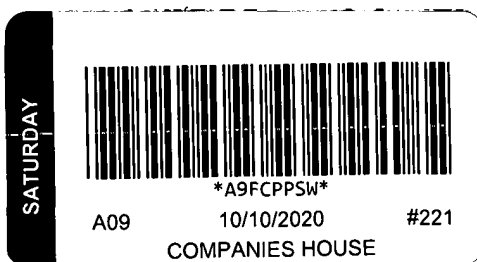


Registered number: 11666292

**4AWH OPERATIONS LIMITED**

**ANNUAL REPORT**

**FOR THE PERIOD ENDED 31 DECEMBER 2019**



**4AWH OPERATIONS LIMITED**

**COMPANY INFORMATION**

**Directors**

A Acton (appointed 30 March 2019)  
A How (appointed 30 March 2019, resigned 23 January 2020)  
K Maddin (appointed 30 March 2019)  
E McNeill (appointed 8 November 2018)  
C Storr (appointed 23 July 2019)  
A Welsh (appointed 30 March 2019)

**Registered number** 11666292

**Registered office**

Cabot Square Capital LLP  
1 Connaught Place  
London  
W2 2ET

**Independent auditor**

Hazlewoods LLP  
Windsor House  
Bayshill Road  
Cheltenham  
GL50 3AT

**4AWH OPERATIONS LIMITED**

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<b>Notes to the financial statements</b>	<b>10 - 24</b>

**4AWH OPERATIONS LIMITED****STRATEGIC REPORT  
FOR THE PERIOD ENDED 31 DECEMBER 2019****Introduction**

The principal activity of the business is the operation of residential care services for the elderly.

**Business review**

The company developed during its first year of trading through the successful post-acquisition integration and operation of three residential elderly care homes.

The results for the year are set out in the profit and loss account on page 7.

First year turnover of £1.47mil and a gross operating margin of £0.8mil (54%) represented a positive start to the business. Pre exceptional EBITDA which is a key measure of performance within the business was £28,834 deficit.

	<b>2019</b>
	<b>£</b>
Operating loss	(445,195)
Exceptional items	188,384
Depreciation	26,149
Amortisation	201,828
<b>EBITDA</b>	<b>(28,834)</b>

**Principal risks and uncertainties**

The quality of care, safety of residents and compliance with the regulatory standards and those expected by the Care Quality Commission are the primary concerns of the board. The company's employees are given appropriate training and support to ensure that they can deliver these standards. There is a comprehensive risk management and governance framework in place to ensure that the business maintains the highest standards of care, safety and compliance in all of its homes.

The global COVID-19 pandemic has added an increased element of risk to the business through the potential impact on occupancy and increased costs of working. However, the board is confident that with comprehensive risk management and infection control protocols in place, the risk has been mitigated with the potential downside being limited to a shortlived but recoverable reduction in occupancy.

**Financial key performance indicators**

The key financial and operational performance indicators monitored by management include quality ratings, the results of regulatory reviews, occupancy ratios, average weekly fee data, cost per resident ratios, staff costs and agency usage, EBITDA cashflow cover ratio, gross leverage ratio and loan to value ratio.

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

DocuSigned by:  
  
 D7553C9F81B54B7...  
**C Storr**  
 Director

Date: 6/8/2020 | 13:01 BST

## **4AWH OPERATIONS LIMITED**

### **DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019**

The directors present their report and the financial statements for the period ended 31 December 2019.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

#### **Results and dividends**

The profit for the period, after taxation, amounted to £1,061,586.

The directors do not recommend the payment of any dividend for the period.

#### **Directors**

The directors who served during the period are shown on the company information page.

#### **Principal risk, credit risk, liquidity risk and cash flow risk**

The group is mainly funded through loan notes and equity provided by Cabot Square Capital LLP alongside Bank debt through a fixed term acquisition facility.

The group's bank loans and loan stock are subject to price and liquidity risk. Liquidity risk is mitigated through the ongoing fully committed support from our Private Equity partner whilst exposure to interest rate risk is managed through a board approved hedging strategy.

The principal operational finance risk that the business faces is the competitive market for the provision of Care Home services and the potentially serious impact of reduced occupancy levels. However, the business plans to mitigate this risk through acquisition of homes in under-bedded markets with local demographics that can support the private pay market.

