

Inlet Ltd

Directors' Report and Financial Statements

Period Ended

31 December 2020

Company Number 12218909

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Inlet Ltd

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Inlet Ltd

Company Information

Directors	J D Weight D M B Jolly S A Rowe
Registered number	12218909
Registered office	C/O Bridge, Burton & Trent Court Ashby Road Burton-On-Trent DE15 0LB
Independent auditor	BDO LLP Two Snowhill Birmingham B4 6GA
Bankers	Clydesdale Bank plc 30 St Vincent Place Glasgow G1 2HL

Inlet Ltd

Directors' Report For the Period Ended 31 December 2020

The Directors present their report and the Financial Statements for the period ended 31 December 2020.

Principal activity

The Company was incorporated on 20 September 2019 and commenced operations in March 2020 after the acquisition of Loxley Court Care Home on 10 March 2020. These Financial Statements cover the period from incorporation to the 31 December 2020.

The principal activity of the Company is the provision of nursing care to working age and older adults with mental health and associated complex health needs as well as behaviours that challenge.

Inlet Ltd is part of the Towerview Care Group of Companies which includes: Dale Topco Ltd, operating as Bridge, Burton and Trent Court, Tributary Ltd, operating as Asquith Hall, Deciduous Ltd, operating as Pennine Lodge, St Augustine Ltd operating as Smithy Bridge Court (which traded from July 2021) and Ravine Ltd, operating Belle Vue Court (from March 2021).

Directors

The Directors who served during the period and up to the date of approval of this report were:

J D Weight (appointed 20 September 2019)

D M B Jolly (appointed 20 September 2019)

S A Rowe (appointed 14 February 2020)

Going concern and Covid-19

The emergence and spread of Covid-19 has had an effect on businesses and markets all around the world and the Care Home industry is not immune to the impact of this virus. Since the initial wave hit hospitals and care homes, we have seen positive tests for the virus for both staff and residents, with impacts on occupancy levels and the costs of operating the business.

In accordance with the UK Government's guidance we have responded to the impact of the virus within our care homes by quarantining those who have shown positive test results, putting into place additional cleaning measures, restricting non-essential visits to the homes and providing additional Personal Protective Equipment (PPE) for our staff members. These measures have helped to ensure the safety of both the residents and our staff.

In light of the unprecedented circumstances created by Covid-19, the Directors have reviewed their trading and cash flow forecasts for the period to 31 December 2022. This reflects the expected impact of the virus on the Company and across the other Towerview Care Group companies as resources are shared across the Group as a whole. The Directors have also considered the impact of all reasonably foreseeable downside outcomes, including lower occupancy levels, higher running costs associated with additional PPE, the impact of having to operate with a reduced work force due to self-isolation, with mitigating factors such as the use of Government support schemes also taken into account.

Whilst there remains uncertainty around the timing and impact of further waves within the care homes, lessons learnt from the first waves now act to mitigate this impact so that residents and staff remain safe and the business is able to continue to operate.

Having regard to the potential impact of all reasonably foreseeable events and circumstances, the Directors have formed an expectation that the Company and the wider Towerview Care Group has adequate resources to be able to continue in operation, meet its liabilities as they fall due and operate within its available cash resources and facilities, together with forecast full compliance with the covenants which underpin its bank loans, over the period of assessment. As such the Financial Statements continue to be prepared on a going concern basis.

Inlet Ltd

Directors' Report (continued) For the Period Ended 31 December 2020

Qualifying third party indemnity provisions

The Company has put in place qualifying third party indemnity provisions for all of the Directors.

Disclosure of information to auditor

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

On 25th March 2021, the group renewed its loan facilities with Clydesdale bank plc. The combined loan facilities were increased to £12.21 million from £9.77 million and a Revolving Credit Facility put in place of £3.33 million. As part of the renewed facilities, capital repayment dates were put back by 6 months from the original commencement date of 30 September 2021, now commencing on 31 March 2022. The applicable interest changed from the Margin + LIBOR to the Margin + Bank of England base rate.

