

SONDERWELL MIDCO LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD FROM 8 FEBRUARY 2021 TO 31 MARCH 2022

Hazlewoods LLP
Windsor House
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Cheltenham
GL50 3AT

SONDERWELL MIDCO LIMITED

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SONDERWELL MIDCO LIMITED

Company Information

Directors	C A Dube P Hayes G L Minns
Registered office	11-15 St. Mary At Hill London EC3R 8EE
Auditors	Hazlewoods LLP Windsor House Bayshill Road Cheltenham GL50 3AT

SONDERWELL MIDCO LIMITED

Strategic Report for the Period from 8 February 2021 to 31 March 2022

The directors present their strategic report for the period from 8 February 2021 to 31 March 2022.

Principal activity

The principal activity of the company is as a holding company.

Fair review of the business

The results for the period, which are set out in the profit and loss account, show an operating profit of £Nil. At 31 March 2022, the company had net assets of £1,370,864. The directors consider the performance for the period and the financial position at the period end to be satisfactory.

Given the nature of the business, the directors are of the opinion that key performance indicators are important. The company uses a number of indicators to monitor and improve the position of the business. Indicators are reviewed and altered to meet changes both in the internal and external environments. The directors do not consider the inclusion of an analysis using key performance indicators to be necessary to assist users of the financial statements in their understanding of the financial performance or position of the company.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to ongoing compliance with current and future legislation affecting the sector.

Approved by the Board on 19 May 2023 and signed on its behalf by:

G L Minns
Director

SONDERWELL MIDCO LIMITED

Directors' Report for the Period from 8 February 2021 to 31 March 2022

The directors present their report and the financial statements for the period from 8 February 2021 to 31 March 2022.

Incorporation

The company was incorporated on 8 February 2021.

Change of company name

The company changed its name from Better Midco Limited to Sonderwell Midco Limited effective from 14 September 2021.

Directors of the company

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

C A Dube (appointed 8 February 2021)

P Hayes (appointed 25 February 2022)

G L Minns (appointed 25 February 2022)

K R Y Chotai (appointed 8 February 2021 and ceased 31 August 2022)

Financial instruments

Objectives and policies

The board constantly monitors the company's trading results and revise projections as appropriate to ensure that the company can meet its future obligations as they fall due.

Price risk, credit risk, liquidity risk and cash flow risk

The company is exposed to the usual credit and cash flow risks associated with selling on credit and manages this through credit control procedures. The company's bank loans and loan stock are subject to price and liquidity risk as disclosed in note 18 to the financial statements.

In accordance with the Financial Reporting Council's 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009', the directors of all companies are now required to provide disclosures regarding the adoption of the going concern basis of accounting.

The company has sufficient resources available and the directors have prepared forecasts for the next 12 months that indicate that this will continue to be the case and that these cash flows will be sufficient for the company to meet its financing commitments as they fall due. The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

Disclosure of information to the auditors

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

Appointment of auditors

Hazlewoods LLP were appointed as auditors to the company during the period and have expressed their willingness to continue in office.

Approved by the Board on 19 May 2023 and signed on its behalf by:

G L Minns
Director

SONDERWELL MIDCO 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 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

SONDERWELL MIDCO LIMITED

Independent Auditor's Report to the Members of Sonderwell Midco Limited

Opinion

We have audited the financial statements of Sonderwell Midco Limited (the 'company') for the period from 8 February 2021 to 31 March 2022, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 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.

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 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.

SONDERWELL MIDCO LIMITED

Independent Auditor's Report to the Members of Sonderwell Midco Limited

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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:

SONDERWELL MIDCO LIMITED

Independent Auditor's Report to the Members of Sonderwell Midco 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 UK GAAP, 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 period to 31 March 2022 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.

Use of our report

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

Simon Worsley (Senior Statutory Auditor)

For and on behalf of Hazlewoods LLP, Statutory Auditor

Windsor House

Bayshill Road

Cheltenham

GL50 3AT

19 May 2023

SONDERWELL MIDCO LIMITED**Profit and Loss Account for the Period from 8 February 2021 to 31 March 2022**

		8 February 2021 to 31 March 2022
	Note	£
Turnover		-
Operating profit/(loss)		-
Interest payable and similar charges	<u>3</u>	<u>(2,200,028)</u>
Loss before tax		(2,200,028)
Taxation		-
Loss for the financial period		<u><u>(2,200,028)</u></u>

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

SONDERWELL MIDCO LIMITED

(Registration number: 13184276)
Balance Sheet as at 31 March 2022

	Note	31 March 2022 £
Fixed assets		
Investments	<u>7</u>	<u>1</u>
Current assets		
Debtors	<u>8</u>	20,123,750
Creditors: Amounts falling due within one year	<u>9</u>	<u>(19,851)</u>
Net current assets		<u>20,103,899</u>
Total assets less current liabilities		20,103,900
Creditors: Amounts falling due after more than one year	<u>9</u>	<u>(18,733,036)</u>
Net assets		<u><u>1,370,864</u></u>
Capital and reserves		
Called up share capital	<u>11</u>	3,570,892
Profit and loss account		<u>(2,200,028)</u>
Total equity		<u><u>1,370,864</u></u>

Approved and authorised by the Board on 19 May 2023 and signed on its behalf by:

G L Minns
Director

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

SONDERWELL MIDCO LIMITED**Statement of Changes in Equity for the Period from 8 February 2021 to 31 March 2022**

	Share capital	Profit and loss	Total
	£	account	£
		£	
Loss for the period	-	(2,200,028)	(2,200,028)
New share capital subscribed	3,570,892	-	3,570,892
At 31 March 2022	3,570,892	(2,200,028)	1,370,864

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

SONDERWELL MIDCO LIMITED

Notes to the Financial Statements for the Period from 8 February 2021 to 31 March 2022

1 General information

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

The company was formerly known as Better Midco Limited.