#### **Appointment of auditors**

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

**4AWH OPERATIONS LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

**Future developments**

The business will continue to pursue its strategy of developing a high-quality group of elderly residential care homes through the acquisition and subsequent integration of pre-existing mature and operational businesses with principal focus on the private pay market.

At the balance sheet date the group was in exclusive negotiations for the acquisition of an additional four care homes, with an extended pipeline of additional acquisition opportunities at various stages of development.

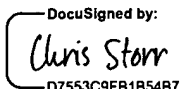
The completion of these prospective additions to the group have been delayed by the board due to risks associated with the Coronavirus pandemic and one of the target acquisitions has been lost to another acquirer. However, the board anticipates progressing the pipeline once the adverse economic and environmental conditions associated with the pandemic begin to stabilise and recover.

**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.

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

DocuSigned by:  
  
D7553C9FB1B54B7...  
**C Storr**  
Director

Date: 6/8/2020 | 13:01 BST

## **4AWH OPERATIONS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 4AWH OPERATIONS LIMITED**

#### **Opinion**

We have audited the financial statements of 4AWH Operations Limited (the 'company') for the period ended 31 December 2019, which comprise the profit and loss account, the balance sheet, the statement of changes in equity and the related notes, 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 December 2019 and of its profit 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 United Kingdom, including the Financial Reporting Council'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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, it is difficult to evaluate all of the potential implications of the current COVID-19 outbreak on the company's trade, employees, customers, suppliers and the wider economy.

## **4AWH OPERATIONS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 4AWH OPERATIONS LIMITED (CONTINUED)**

#### **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.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

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

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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.



## 4AWH OPERATIONS LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 4AWH OPERATIONS LIMITED (CONTINUED)

#### Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 2, 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

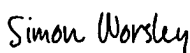
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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 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 for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:



E18D45AD8E0845E...  
Simon Worsley (Senior Statutory Auditor)

For and on behalf of Hazlewoods LLP, Statutory Auditor

Windsor House  
Bayshill Road  
Cheltenham  
GL50 3AT

Date: 6/8/2020 | 18:00 BST

**4AWH OPERATIONS LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

	<b>Note</b>	<b>7 November 2018 to 31 December 2019 £</b>
<b>Turnover</b>	2.10,4	1,465,882
<b>Cost of sales</b>		(687,540)
<b>Gross profit</b>		<u>778,342</u>
Administrative expenses		(1,035,153)
Exceptional administrative expenses	11	<u>(188,384)</u>
<b>Operating loss</b>	5	<u>(445,195)</u>
Income from other fixed asset investments	8	1,579,048
Interest payable and similar expenses	9	<u>(107,765)</u>
<b>Profit before tax</b>		<u>1,026,088</u>
Tax on profit	10	<u>35,498</u>
<b>Profit for the financial period</b>		<u><u>1,061,586</u></u>

There were no recognised gains and losses for the period ended 31 December 2019 other than those included in the profit and loss account.

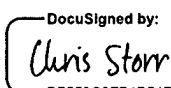
The notes on pages 10 to 24 form part of these financial statements.

**4AWH OPERATIONS LIMITED**  
**REGISTERED NUMBER: 11666292**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £
<b>Fixed assets</b>		
Intangible assets	12	2,401,314
Tangible assets	13	287,536
Investments	14	6,500,929
		<u>9,189,779</u>
<b>Current assets</b>		
Stocks	15	2,500
Debtors: amounts falling due within one year	16	300,240
Cash at bank and in hand		134,652
		<u>437,392</u>
Creditors: amounts falling due within one year	17	(871,289)
<b>Net current (liabilities)/assets</b>		<u>(433,897)</u>
<b>Total assets less current liabilities</b>		8,755,882
Creditors: amounts falling due after more than one year	18	(7,694,296)
<b>Net assets</b>		<u><u>1,061,586</u></u>
<b>Capital and reserves</b>		
Called up share capital	20	-
Profit and loss account		1,061,586
		<u><u>1,061,586</u></u>

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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**C Storr**  
Director

Date: 6/8/2020 | 13:01 BST

The notes on pages 10 to 24 form part of these financial statements.

**4AWH OPERATIONS LIMITED****STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Comprehensive income for the period</b>			
Profit for the period	-	1,061,586	1,061,586
<b>At 31 December 2019</b>	<u>-</u>	<u>1,061,586</u>	<u>1,061,586</u>

The notes on pages 10 to 24 form part of these financial statements.