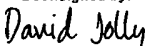
Auditor

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

Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf by

DocuSigned by:

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D M B Jolly
Director
Date: 9/22/2021

Inlet Ltd

Directors' Responsibilities Statement For the Period Ended 31 December 2020

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

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law 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; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Inlet Ltd

Independent Auditor's Report to the Members of Inlet Ltd

Opinion

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the period 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.

We have audited the Financial Statements of Inlet Ltd ("the Company") for the period ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position and the 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).

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

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the Financial Statements are 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.

Inlet Ltd

Independent Auditor's Report to the Members of Inlet Ltd (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' Report and Financial Statements, 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the Financial Statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

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 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
- the Directors were not entitled to prepare the Financial Statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of Directors

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

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

Inlet Ltd

Independent Auditor's Report to the Members of Inlet Ltd (continued)

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.

Extent to which the audit was 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 material misstatements in respect of irregularities, including fraud. The design and execution of our procedures and the extent to which they are capable of detecting irregularities, including fraud, is detailed below.

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

- Enquiring of management and the Directors, including obtaining and reviewing supporting documentation, concerning the Company's policies and procedures relating to:
 - a) identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - b) detecting and responding to the risks of fraud and whether they had knowledge of any actual, suspected or alleged fraud; and
 - c) the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We obtained an understanding of the legal and regulatory frameworks applicable to the Company based on our understanding of the business, sector experience and discussions with management. The most significant considerations are the application of UK Accounting Standards, the Companies Act 2006, corporate taxes and VAT legislation, employment taxes Health and Social Care Act 2008 (Regulated Activities) Regulations 2014 and the Bribery Act 2010.
- Discussing amongst the engagement team to assess how and where fraud might occur in the Financial Statements, and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas:
 - a) management override of controls; and
 - b) revenue recognition, specifically the manipulation of revenue using fraudulent journals.

We executed procedures in line with our responsibilities to detect material misstatements in respect of irregularities, including fraud. These procedures included the following:

- We made enquiries of management and reviewed correspondence with the relevant authorities to identify any irregularities or instances of non-compliance with laws and regulations.
- We tested the appropriateness of accounting journals and other adjustments made in the preparation of the Financial Statements. We used data assurance techniques to identify and analyse the complete population of all journals in the period to identify and substantively test any which we considered were indicative of management override.
- We reviewed the Company's accounting policies for non-compliance with relevant standards. Our work also included considering significant accounting estimates for evidence of misstatement or possible bias and testing any significant transactions that appeared to be outside the normal course of business.
- We critically assessed the appropriateness and tested the application of the revenue and cost recognition policies.

Inlet Ltd

Independent Auditor's Report to the Members of Inlet Ltd (continued)

Auditor's responsibilities for the audit of the Financial Statements (continued)

Extent to which the audit was capable of detecting irregularities, including fraud (continued)

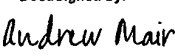
We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Financial Statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Andrew Mair (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham
United Kingdom

22 September 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Inlet Ltd

Statement of Comprehensive Income For the Period Ended 31 December 2020

	15 month period ended 31 December 2020 £
Turnover	1,869,501
Cost of sales	(1,581,077)
Gross profit	288,424
Administrative expenses (including a bad debt charge of £93,700)	(743,185)
Other operating income	217,094
Operating loss	(237,667)
Interest payable and expenses	(1,052)
Loss before tax	(238,719)
Tax on loss	(46,675)
Loss for the financial period	(285,394)

The Company was incorporated on 20 September 2019 and commenced operations in March 2020. These Financial Statements cover the period from incorporation to 31 December 2020.

There was no other comprehensive income for 2020.

The notes on pages 11 to 21 form part of these Financial Statements.