The address of its registered office is:

11-15 St. Mary At Hill

London

EC3R 8EE

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.

Summary of disclosure exemptions

The company has not presented a cash flow statement on the grounds that the company is a wholly owned subsidiary and a group cash flow statement is included in the financial statements of the ultimate parent company.

Name of parent of group

These financial statements are consolidated in the financial statements of Sonderwell Topco Limited.

The financial statements of Sonderwell Topco Limited may be obtained from Companies House.

Group accounts not prepared

The company has taken advantage of the exemption in section 398 of the Companies Act 2006 from the requirement to prepare consolidated financial statements, on the grounds that it is consolidated further up in the group.

Disclosure of long or short period

The financial statements cover a period of 408 days. This is to bring the year end in line with that of its ultimate parent undertaking, Sonderwell Topco Limited.

Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

SONDERWELL MIDCO LIMITED

Notes to the Financial Statements for the Period from 8 February 2021 to 31 March 2022

Judgements and estimation uncertainty

These financial statements do not contain any significant judgements or estimation uncertainty.

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.

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 company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

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.

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.

SONDERWELL MIDCO LIMITED

Notes to the Financial Statements for the Period from 8 February 2021 to 31 March 2022

Financial instruments (continued)

Impairment

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

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 Interest payable and similar expenses

	2022 £
Interest expense on other finance liabilities	2,200,028

4 Staff numbers

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

	8 February 2021 to 31 March 2022 No.
Directors	4

5 Directors' remuneration

Directors' remuneration has been borne by a connected party.

6 Auditors' remuneration

Auditors' remuneration has been borne by a connected party.

SONDERWELL MIDCO LIMITED

Notes to the Financial Statements for the Period from 8 February 2021 to 31 March 2022

7 Investments

	2022
	£
Investments in subsidiaries	<u>1</u>
Subsidiaries	£
Cost and carrying amount	
Additions and at 31 March 2022	<u>1</u>

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 2022
Subsidiary undertakings			
Sonderwell Finco Limited	England and Wales	Ordinary	100%
Sonderwell Bidco Limited	England and Wales	Ordinary	100%
Better Healthcare Services Limited	England and Wales	Ordinary	100%
Enviva Care Limited	England and Wales	Ordinary	100%
Arrow Support Limited	England and Wales	Ordinary	100%
Enviva Complex Care Limited	England and Wales	Ordinary	100%
Invent Health Limited	Scotland	Ordinary	100%
Becc: Bespoke Complex Care Limited	England and Wales	Ordinary	100%
Diversity Care Solutions Limited	England and Wales	Ordinary	100%

Only Sonderwell Finco Limited is held directly.

Subsidiary undertakings

Sonderwell Finco Limited

The principal activity of Sonderwell Finco Limited is as a holding company.

Sonderwell Bidco Limited

The principal activity of Sonderwell Bidco Limited is as a holding company.

Better Healthcare Services Limited

The principal activity of Better Healthcare Services Limited is domiciliary care services.

Enviva Care Limited

The principal activity of Enviva Care Limited is domiciliary care services.

Arrow Support Limited

The principal activity of Arrow Support Limited is as social care providers.

SONDERWELL MIDCO LIMITED

Notes to the Financial Statements for the Period from 8 February 2021 to 31 March 2022

Enviva Complex Care Limited

The principal activity of Enviva Complex Care Limited is domiciliary care services..

Invent Health Limited

The principal activity of Invent Health Limited is care services.

Becc: Bespoke Complex Care Limited

The principal activity of Becc: Bespoke Complex Care Limited is care services.

Diversity Care Solutions Limited

The principal activity of Diversity Care Solutions Limited is care services.

8 Debtors

	31 March 2022
	£
Amounts owed by group undertakings	20,123,750

9 Creditors

	31 March 2022
	£
Due within one year	
Amounts due to group undertakings	19,851
Due after one year	
Loans and borrowings	18,733,036

10 Loans and borrowings

	2022
	£
Non-current loans and borrowings	
Other borrowings	18,733,036

The other borrowings outstanding of £18,733,036 consist of loan notes and include accrued interest of £2,200,028 and is stated after deducting £19,850 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 in accordance with FRS 102. The loan notes excluding interest and gross of debt costs was £16,552,858. The loan notes are repayable in March 2029 and interest is accrued at 12%.

11 Share capital

Allotted, called up and fully paid shares

	31 March 2022	
	No.	£
Ordinary shares of £1 each	3,570,892	3,570,892

SONDERWELL MIDCO LIMITED

Notes to the Financial Statements for the Period from 8 February 2021 to 31 March 2022

12 Parent and ultimate parent undertaking

The ultimate parent is Sonderwell Topco Limited, incorporated in England and Wales.

The ultimate controlling party is August Equity Partners V LP, a Limited Partnership registered in Scotland which is considered to have no single controlling party.

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