## **4AWH OPERATIONS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019**

#### **1. General information**

4AWH Operations Limited is a limited company incorporated and domiciled in England and Wales. The company is a private company limited by shares. The address of its registered office is Cabot Square Capital LLP, 1 Connaught Place, London, W2 2ET.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements are prepared in Sterling (£) which is the functional currency of the company. The financial statements are for a period from incorporation from 7 November 2018 to 31 December 2019.

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

The following principal accounting policies have been applied:

##### **2.2 Disclosure exemptions**

As permitted by FRS 102 section 1.12, the company has taken advantage of the disclosure exemption available under the standard in relation to presentation of a cash flow and the aggregate remuneration of key management personnel. Where required, relevant disclosures are given in the group accounts of 4AWH Holdings Limited. The group accounts for 4AWH Holdings Limited are publicly available and can be obtained as set out in note 26.

##### **2.3 Group accounts**

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as its subsidiary undertaking of 4AWH Holdings Limited, and is included in the consolidated accounts of that company.

##### **2.4 Going concern**

The directors have prepared cash flow forecasts which demonstrate that the company has sufficient finance facilities available to continue in business for a period of at least 12 months from the date of approval of the financial statements. On this basis the directors consider it appropriate to prepare financial statements on a going concern basis.

## 4AWH OPERATIONS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

## 2. Accounting policies (continued)

### 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 profit and loss account over its useful economic life.

#### Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Patents	-	10	years
Goodwill	-	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.

Depreciation 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	- 50 years
Freehold land	- Nil
Fixtures and fittings	- 5 years
Computer equipment	- 4 years

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.

### 2.7 Investments

Investment in subsidiary undertakings are initially measured at cost and reviewed annually for impairment. If an impairment loss is identified, this is recognised immediately in the profit and loss account and the value of the investment is reduced accordingly.

## **4AWH OPERATIONS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019**

#### **2. Accounting policies (continued)**

##### **2.8 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

##### **2.9 Financial instruments**

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors, loans from banks and loans to and from related parties.

All financial assets and liabilities are initially measured at transaction price and subsequently measured at amortised cost.

For all 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 group would receive for the asset if it were to be sold at the balance sheet date.

##### **2.10 Turnover**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

###### **Rendering of services**

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the contract.

##### **2.11 Pensions**

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.

Contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in other creditors as a liability in the balance sheet. The assets of the plan are held separately from the company in an independently administered fund.

##### **2.12 Borrowing costs**

Finance costs are charged to profit or loss 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.

## **4AWH OPERATIONS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019**

#### **2. Accounting policies (continued)**

##### **2.13 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

##### **2.14 Current and deferred taxation**

The tax expenses for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, 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 balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect to all timing differences that have originated but not reversed by the balance sheet 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interest in subsidiaries, associates, branches and joint ventures and the company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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 amounts assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### **2.15 Provisions for liabilities**

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

##### **2.16 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.



## **4AWH OPERATIONS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019**

#### **3. Judgments in applying accounting policies and key sources of estimation uncertainty**

The directors make estimates and assumptions concerning the future. The directors are also required to exercise judgment in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### **Impairment of non current assets**

The directors assess the impairment of investments, property, plant and equipment and intangible assets subject to amortisation or depreciation whenever events or changes in circumstances indicated that the carrying value may not be recoverable.

Factors considered important that could trigger an impairment review include the following:

- Significant underperformance relative to historical projected future operating results;
- Significant changes in the use of the acquired assets or the business strategy; and
- Significant negative industry or economic trends

Non current assets are initially valued at cost and reviewed annually for signs of impairment. If an impairment loss is identified this is recognised immediately in the profit and loss account and the value of the non current asset is reduced accordingly.

##### **Depreciation and residual values**

The directors have reviewed the asset lives and associated residual values of all fixed assets classes, and have concluded that asset lives and residual values are appropriate.

The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technical innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projects disposal values.

##### **Recoverability of trade and other debtors**

Trade and other debtors are recognised to the extent that they are judged recoverable. Directors reviews are performed to estimate the level of provision required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain.

The directors make allowance for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The directors specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgment to evaluate the adequacy of the provision for doubtful debts.

##### **Provisions**

A provision is recognised when the company has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flow at a rate that reflects the time value of money and the risks specific to the liability.

