

Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 December 2020
for
Towerview Healthcare Group Ltd

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Towerview Healthcare Group Ltd

Contents of the Financial Statements
for the Year Ended 31 December 2020

	Page
Company Information	1
Strategic Report	2
Report of the Directors	3
Report of the Independent Auditors	5
Income Statement	10
Other Comprehensive Income	11
Balance Sheet	12
Statement of Changes in Equity	13
Cash Flow Statement	14
Notes to the Financial Statements	15

Towerview Healthcare Group Ltd

Company Information
for the Year Ended 31 December 2020

DIRECTORS:

B D Barnett
R Elgeti
J D Weight

REGISTERED OFFICE:

10 Queen Street Place
London
EC4R 1AG

REGISTERED NUMBER:

11630012 (England and Wales)

AUDITORS:

Ernst & Young LLP
Luton

Towerview Healthcare Group Ltd

Strategic Report
for the Year Ended 31 December 2020

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

BUSINESS REVIEW

Towerview Healthcare Group Limited ("TVHG" or the "Company") is an investment company. Its objective is to provide long-term return on equity by way of investment in a portfolio of healthcare assets. The Company focuses on acquiring businesses going through change or that would benefit from change. This means businesses that have fallen on hard times or haven't had access to the resources they need to fully release their potential, as well as businesses that are growing quickly. TVHG's focus is on businesses headquartered in the UK, in the healthcare services sectors, where we can draw on the TVHG team's experience to support management.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's key risk relates to the trading performance of its operating subsidiaries. This is affected by the general economic environment of the UK, as well as by operational management decisions within the operating companies.

The UK's economic outlook is particularly uncertain at the current time. Whilst Brexit has had little direct impact on our businesses, the consequences regarding consumer sentiment are still not yet clear, and the impact of Covid-19 is likely to continue to be felt across the portfolio.

We aim to reduce operating management risks through close involvement with the various management teams, as well as attending monthly board and weekly trading review meetings. All significant investments by the business require sign off by TVHG management, as so senior management appointments.

The Company's investments are exposed to various regulatory changes, though none are expected to have a material impact on the businesses in the foreseeable future.

FINANCIAL KEY PERFORMANCE INDICATORS

The primary KPI for TVHG is investment returns. TVHG has not yet exited any investments and therefore it is too early to measure investment return across its portfolio.

ON BEHALF OF THE BOARD:

DocuSigned by:

.....0FF8F481DC6B49B.....
J D Weight - Director

20-Sep-21
Date:

Towerview Healthcare Group Ltd

Report of the Directors
for the Year Ended 31 December 2020

The directors present their report with the financial statements of the Company for the year ended 31 December 2020.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2020.

FUTURE DEVELOPMENTS

The director foresees no material changes to the current operations of the Company.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

B D Barnett
R Elgeti
J D Weight

GOING CONCERN

Please refer to Note 2 of the financial statements which describes the economic and social disruption the Company has faced as a result of Covid-19.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Towerview Healthcare Group Ltd

Report of the Directors
for the Year Ended 31 December 2020

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

DocuSigned by:

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J D Weight - Director

20-Sep-21
Date:

Report of the Independent Auditors to the Members of
Towerview Healthcare Group Ltd

Opinion

We have audited the financial statements of Towerview Healthcare Group Ltd (the 'Company') for the year ended 31 December 2020 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2020 and of its 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period to 30 September 2022.

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

Report of the Independent Auditors to the Members of
Towerview Healthcare Group Ltd

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Report of the Independent Auditors to the Members of
Towerview Healthcare Group Ltd

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Report of the Independent Auditors to the Members of
Towerview Healthcare Group Ltd

Auditors' 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 a Report of the Auditors 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:

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

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

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulations in the United Kingdom, as well as health and safety regulations and General Data Protection Requirements.
- We understood how Towerview Healthcare Group Limited is complying with those frameworks by making enquiries of senior finance personnel and those charged with governance and gaining an undertaking of the entity level controls of the Company in respect of those areas and the controls in place to reduce opportunity for fraudulent transactions.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by obtaining and reading group policies and holding enquiries of management and those charged with governance considering the risk of management override and by assuming investment valuation to be a fraud risk. We addressed this risk through assessing the assumptions utilised and independently determining an acceptable valuation range. We confirmed a sample of transactions back to source documentation or independent confirmation, ensuring appropriate authorisation of transactions, and making enquiries as to the rationale behind the specific accounting transactions.
- Based on this understanding we designed our audit procedures to identify noncompliance with the laws and regulations. Our procedures involved:

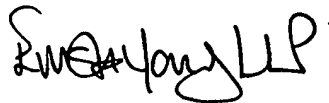
Report of the Independent Auditors to the Members of
Towerview Healthcare Group Ltd

- Enquiry of management and those charged with governance as to any fraud identified or suspected in the period, any actual or potential litigation or claims or breaches of significant laws or regulations applicable to the Company;
- Auditing the risk of management override of controls, through testing of a sample of journal entries and other adjustments for appropriateness;
- Challenging the judgements made by management through corroborating the basis for those judgments and considering contradicting evidence; and
- Enquiry of management, coupled with testing of journal entries, in order to identify and understand any significant transactions outside of the normal course of business; and
- Reading financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.



Juliet Thomas (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
Luton

21 September 2021

Date:

Towerview Healthcare Group LtdIncome Statement
for the Year Ended 31 December 2020

		Year Ended 31.12.20 £	Period 18.10.18 to 31.12.19 £
	Notes		
INVESTMENT INCOME		-	-
Administrative expenses		(551,438)	(682,930)
		(551,438)	(682,930)
Fair value gain on investment		133,727	4,185,154
OPERATING (LOSS)/PROFIT and (LOSS)/PROFIT BEFORE TAXATION		(417,711)	3,502,224
Tax on (loss)/profit	4	98,601	-
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(319,110)	3,502,224

The notes form part of these financial statements

Towerview Healthcare Group Ltd

Other Comprehensive Income
for the Year Ended 31 December 2020

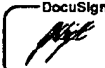
	Notes	Year Ended 31.12.20 £	Period 18.10.18 to 31.12.19 £
(LOSS)/PROFIT FOR THE YEAR		(319,110)	3,502,224
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(319,110)</u>	<u>3,502,224</u>

The notes form part of these financial statements

Towerview Healthcare Group Ltd (Registered number: 11630012)Balance Sheet
31 December 2020

	Notes	31.12.20 £	31.12.19 £
FIXED ASSETS			
Investments	6	16,758,909	11,860,826
CURRENT ASSETS			
Debtors	7	789,446	945,771
Cash at bank		169,853	7,868
		<u>959,299</u>	<u>953,639</u>
CREDITORS			
Amounts falling due within one year	8	(1,046,286)	(446,933)
NET CURRENT (LIABILITIES)/ASSETS		<u>(86,987)</u>	<u>506,706</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>16,671,922</u>	<u>12,367,532</u>
CAPITAL AND RESERVES			
Called up share capital	9	10,763,920	6,140,420
Share premium	10	2,724,888	2,724,888
Retained earnings	10	3,183,114	3,502,224
SHAREHOLDERS' FUNDS		<u>16,671,922</u>	<u>12,367,532</u>

The financial statements were approved by the Board of Directors and authorised for issue on 20-Sep-21..... and were signed on its behalf by:

DocuSigned by:


 J D Weight - Director

The notes form part of these financial statements

Towerview Healthcare Group LtdStatement of Changes in Equity
for the Year Ended 31 December 2020

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Changes in equity				
Issue of share capital	6,140,420	-	2,724,888	8,865,308
Total comprehensive income	-	3,502,224	-	3,502,224
Balance at 31 December 2019	<u>6,140,420</u>	<u>3,502,224</u>	<u>2,724,888</u>	<u>12,367,532</u>
Changes in equity				
Issue of share capital	4,623,500	-	-	4,623,500
Total comprehensive income	-	(319,110)	-	(319,110)
Balance at 31 December 2020	<u>10,763,920</u>	<u>3,183,114</u>	<u>2,724,888</u>	<u>16,671,922</u>

The notes form part of these financial statements

Towerview Healthcare Group LtdCash Flow Statementfor the Year Ended 31 December 2020

		Year Ended 31.12.20 £	Period 18.10.18 to 31.12.19 £
	Notes		
Cash flows from operating activities			
Cash generated from operations	13	61,838	(1,181,768)
Tax paid		241,003	-
Net cash from operating activities		302,841	(1,181,768)
Cash flows from investing activities			
Purchase of fixed asset investments		(4,764,356)	(7,675,672)
Net cash from investing activities		(4,764,356)	(7,675,672)
Cash flows from financing activities			
Share issue		4,623,500	8,865,308
Net cash from financing activities		4,623,500	8,865,308
Increase in cash and cash equivalents		161,985	7,868
Cash and cash equivalents at beginning of year	14	7,868	-
Cash and cash equivalents at end of year	14	169,853	7,868

The notes form part of these financial statements

Towerview Healthcare Group Ltd

Notes to the Financial Statements
for the Year Ended 31 December 2020

1. STATUTORY INFORMATION

Towerview Healthcare Group Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the 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 preparation of financial statements in accordance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

In accordance with the requirements of FRS 102 para 9.9, all subsidiary companies should be excluded from consolidation on the grounds that the companies are held exclusively with a view to subsequent resale as part of an investment portfolio.

Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are constantly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, events, or actions, actual results ultimately may differ from those estimates.

The directors consider the following to be the critical estimates or judgements applicable to the financial statements:

Subsidiary companies held as part of investment portfolio

The directors have concluded that all subsidiary companies should be excluded from consolidation on the grounds that the companies are held exclusively with a view to subsequent resale as part of an investment portfolio.

Fair value of investments held as part of an investment portfolio

The investments are held at fair value. Methodologies have been applied for the valuation of these investments, with the movements in fair value being recognised through the Statement of Comprehensive Income.

Towerview Healthcare Group Ltd

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

2. ACCOUNTING POLICIES - continued

Going concern

These financial statements have been prepared on the going concern basis. Management believe that this is appropriate as they have a reasonable expectation that the Company has adequate resources to meet its liabilities as they fall due for the foreseeable future, being the 12 months following the date of this report.

On 30 January 2020, the World Health Organization declared the outbreak of coronavirus (Covid-19) to be a public health emergency of international concern. This coronavirus outbreak has severely restricted the level of economic activity around the world. In response to this coronavirus outbreak, the governments of many countries, states, cities, and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes.

The full extent to which the Covid-19 pandemic may impact the Company's results, operations, and liquidity is uncertain. Management continue to monitor the impact that the Covid-19 pandemic has on the Company, the private equity industry, and the economies in which the Company operates. Management have performed a Covid-19 impact analysis as part of their going concern assessment using information available to the date of issue of these financial statements. The analysis has assessed the potential impact that Covid-19 may have on the liquidity, operations, and solvency of the Company including an assessment of any relevant mitigations management have within their control to implement.

Having performed the above analysis, management believes the Company has sufficient liquidity or committed capital to meet its liabilities for the next 12 months, via support provided by shareholders and cash currently in the bank, and that the preparation of the financial statements on a going concern basis remains appropriate as the Company expect to be able to meet its obligations as and when they fall due for the foreseeable future.

Towerview Healthcare Group Ltd

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

2. ACCOUNTING POLICIES - continued

Investments in subsidiaries

Investments are measured at fair value. They are recognised and de-recognised on the date when their purchase or sale is subject to a relevant contract and the associated risks and rewards have been transferred. The Company manages its investments with a view to profiting from the receipt of investment income and capital appreciation from changes in the fair value of investments.

Investments are initially recognised at the fair value of the consideration given and are subsequently measured at fair value, in accordance with the Company's valuation policies.

Unquoted investments, including both equity and loans, are designated at fair value through profit and loss and are subsequently carried in the Statement of Financial Position at fair value.

Fair value is the amount for which an asset can be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction at the measurement date. The fair value of investments is based on quoted prices, where available. When quoted prices are not available, the fair value is estimated in line with industry standard valuation guidelines such as the International Private Equity and Venture Capital valuation guidelines (December 2018) for direct investments in portfolio companies. These valuation techniques can be subjective and include assumptions which are not supportable by observable data. Given the subjectivity of the direct investments in portfolio companies, the valuations are approved by the Investment Committee of the investment manager. Earnings based valuation techniques are the most commonly used for estimating fair value of direct investments in portfolio companies along with Discounted Cash Flow models and net asset values. EBITDA is the most common measure for earnings and the earnings multiple is derived from comparable listed companies or relevant precedent transaction multiples. We adjust for relative performance in the set of comparable, exit expectations, and other company specific factors.

Towerview Healthcare Group Ltd

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

2. ACCOUNTING POLICIES - continued

Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties, and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other amounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Towerview Healthcare Group LtdNotes to the Financial Statements - continued
for the Year Ended 31 December 2020**2. ACCOUNTING POLICIES - continued****Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable 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.

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 and 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.

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.

