows £ 000	Other non-cash changes £ 000	At 31 December 2020 £ 000
Cash and cash equivalents				
Cash	2,838	(1,068)	-	1,770
Overdrafts	(3)	3	-	-
	2,835	(1,065)	-	1,770
Borrowings				
Bank borrowings	(29,228)	(12,238)	(324)	(41,790)
Redeemable preference shares	(33,842)	(2,250)	(4,217)	(40,309)
	(63,070)	(14,488)	(4,541)	(82,099)
	(60,235)	(15,553)	(4,541)	(80,329)

Other non-cash changes reflect the amortisation of debt costs and accrued interest.

21 Related party transactions

Group and Company

Summary of transactions with key management
Key management personnel are considered to be the directors of the company and key management personnel compensation is disclosed in note 8 to the financial statements.

Fees charged by Synova Capital LLP amounted to £42,000 (2019 - £49,666). The balance outstanding at the year end was £10,500 (2019 - £49,666).

22 Parent and ultimate parent undertaking

The ultimate controlling party is Synova Capital GP III LLP.

23 Non-adjusting events after the financial period

Following the year end the Group agreed a new five-year financing package. The new financing enabled the group to extend its existing facility, as detailed in the Loans and Borrowings note, as well as providing new growth facilities to support further developments.

In February 2021 the Group completed the purchase of its latest land site in Hildenborough.