**4AWH OPERATIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2019****3. Judgments in applying accounting policies (continued)****Taxation**

There are many transactions and calculations for which the ultimate tax determination is uncertain. The group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due.

The directors' estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

**4. Turnover**

The whole turnover is attributable to the provision of accommodation and social and healthcare services.

All turnover arose within the United Kingdom.

**5. Operating (loss)**

The operating (loss) is stated after charging:

	<b>Period ended 31 December 2019 £</b>
Depreciation	26,149
Amortisation	210,828
	<hr/> <hr/>

**6. Auditor's remuneration**

	<b>Period ended 31 December 2019 £</b>
Fees payable to the company's auditor	8,400
	<hr/> <hr/>

**4AWH OPERATIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2019****7. Employees**

Staff costs were as follows:

	<b>Period ended 31 December 2019 £</b>
Wages and salaries	864,944
Social security costs	68,578
Cost of defined contribution scheme	9,271
	<u>942,793</u>

The average monthly number of employees, including the directors, during the period was as follows:

	<b>Period ended 31 December 2019 No.</b>
Employees	<u>62</u>

**8. Income from investments**

	<b>Period ended 31 December 2019 £</b>
Dividends received from unlisted investments	<u>(1,579,048)</u>

**9. Interest payable and similar expenses**

	<b>Period ended 31 December 2019 £</b>
Bank interest payable	288
Interest on amounts owed to group undertakings	107,477
	<u>107,765</u>

## 4AWH OPERATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2019

## 10. Taxation

	Period ended 31 December 2019 £
<b>Total current tax</b>	-
<b>Deferred tax</b>	
Origination and reversal of timing differences	(35,498)
<b>Total deferred tax</b>	(35,498)
<b>Taxation on profit</b>	(35,498)

**Factors affecting tax charge for the period**

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

	Period ended 31 December 2019 £
Profit before tax	1,026,088
Profit multiplied by standard rate of corporation tax in the UK of 19%	194,957
<b>Effects of:</b>	
Expenses not deductible for tax purposes	11,628
Fixed asset differences	4,510
Group income	(300,019)
Group relief	49,250
Closing adjustment	4,176
<b>Total tax charge for the period</b>	(35,498)

**Factors that may affect future tax charges**

Deferred taxation has been recognised at a rate of 17%. This rate is expected to change in 2021 to 19%.

## 4AWH OPERATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2019

## 11. Exceptional items

	Period ended 31 December 2019 £
Pre-acquisition costs	188,384

## 12. Intangible assets

	Patents £	Goodwill £	Total £
<b>Cost</b>			
Additions	6,286	2,596,856	2,603,142
At 31 December 2019	6,286	2,596,856	2,603,142
<b>Amortisation</b>			
Charge for the period	786	201,042	201,828
At 31 December 2019	786	201,042	201,828
<b>Net book value</b>			
At 31 December 2019	5,500	2,395,814	2,401,314

Additions in the period relate to the purchase of the trading assets of Inwood House included in business combinations note.

## 4AWH OPERATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2019

## 13. Tangible fixed assets

	Freehold property £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>				
Additions	114,616	185,440	13,629	313,685
At 31 December 2019	114,616	185,440	13,629	313,685
<b>Depreciation</b>				
Charge for the period on owned assets	1,051	24,278	820	26,149
At 31 December 2019	1,051	24,278	820	26,149
<b>Net book value</b>				
At 31 December 2019	113,565	161,162	12,809	287,536

## 14. Fixed asset investments

	Total £
<b>Cost and net book value</b>	
Additions	6,500,929
At 31 December 2019	6,500,929

## Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
St Catherine's Care Homes Limited	Ordinary	100%
Walton Manor Limited	Ordinary	100%

During the period the company acquired the trade and assets of St Catherine's Care Homes Limited and Walton Manor Limited.

The registered office of all subsidiary undertakings is the same as 4AWH Operations Limited and is shown on the company information page.

The principal activity of St Catherine's Care Homes Limited and Walton Manor Limited are care homes.

**4AWH OPERATIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2019****15. Stocks**

	<b>2019 £</b>
Finished goods	2,500

Stock recognised in cost of sales during the period as an expense was £74,058.

An impairment loss of £nil was recognised in cost of sales against stock during the period.

**16. Debtors**

	<b>2019 £</b>
Trade debtors	20,955
Amounts owed by group undertakings	61,857
Other debtors	3,762
Prepayments and accrued income	178,168
Deferred taxation (see note 19)	35,498
	<u>300,240</u>

An impairment loss of £19,955 was recognised in the period against trade debtors.