3. OPERATING (LOSS)/PROFIT

The operating loss (2019 - operating profit) is stated after charging:

	Year Ended 31.12.20 £	Period 18.10.18 to 31.12.19 £
Auditors' remuneration	6,900	5,750
	<u>6,900</u>	<u>5,750</u>

4. TAXATION**Analysis of the tax credit**

The tax credit on the loss for the year was as follows:

	Year Ended 31.12.20 £	Period 18.10.18 to 31.12.19 £
Current tax:		
UK corporation tax	(98,601)	-
	<u>(98,601)</u>	<u>-</u>
Tax on (loss)/profit	<u>(98,601)</u>	<u>-</u>

Towerview Healthcare Group LtdNotes to the Financial Statements - continued
for the Year Ended 31 December 2020**4. TAXATION - continued**

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	2020	2019
Profit on ordinary activities before tax	(417,711)	3,502,224
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(79,365)	665,423
Effects of:		
Expenses not deductible for tax purposes	1,140	19,295
Income not taxable for tax purposes	(25,408)	(795,179)
Remeasurement of deferred tax for changes in tax rates	(1,987)	-
Adjust closing deferred tax to average rate of 19.00%	-	11,628
Group relief surrendered/(claimed)	105,620	-
Group relief surrendered/(claimed) PY	91,582	-
Payment/(receipt) for group relief	(98,601)	-
Deferred tax not recognised	-	98,833
Reversal of PY group surrender	(91,582)	-
Total tax credit for the period	98,601	-

Towerview Healthcare Group Ltd

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

5. FINANCIAL RISK MANAGEMENT

The Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. There are systems of controls in place to create an acceptable balance between the potential costs, should such a risk occur, and the costs of managing those risks. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Company's activities.

The Company has exposure to market risk, liquidity risk, and credit risk. This section provides details of the Company's approach to financial risks, and describes the methods used by management to mitigate and control such risk.

Market risk

The Company's investments are susceptible to market price risk arising from uncertainties about future market conditions within which the investments operate. The Company's strategy on the management of investment risk is driven by the Company's investment objective. The Company's investment objective is to make investments in businesses going through change that would benefit from change, including operational improvement, buy and build, organic roll-out, founder exits, and corporate carve-outs. The Company's market risk is regularly managed by management and the Directors. In relation to specific limitations regarding investments, this is reviewed by the Investment Committee in accordance with policies and procedures in place.

Credit risk

Credit risk is the risk of financial loss to the Company as a result of a counterparty failing to meet its contractual obligations. This risk is principally in connection with the Company's investments. Concentrations of credit risk exist when changes in economic, industry, or geographic factors similarly affect the Company's counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure.

The carrying amount of financial assets represents the Directors' assessment of the maximum credit risk exposure of the Company at the Statement of Financial Position date. Decreases in fair value during the year reflect the decline in recoverability on individual assets, either as a result of company specific or of general macroeconomic conditions.

This risk is mitigated by the disciplined credit procedures that management has in place prior to making an investment and the ongoing monitoring of that investment throughout its lifespan.

The directors consider the Company's credit exposure to trade and other receivables and current assets held for sale to be low and as such no further analysis has been presented.

Towerview Healthcare Group LtdNotes to the Financial Statements - continued
for the Year Ended 31 December 2020**Liquidity risk**

The Company's liquidity risk is the risk that the Company will encounter difficulties raising liquid funds to meet commitments as they fall due. A prudent risk management approach is adopted to ensure sufficient cash is available for both operational expenses and investments through period review of cash flow forecasting.

The Company's policy is to maintain continuity of funding. Due to the long-term nature of the Company's assets, the Company seeks to ensure that the maturity of its debt instruments is matches to the expected maturity of its assets.

6. INVESTMENTS AT FAIR VALUE

	Investment £
COST	
At 1 January 2020	11,860,826
Additions	4,764,356
Fair value gain in period	133,727
	<hr/>
At 31 December 2020	16,758,909
	<hr/>
NET BOOK VALUE	
At 31 December 2020	16,758,909
	<hr/>
At 31 December 2019	11,860,826
	<hr/>

Towerview Healthcare Group LtdNotes to the Financial Statements - continued
for the Year Ended 31 December 2020**6. INVESTMENTS AT FAIR VALUE - continued****SUBSIDIARY UNDERTAKINGS**

The following were subsidiary undertakings of the Company:

Name	Principal Activity	Class of shares	Holding
Dale Topco Limited	Owens and manages care homes	Ordinary	100%
Towerview Healthcare Developments Limited	Dormant	Ordinary	100%
Inlet Limited	Owens and manages care homes	Ordinary	100%
Reservoir Limited	Owens and manages care homes	Ordinary	100%
St Augustine Limited	Owens and manages care homes	Ordinary	100%