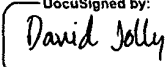
Inlet Ltd
Registered number:12218909

Statement of Financial Position
As at 31 December 2020

	Note	2020 £	2020 £
Fixed assets			
Intangible assets	5		81,614
Tangible assets	6		1,892,163
			<u>1,973,777</u>
Current assets			
Debtors: amounts falling due within one year	7	309,255	
Cash at bank and in hand		1,335	
		<u>310,590</u>	
Creditors: amounts falling due within one year	8	(614,800)	
Net current liabilities			<u>(304,210)</u>
Total assets less current liabilities			<u>1,669,567</u>
Provisions for liabilities			
Deferred tax	9		(46,675)
Net assets			<u><u>1,622,892</u></u>
Capital and reserves			
Called up share capital	10		1,908,286
Profit and loss account	11		(285,394)
			<u><u>1,622,892</u></u>

The Financial Statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The Financial Statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:

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D M B Jolly
 Director

Date: 9/22/2021

The notes on pages 11 to 21 form part of these Financial Statements.

Inlet Ltd

Notes to the Financial Statements For the Period Ended 31 December 2020

1. General information

Inlet Ltd is a private Company limited by shares and incorporated in England and Wales under the Companies Act. The address of the registered office is C/O Bridge, Burton & Trent Court, Ashby Road, Burton-On-Trent, England, DE15 0LB. The nature of the Company's operations and its principal activity is the provision of nursing care to working age and older adults with mental health and associated complex health needs as well as behaviours that challenge.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Financial Statements are prepared in Pounds Sterling (£), which is the functional currency of the Company, and are rounded to the nearest whole pound.

The preparation of Financial Statements in compliance with Section 1A of FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern and Covid-19

The impact of the Covid-19 pandemic has been considered by the Directors in their assessment of the adoption of the going concern basis of preparation.

The emergence and spread of Covid-19 has had an effect on businesses and markets all around the world and the Care Home industry is not immune to the impact of this virus. Since the initial wave hit hospitals and care homes, we have seen positive tests for the virus for both staff and residents, with impacts on occupancy levels and the costs of operating the business.

In accordance with the UK Government's guidance we have responded to the impact of the virus within our care homes by quarantining those who have shown positive test results, putting into place additional cleaning measures, restricting non-essential visits to the homes and providing additional Personal Protective Equipment (PPE) for our staff members. These measures have helped to ensure the safety of both the residents and our staff.

In light of the unprecedented circumstances created by Covid-19, the Directors have reviewed their trading and cash flow forecasts for the period to 31 December 2022. This reflects the expected impact of the virus on the Company and across the other Towerview Care Group companies as resources are shared across the Group as a whole. The Directors have also considered the impact of all reasonably foreseeable downside outcomes, including lower occupancy levels, higher running costs associated with additional PPE, the impact of having to operate with a reduced work force due to self-isolation, with mitigating factors such as the use of Government support schemes also taken into account.

Whilst there remains uncertainty around the timing and impact of further waves within the care homes, lessons learnt from the first waves now act to mitigate this impact so that residents and staff remain safe and the business is able to continue to operate.

Inlet Ltd

Notes to the Financial Statements For the Period Ended 31 December 2020

2. Accounting policies (continued)

2.2 Going concern and Covid-19 (continued)

Having regard to the potential impact of all reasonably foreseeable events and circumstances, the Directors have formed an expectation that the Company and the wider Towerview Care Group has adequate resources to be able to continue in operation, meet its liabilities as they fall due and operate within its available cash resources and facilities, together with forecast full compliance with the covenants which underpin its bank loans, over the period of assessment. As such the financial statements continue to be prepared on a going concern basis.

Aside from Covid-19, the Directors consider that there are no other indicators to suggest that the Company is not a going concern.

2.3 Revenue

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

Revenue comprises the fair value of fee income receivable for the period in respect of care that has been provided in the relevant period. Revenue invoiced in advance is held in deferred income until the service has been provided whilst revenue billed in arrears is included in accrued income.

2.4 Finance costs

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

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the statement of comprehensive income over its useful economic life of 10 years.

2.6 Tangible fixed assets

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

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method.