**17. Creditors: Amounts falling due within one year**

	<b>2019 £</b>
Trade creditors	262,986
Other taxation and social security	52,655
Other creditors	314,787
Accruals and deferred income	240,861
	<u>871,289</u>

**18. Creditors: Amounts falling due after more than one year**

	<b>2019 £</b>
Amounts owed to group undertakings	7,694,296

**4AWH OPERATIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2019****19. Deferred taxation**

	<b>2019 £</b>
Charged to profit or loss	35,498
<b>At end of period</b>	<b>35,498</b>

The deferred tax asset is made up as follows:

	<b>2019 £</b>
Timing differences	35,498
	<b>35,498</b>

**20. Share capital**

	<b>2019 £</b>
<b>Allotted, called up and fully paid</b>	
1 Ordinary share of £0.01	-

On incorporation on 8 November 2018, the company issued 1 Ordinary share with nominal value £0.01.

**21. Contingent liabilities**

The company is part of a cross company guarantee to secure the bank borrowings of the company and group.



## 4AWH OPERATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2019

## 22. Business combinations

On 30 March 2019, the company acquired 100% share capital of St Catherine's Homes Limited for consideration of £2,066,000 and other directly attributable costs of £46,247.

On 5 December 2019, the company acquired 100% share capital of Walton Manor Limited for consideration £2,350,850 and other directly attributable costs of £1,975,975.

The following table summarises the consideration paid by the company, the fair value of assets and liabilities assumed at the acquisition date.

## Recognised amounts of identifiable assets acquired and liabilities assumed

	St Catherine's Care Homes Limited £	Walton Manor Limited £	Total acquisition £
Intangible assets	-	121,479	121,479
Tangible assets	604,232	58,092	662,324
	<u>604,232</u>	<u>179,571</u>	<u>783,803</u>
Stocks	8,000	2,500	10,500
Debtors	136,762	329,396	466,158
Cash at bank and in hand	263,858	285,614	549,472
<b>Total assets</b>	<u>1,012,852</u>	<u>797,081</u>	<u>1,809,933</u>
Creditors due within one year	(93,795)	(256,439)	(350,234)
Deferred tax	(40,916)	(3,282)	(44,198)
<b>Total identifiable net assets</b>	<u>878,141</u>	<u>537,360</u>	<u>1,415,501</u>
Goodwill			5,085,158
<b>Total purchase consideration</b>			<u>6,500,659</u>

## 4AWH OPERATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2019

## 22. Business combinations (continued)

## Consideration

	£
Cash	6,500,659
<b>Total purchase consideration</b>	<b>6,500,659</b>

## Cash outflow on acquisition

	£
Purchase consideration settled in cash, as above	6,299,189
Directly attributable costs	201,470
	6,500,659
Less: Cash and cash equivalents acquired	(549,472)
<b>Net cash outflow on acquisition</b>	<b>5,951,187</b>

Since the acquisition date, St Catherine's Care Homes Limited has generated turnover of £850,799 and a loss before tax of £30,420. Walton Manor has generated turnover of £131,648 and a profit before tax of £25,440.

On 30 March 2019 the company acquired £149,998 of the trading assets of Inwood House for consideration and legal fees of £2,746,745.

	Book value £	Fair value £
Tangible assets	149,997	149,997
	149,997	149,997
Stocks	1	1
<b>Total assets</b>	<b>149,998</b>	<b>149,998</b>
<b>Total identifiable net assets</b>	<b>149,998</b>	<b>149,998</b>

## 23. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £9,271. Contributions totalling £Nil were payable to the fund at the balance sheet date and are included in creditors.

**4AWH OPERATIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

**24. Related party transactions**

The company has taken advantage of the FRS 102 section 33.1A exemption from disclosing transactions with wholly owned group undertakings.

**25. Post balance sheet events**

Included within investments is £38,000 of aborted project fees which were written off after the reporting date.

**26. Ultimate parent undertaking and controlling party**

The company is controlled by its ultimate parent company 4AWH Holdings Limited, a company registered in England and Wales. The largest and smallest group for which consolidated financial statements have been prepared is that headed by 4AWH Holdings Limited. Consolidated financial statements are available from Companies House, Crown Way, Cardiff, CF14 3UZ.