Acteon UK Financing III (EUR) Limited

Annual report and unaudited financial statements

Registered number 09956025

31 December 2021

Contents

Directors' report

The directors present their Directors' report for the year ended 31 December 2021.

Principal activities and business model

The principal activity of the Company is that of a financing company.

Results and dividends

The profit for the year after taxation amounted to €744,000 *(2020: €762,000)*.

The directors recommended an interim dividend payment in the year of €1,800,000 (*2020: €nil)*.

Directors

The directors who held office during the year and up to the date of this report are as follows:

M Grant
S Uppal

The directors benefited from qualifying third party indemnity provisions which were in place during the financial year and at the date of this report. These took the form of Directors and Officers liability insurance.

Small company provision

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 414B of the Companies Act 2006 and have not prepared a Strategic report.

By order of the board

M Grant
Director

Ferryside
Ferry Road
Norwich
NR1 1SW

29 July 2022

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

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 year. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2021

	Note	2021 €000	2020 €000
Administrative expenses		**(12)**	(6)
Operating loss	*2-4*	**(12)**	(6)
Interest receivable and similar income	*5*	**930**	930
Profit before taxation		**918**	924
Tax on profit	*6*	**(174)**	(162)
Profit for the financial year		**744**	762
Other comprehensive income		**-**	-
Total comprehensive income		**744**	762

All results relate to continuing activities.

Balance Sheet
at 31 December 2021

	Note	2021		2020	
		€000	**€000**	€000	€000
Current assets					
Debtors (including €31,000,000 *(2020: €31,000,000)* due after more than one year)	*7*	**31,000**		31,000	
Cash at bank and in hand		**1,097**		1,973	
		32,097		32,973	
Creditors: amounts falling due within one year	*8*	**(526)**		(346)	
Net current assets			**31,571**		32,627
Total assets less current liabilities			**31,571**		32,627
Net assets			**31,571**		32,627
Capital and reserves					
Called up share capital	*9*		**1**		1
Share premium account			**31,000**		31,000
Profit and loss account			**570**		1,626
Shareholder's funds			**31,571**		32,627

Audit exemption statement

- For the year ending 31 December 2021 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies;
- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements were approved by the board of directors on 29 July 2022 and were signed on its behalf by:

M Grant
Director

Statement of Changes in Equity

	Called up share capital €000	Share premium €000	Profit and loss account €000	Total equity €000
Balance at 1 January 2020	1	31,000	864	31,865
Total comprehensive income for the year				
Profit for the year	-	-	762	762
Balance at 31 December 2020	**1**	**31,000**	**1,626**	**32,627**

	Called up share capital €000	Share premium €000	Profit and loss account €000	Total equity €000
Balance at 1 January 2021	1	31,000	1,626	32,627
Total comprehensive income for the year				
Profit for the year	-	-	744	744
Transactions with owners, recorded directly in equity				
Dividends paid in the year	-	-	(1,800)	(1,800)
Balance at 31 December 2021	**1**	**31,000**	**570**	**31,571**

Notes
(forming part of the financial statements)

1 Accounting policies

Acteon UK Financing III (EUR) Limited (the "Company") is a company incorporated and domiciled in the UK. The registered number is 09956025 and the registered address is Ferryside, Ferry Road, Norwich, NR1 1SW.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101").*

These financial statements are presented in Euros, which is the Company's functional currency. All financial information presented has been rounded to the nearest €1,000.

In preparing these financial statements, the Company has applied the recognition, measurement and disclosure requirements of UK-adopted International Accounting Standards ("Adopted IFRS") and applicable laws. The Company has also taken advantage of the available FRS 101 disclosure exemptions in relation to the following:

- a Cash flow statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

The Company's parent undertaking, Acteon Group Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Acteon Group Limited are prepared in accordance with Adopted IFRS and are available to the public and may be obtained from Companies House, Cardiff, CF14 3UZ.

The consolidated financial statements of Acteon Group Limited include disclosures required by IFRS 7 *Financial Instruments: Disclosures* and IFRS 13 *Fair Value Measurements*, both relating to financial instruments. As a consequence, the Company has also taken the exemption under FRS 101 not to include the equivalent disclosures, apart from those which are relevant for financial instruments which are held at fair value and are not either held as part of a trading portfolio or derivatives.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The directors did not make any significant judgments in the application of these accounting policies.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The principal activity of the Company is that of an intermediate financing company. The directors consider the principal risk facing the Company is the recoverability of its loan balances. The directors have taken steps to monitor this risk through the review of comprehensive monthly financial data prepared by the loanee companies, which will alert them to any material developments in trading performance and cash management.

The directors have also prepared cash flow forecasts for the Company for a period of twelve months from the date of approval of these financial statements which, taking account of reasonably possible severe but plausible downsides, indicates the Company will have sufficient cash to meet its liabilities as they fall due during that period. No significant cash outflows are forecast.

