

Acteon UK Financing III (EUR) Limited

**Annual report and unaudited financial
statements**

Registered number 09956025

31 December 2022

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Director's report

The director presents his Director's report for the year ended 31 December 2022.

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 €774,000 (2021: €744,000).

The director did not recommend or propose a dividend in the year (2021: €1,800,000).

Directors

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

M Grant

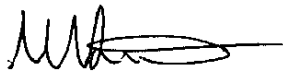
S Uppal (resigned 30 April 2023)

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 director has 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

24 July 2023

Statement of director's responsibilities in respect of the Director's report and the financial statements

The director is responsible for preparing the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law he has 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 director must not approve the financial statements unless he is 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 director is 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 he either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is responsible for such internal control as he determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to him 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 2022

	<i>Note</i>	2022 €000	2021 €000
Administrative expenses		5	(12)
Operating profit/(loss)	2-4	5	(12)
Interest receivable and similar income	5	950	930
Profit before taxation		955	918
Tax on profit	6	(181)	(174)
Profit for the financial year		774	744
Other comprehensive income		-	-
Total comprehensive income		774	744

All results relate to continuing activities.

Balance Sheet at 31 December 2022

	Note	2022	2021
		€000	€000
Current assets			
Debtors (including €31,000,000 (2021: €31,000,000) due after more than one year)	7	32,020	31,000
Cash at bank and in hand		1,023	1,097
		<u>33,042</u>	<u>32,097</u>
Creditors: amounts falling due within one year	8	(698)	(526)
Net current assets		<u>32,345</u>	<u>31,571</u>
Total assets less current liabilities		<u>32,345</u>	<u>31,571</u>
Net assets		<u>32,345</u>	<u>31,571</u>
Capital and reserves			
Called up share capital	9	1	1
Share premium account		31,000	31,000
Profit and loss account		1,344	570
Shareholder's funds		<u>32,345</u>	<u>31,571</u>

Audit exemption statement

- For the year ending 31 December 2022 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 director acknowledges his 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
on its behalf by:

24 July 2023 and were signed



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 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
	Called up share capital €000	Share premium €000	Profit and loss account €000	Total equity €000
Balance at 1 January 2022	1	31,000	570	31,571
Total comprehensive income for the year				
Profit for the year	-	-	774	774
Balance at 31 December 2022	1	31,000	1,344	32,345

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 director 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 director considers the principal risk facing the Company is the recoverability of its loan balances. The director has taken steps to monitor this risk through the review of comprehensive monthly financial data prepared by the loanee companies, which will alert him to any material developments in trading performance and cash management.

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

At 31 December 2022 the Group had a fully drawn secured bank loan facility of £283 million with the first debt maturity in November 2024. The Group will be looking to undertake a refinancing exercise for both new equity and debt funding commencing later in 2023. This will be concluded before any maturity dates crystallise.

As of 31 May 2023, the Group had £22 million in cash and its 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 2024 and on the basis of the forecast cash flow information within the Group's projections, and taking into account significant but plausible risks in the current trading environment, the director considers that the Group will continue to operate with sufficient liquidity and comply with its bank loan financial covenants. The significant but plausible downside cash flows modelled reflect increases in interest rates and deferrals or reductions in the Group's customer revenues across the forecast period.

Based on the forecasts and evaluation thereof, the director believes that it is appropriate to prepare the Company's financial statements on a going concern basis and is 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 measured 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.

Notes *(continued)*

1 Accounting policies *(continued)*

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).

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 current or prior year.

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

	2022 €000	2021 €000
Interest receivable from group undertakings	950	930

6 Taxation

Recognised in the profit and loss account

	2022 €000	2021 €000
<i>UK corporation tax</i>		
Current tax on income for the year	181	174
	181	174
Tax on profit	181	174

Reconciliation of effective tax rate

	2022 €000	2021 €000
Profit for the year	774	744
Total tax expense	181	174
Profit excluding taxation	955	918
Tax using the UK corporation tax rate of 19% (2021: 19%)	181	174
Tax on profit	181	174

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

	2022 €000	2021 €000
Amounts owed by group undertakings	32,020	31,000
	—	—

Within the total amounts owed by group undertakings, €31,000,000 (2021: €31,000,000) are expected to be recovered in more than twelve months. All amounts are interest bearing.

8 Creditors: amounts falling due within one year

	2022 €000	2021 €000
Amounts owed to group undertakings	693	512
Accruals and deferred income	5	14
	<u>698</u>	<u>526</u>
	—	—

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

9 Capital and reserves

Share capital

	2022 €000	2021 €000
<i>Allotted, called up and fully paid</i>		
1,001 ordinary shares of €1 each	1	1
	<u>1</u>	<u>1</u>

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.

	2022 €000	2021 €000
Dividends of Cnil (2021: €1.798) per share paid on ordinary shares	—	1,800
	<u>—</u>	<u>1,800</u>

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.

11 Subsequent events

Subsequent to the year-end the Company has paid a dividend of €1,000,000, equivalent to €999 per share. The consideration was in cash.