Fair value measurements recognised in the Statement of Financial Position

The information set out below provides information about how the Company determines fair values of various financial assets and financial liabilities, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable data (i.e. unobservable inputs)

Towerview Healthcare Group LtdNotes to the Financial Statements - continued
for the Year Ended 31 December 2020**6. INVESTMENTS AT FAIR VALUE - continued**

The following table summarises the valuation methodologies and significant unobservable inputs used for the Company's investment categorised in Level 3 as of 31 December 2020.

Investment	Valuation Methodology	Unobservable Inputs	Significant Input Range	Fair Value 31 December 2019(000s)	Fair Value 31 December 2020(000s)
		Site Level			
Burton	Transaction Multiple	EBITDA Multiple	6.5 x - 7.5 x	8,845	10,115
		Site Level			
Asquith	Transaction Multiple	EBITDA Multiple	8.0 x - 9.0 x	11,993	11,357
Penine	Held at Cost	N/A	N/A	750	200
Loxley	Held at Cost	N/A	N/A	-	2,163
Smithy					
Bridge	Held at Cost	N/A	N/A	-	2,931
Portfolio Net Debt	Amortised Cost	N/A	N/A	(9,727)	(10,007)
Total				11,861	16,759

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.20 £	31.12.19 £
Amounts owed by group undertakings	657,646	811,071
Other debtors	-	4,700
Tax	52,810	-
Prepayments	78,990	130,000
	<u>789,446</u>	<u>945,771</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.20 £	31.12.19 £
Trade creditors	11,999	8,999
Amounts owed to group undertakings	831,275	431,034
Tax	195,212	-
Accrued expenses	7,800	6,900
	<u>1,046,286</u>	<u>446,933</u>

Towerview Healthcare Group LtdNotes to the Financial Statements - continued
for the Year Ended 31 December 2020**9. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.12.20	31.12.19
		£1.00	£	£
10,763,920	Ordinary Shares		10,763,920	6,140,420

10. RESERVES

	Retained earnings	Share premium	Totals
	£	£	£
At 1 January 2020	3,502,224	2,724,888	6,227,112
Deficit for the year	(319,110)		(319,110)
At 31 December 2020	3,183,114	2,724,888	5,908,002

11. RELATED PARTY DISCLOSURES

The related party transactions of the Company were noted as follows:

	2020	2019
	£	£
Management fee expense	501,861	564,286

As at 31 December the balances outstanding with the related parties was a follows:

	2020	2019
	£	£
Dale Topco Limited	(831,274)	(431,033)
WPC 5 Limited	-	15,046
Reservoir Limited	586,006	786,006
Inlet Limited	27,651	10,109
WPC LLP		134,700
Towerview Healthcare Developments Limited	(1)	-
St Augustine Limited	43,989	-

12. ULTIMATE CONTROLLING PARTY

The parent companies of the Company are WPC5 Limited and Obotritia Gamma Invest GmbH. In the opinion of the directors, there is no ultimate controlling party.

Towerview Healthcare Group LtdNotes to the Financial Statements - continued
for the Year Ended 31 December 2020**13. RECONCILIATION OF (LOSS)/PROFIT FOR THE FINANCIAL YEAR TO CASH GENERATED FROM OPERATIONS**

	Year Ended 31.12.20 £	Period 18.10.18 to 31.12.19 £
(Loss)/profit for the financial year	(319,110)	3,502,224
Gain on revaluation of fixed assets	(133,727)	(4,185,154)
Taxation	(98,601)	-
	<hr/>	<hr/>
	(551,438)	(682,930)
Decrease/(increase) in trade and other debtors	9,223	(945,772)
Increase in trade and other creditors	604,053	446,934
	<hr/>	<hr/>
Cash generated from operations	61,838	(1,181,768)

14. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2020

	31.12.20 £	1.1.20 £
Cash and cash equivalents	169,853	7,868

Period ended 31 December 2019

	31.12.19 £	18.10.18 £
Cash and cash equivalents	7,868	-

15. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.20 £	Cash flow £	At 31.12.20 £
Net cash			
Cash at bank	7,868	161,985	169,853
	<hr/>	<hr/>	<hr/>
	7,868	161,985	169,853
	<hr/>	<hr/>	<hr/>
Total	7,868	161,985	169,853