Notes *(continued)*

1 Accounting policies *(continued)*

1.2 Going concern (continued)

The Company activity however is dependent on it continuing to trade and transact with fellow subsidiaries of Acteon Group Limited ('the Group'). In making their going concern assessment, the Company's directors have therefore made enquiries about the financial position of the Group.

At 31 December 2021 the Group had a fully drawn secured bank loan facility of £273 million with the first debt maturity in November 2024. As of 31 May 2022, the Group had £32 million in cash and the bank facility remained fully drawn. The principal financial covenants with which the Group is required to comply are ratios relating to EBITDA to Net Interest Payable and Total Net Debt to EBITDA. Compliance is required to be tested at each quarter end.

The Group has prepared forecast cash flows to 31 August 2023 and on the basis of the forecast cash flow information within the Group's projections, and taking into account severe but plausible downsides, the directors consider that the Group will continue to operate with sufficient liquidity and comply with its bank loan financial covenants. The severe but plausible downside cash flows modelled assumes further deferrals or reductions in the Group's customer revenues across the forecast period.

Based on their forecasts and evaluation thereof, the directors believe that it is appropriate to prepare the Company's financial statements on a going concern basis and are confident the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements.

1.3 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and bank borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measure at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

1.4 Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent they meet the following two conditions:

(a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.5 Interest receivable and interest payable

Interest payable and similar expenses include interest payable and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

Notes *(continued)*

1 Accounting policies *(continued)*

1.5 Interest receivable and interest payable (continued)

Interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as it accrues, using the effective interest method.

1.6 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.7 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account on a net basis.

1.8 Intra group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

2 Expenses and auditor's remuneration

These financial statements have not been audited. In the prior year the company's audit fee for the audit of these financial statements was €3,000.

3 Staff numbers and costs

The Company had no employees during the current or prior year other than the directors.

Notes *(continued)*

4 Directors' remuneration

None of the directors received any fees or remuneration for services as directors of the Company during the current or prior year. The directors also hold office in other group companies and emoluments paid to the directors for services to those companies are disclosed within those financial statements. The amount for services to this Company is not separately identifiable.

5 Interest receivable and similar income

	2021	2020
	€000	€000
Interest receivable from group undertakings	**930**	930

6 Taxation

Recognised in the profit and loss account

	2021		2020	
	€000	**€000**	€000	€000
UK corporation tax				
Current tax on income for the year	**174**		176	
Adjustment in respect of prior years	**-**		(14)	
		174		162
Tax on profit		**174**		162

Reconciliation of effective tax rate

	2021	2020
	€000	€000
Profit for the year	**744**	762
Total tax expense	**174**	162
Profit excluding taxation	**918**	924
Tax using the UK corporation tax rate of 19% *(2020: 19%)*	**174**	176
Adjustment in respect of prior years	**-**	(14)
Tax on profit	**174**	162

In the 3 March 2021 Budget it was announced that the UK corporation tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the Company's future UK corporation tax charge.

Notes *(continued)*

7 Debtors

	2021	2020
	€000	€000
Amounts owed by group undertakings	**31,000**	31,000

The amounts owed by group undertakings are expected to be recovered in more than 12 months and are interest bearing.

8 Creditors: amounts falling due within one year

	2021	2020
	€000	€000
Amounts owed to group undertakings	**512**	337
Accruals and deferred income	**14**	9
	526	346

The amounts owed to group undertakings are repayable on demand and non-interest bearing.

9 Capital and reserves

Share capital

	2021	2020
	€000	€000
Allotted, called up and fully paid		
1,001 ordinary shares of €1 each	**1**	1

Share premium

Share premium represents the excess of the proceeds received from the issue of shares over the nominal value of those shares.

Profit and loss account

The profit and loss account comprise cumulative undistributed earnings of the Company.

Dividends

The following dividends were recognised during the year.

	2021	2020
	€000	€000
Dividends of €1.798 (*2020: €nil*) per share paid on ordinary shares	**1,800**	-

Notes *(continued)*

10 Ultimate parent company and parent company of a larger group

The Company is a subsidiary undertaking of Acteon Group Limited, a company incorporated in the United Kingdom with its registered office at Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW.

The largest and smallest group in which the results of the Company are consolidated is that headed by Acteon Group Limited. The consolidated accounts of this company are available to the public and may be obtained from Companies House, Cardiff, CF14 3UZ.

The Company's ultimate parent undertaking is KKR Matterhorn Holdco Limited, a company incorporated in Jersey, and the ultimate controlling party is KKR & Co Inc, a company listed on the New York Stock Exchange.

The registered office address of KKR Matterhorn Holdco Limited is 47 Esplanade, St Helier, Jersey, JE1 0BD.

KKR & Co Inc's registered office address is c/o Maples Fiduciary Services (Delaware) Inc., 4001 Kennett Pike, Suite 302, County of New Castle, Wilmington, Delaware 19807, USA.