Depreciation is provided on the following basis:

Freehold property	-	5% per annum
Fixtures, fittings and other equipment	-	10-33% per annum

Inlet Ltd

Notes to the Financial Statements For the Period Ended 31 December 2020

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Where second hand assets have been acquired, the assets are brought in at their depreciated replacement cost and depreciated over their remaining useful life based upon the depreciation methods stated above.

2.7 Cash and cash equivalents

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

2.8 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 and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a Director in the case of a small company, or a public benefit entity concessionary loan.

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.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Inlet Ltd

Notes to the Financial Statements For the Period Ended 31 December 2020

2. Accounting policies (continued)

2.8 Financial instruments (continued)

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.9 Creditors

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

2.10 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature, including furlough income received under the UK Government Coronavirus Job Retention Scheme are recognised in the Statement of Comprehensive Income under other operating income in the same period as the related expenditure.

2.11 Pensions

Defined contribution pension plan

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

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

Inlet Ltd

Notes to the Financial Statements For the Period Ended 31 December 2020

2. Accounting policies (continued)

2.12 Current and deferred taxation

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

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

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

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

Inlet Ltd

Notes to the Financial Statements For the Period Ended 31 December 2020

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

In preparing these financial statements, the Directors have had to make the following estimates and judgements:

Useful lives of intangible and tangible fixed assets (see notes 5 and 6)

Intangible fixed assets (including goodwill) and tangible fixed assets (including the fair values of assets acquired in the period), are depreciated over their useful lives taking into account residual values, where appropriate. The assessment of the useful economic lives, residual values and the method of depreciating both intangible and tangible fixed assets requires judgement. Depreciation is charged to the Statement of Comprehensive Income based on the useful economic life selected, which requires an estimation of the period and profile over which the Company expects to consume the future economic benefits embodied in the assets. Useful economic lives and residual values are re-assessed, and amended as necessary, when changes in their circumstances are identified.

Recoverability of trade debtors and accrued income (see note 7)

The estimates and assumption used to assess the recoverability of trade debtors consist of the payments received against balances, the payment history and the Directors assessment to credit risk. The carrying amount in trade debtors is included in note 7.

Fair value of freehold property and other tangible assets acquired (see note 12)

The freehold property and other tangible assets were acquired as part of the business combination detailed in note 12. An external valuation has been used in determining the fair value of the freehold property using the market value of the property. This valuation contains judgements, such as the future earning potential of the freehold property in arriving at its fair value.

Other tangible fixed assets acquired such as fixtures, fittings and other equipment have been recognised at their depreciated replacement cost, which is deemed to be an appropriate estimate of the assets' fair values at the acquisition date.

4. Employees

The average monthly number of employees, including Directors, during the period was 50.

Inlet Ltd

Notes to the Financial Statements For the Period Ended 31 December 2020

5. Intangible assets

	Goodwill £
Cost	
At 20 September 2019	-
Additions (See note 12)	85,162
At 31 December 2020	<u>85,162</u>
Amortisation	
At 20 September 2019	-
Charge for the period	3,548
At 31 December 2020	<u>3,548</u>
Net book value	
At 31 December 2020	<u><u>81,614</u></u>

6. Tangible fixed assets

	Freehold property £	Fixtures, fittings and other equipment £	Total £
Cost			
Additions	15,577	76,791	92,368
Acquisition of subsidiary (Note 12)	1,658,286	250,000	1,908,286
At 31 December 2020	<u>1,673,863</u>	<u>326,791</u>	<u>2,000,654</u>
Depreciation			
Charge for the period	60,653	47,838	108,491
At 31 December 2020	<u>60,653</u>	<u>47,838</u>	<u>108,491</u>
Net book value			
At 31 December 2020	<u><u>1,613,210</u></u>	<u><u>278,953</u></u>	<u><u>1,892,163</u></u>

Inlet Ltd

Notes to the Financial Statements For the Period Ended 31 December 2020

6. Tangible fixed assets (continued)

The value of land not depreciated is £200,000.

7. Debtors: amounts falling due within one year

	2020 £
Trade debtors	9,663
Amounts owed by Group undertakings	133,557
Other debtors	3,752
Prepayments and accrued income	162,283
	<u>309,255</u>

The impairment loss recognised in the Statement of Comprehensive Income for the period in respect of bad and doubtful trade debtors was £93,700.

8. Creditors: amounts falling due within one year

	2020 £
Bank overdrafts	34,371
Trade creditors	158,583
Amounts owed to Group undertakings	48,940
Other taxation and social security	46,316
Other creditors	169,341
Accruals and deferred income	157,249
	<u>614,800</u>

Bank overdrafts are secured by cross guarantees and debentures held by other members of the Group.

Inlet Ltd

Notes to the Financial Statements For the Period Ended 31 December 2020

9. Deferred taxation

	2020 £
Charged to profit or loss	(46,675)
At 31 December	<u>(46,675)</u>

The deferred taxation balance is made up as follows:

	2020 £
Fixed asset timing differences	(47,505)
Other short term timing differences	830
	<u>(46,675)</u>

10. Share capital

	2020 £
Allotted, called up and fully paid	
1,908,286 ordinary shares of £1.00 each	<u>1,908,286</u>

On 20 September 2019 the Company was incorporated and 1 £1 ordinary share was allotted and fully paid.

On 17 February 2020 a further 365,000 ordinary shares of £1 each were allotted and fully paid.

On 9 March 2020 1,543,285 ordinary shares of £1 each were allotted and fully paid.

11. Reserves

The Company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid.

Inlet Ltd

Notes to the Financial Statements For the Period Ended 31 December 2020

12. Business combinations

Acquisition of Loxely Court Care Home on 21 February 2020

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £	Fair value adjustments £	Fair value £
Fixed Assets			
Tangible	1,908,206	-	1,908,206
Total Assets	1,908,206	-	1,908,206
Total identifiable net assets	1,908,206	-	1,908,206
Goodwill			85,162
Total purchase consideration			1,993,368
Consideration			
			£
Cash			1,908,206
Directly attributable costs			85,162
Total purchase consideration			1,993,368
Cash outflow on acquisition			
			£
Purchase consideration settled in cash, as above			1,908,206
Directly attributable costs			85,162
			1,993,368
Net cash outflow on acquisition			1,993,368

13. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £19,776. Contributions totalling £4,369 were payable to the fund at the reporting date and are included in other creditors.

Inlet Ltd

Notes to the Financial Statements For the Period Ended 31 December 2020

14. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £
Not later than 1 year	8,676
Later than 1 year and not later than 5 years	2,389
Later than 5 years	-
	<hr/> 11,065 <hr/>

15. Other financial commitments

Cross guarantees are provided as security on loan and overdraft facilities held by other members of the Group. The aggregate amount secured at the Statement of Financial Position date was £Nil.

16. Related party transactions

The Company has taken advantage of the disclosure exemptions in preparing these financial statements, as permitted by FRS 102, which includes the requirements of Section 33 Related Party Disclosures not to disclose transactions between wholly owned members of the Group.

17. Controlling party

100% of the Company's share capital is owned by Towerview Healthcare Group Limited.

Towerview Healthcare Group Limited is ultimately controlled by Obotritia Capital KGaA a Company incorporated in Germany. This ultimate parent undertaking is both the smallest and largest group for which consolidated accounts are prepared.

Obotritia Capital KGaA
August-Bebel-Str. 68
14482 Potsdam

The Directors do not consider there to be one ultimate controlling party of the group due to the shareholding structure.

18. Post balance sheet events

On 25th March 2021, the group renewed its loan facilities with Clydesdale bank plc. The combined loan facilities were increased to £12.21 million from £9.77 million and a Revolving Credit Facility put in place of £3.33 million. As part of the renewed facilities, capital repayment dates were put back by 6 months from the original commencement date of 30 September 2021, now commencing on 31 March 2022. The applicable interest changed from the Margin + LIBOR to the Margin + Bank of England base rate.