Lasercare Clinics (Harrogate) Limited

Annual report and financial statements

Registered number 02545572

For the year ended 31 August 2020

Contents

Officers and professional advisers

Directors	Mr D Grassby Mr S Mensforth
Registered office	34 Harborne Road Edgbaston Birmingham B15 3AA
Banker	Santander UK Plc 1 Cornwall Street Birmingham B4 6GH
Solicitors	Katten Muchin Rosenman UK LLP Paternoster House 65 St Paul's Churchyard London EC4M 8AB Shoosmiths 2 Colmore Square 38 Colmore Circus Queensway Birmingham B4 6BJ
Auditor	KPMG LLP One Snowhill Snow Hill Queensway Birmingham B4 6GH

Strategic report

The Directors present their Strategic report for the year ended 31 August 2020.

Principal activities

The principal activity of the Company in the year under review was that of medical skin treatments.

Background

As one of the UK's leading suppliers of non-surgical skin treatments the Company has operated for almost 30 years and helped half a million clients address the health and condition of their skin, delivering approximately 3 million treatments.

We deliver a vast range of dermatological treatments for a wide variety of conditions. We are trusted specialists in market leading rejuvenation techniques and advanced laser treatments, including Botox®, laser hair removal, skin peels and laser tattoo removals which are all delivered under the guidance of qualified medical professionals.

We work with the some of the most experienced consultant dermatologists, specialist doctors and nurses who together with our dedicated staff use clinically proven products and technologies in all of our 53 modern clinics throughout the UK. All of our treatments are only administered once we have reviewed clinical trials and evidence in conjunction with our medical governance committee.

We partner with the country's leading authoritative and government bodies and highly renowned suppliers to ensure we deliver to the highest standards of regulation and medical efficacy in our industry. We are governed by the Care Quality Commission and the Association of Independent Healthcare Organisations (AIHO).

Objectives and strategies

The overall strategy of the Company is to continue to be seen as a leading UK provider of private and NHS non-surgical skin laser, dermatological and rejuvenation treatments and products.

The Group of which the company is a member continues to strive for greater geographic coverage in order to be able to offer everyone the opportunity to improve the health and condition of their skin by offering clinically tried and tested solutions that deliver the best outcomes in a safe medical environment.

The new parent demonstrated support for the Group's strategy by securing funding to enable the Company to acquire the trade and assets of both The Skin Clinic (Sevenoaks) Limited and the Melksham Snowberry Lane clinic.

Risks and uncertainties

Financing risk

In February 2019 the Company became part of a larger group with new equity owners and a new external debt facility. In February 2020, the Group's finances were re-structured including the addition of new equity and debt finance. At that time the directors were satisfied that the Group's new facilities were sufficient to fund its business activities and plans. In discussions with the lenders the debt facility has proved sufficiently flexible to allow a rebalancing of these loan facilities in response to the Covid-19 crisis.

The Company, along with other fellow subsidiary undertakings, has guaranteed bank loans and overdrafts outstanding at the period end of £31,000,000 to be repaid periodically and scheduled to be fully repaid by 31 January 2026. The debt provides medium term funding for the wider group and this is serviced through the cash flow generated by the Group's trading entities. The interest rate incurred by the Group is based on a margin above LIBOR.

Many of the Company's treatments are funded directly by its patients and as a result the Company is somewhat exposed to economic cycles, in particular consumer sentiment. In response to changes in the economic outlook and levels of competitive intensity the Company typically varies its discount led promotional activities. The Company continues to offer controlled promotional activity within the guidelines provided by the CQC, AIHO and the Bruce Kehoe report, published in April 2013. The Company maintains a focus on controlling cost and productivity whilst at the same time rigorously maintaining its high standards.

Most private treatments are paid for in advance. The Company does offer finance on all product packages over £750 through a third party funder, Omni Capital Retail Finance. The contract is between the customer and Omni Capital Retail Finance, with treatment packages bought through this channel being typically paid to the Company within four weeks of the agreement being approved and the treatment plan commencing.

Strategic report *(continued)*

Risks and uncertainties *(continued)*

Brexit

The directors continue to monitor the impact of the UK's decision to leave the European Union ("Brexit"). As the parent Group operates entirely within the UK, with the majority of revenue arising from services provided, the operational risk is likely to be low. However, the directors continue to monitor issues such as labour mobility, supply chain friction, regulatory and policy, tax and macroeconomics.

Covid-19 considerations

The World Health Organisation declared the outbreak of Covid-19 as a global pandemic on 11 March 2020. A significant portion of the Company's operations are delivered in customer facing, high street clinics. The services, by their nature, are performed in close proximity to the customers. As the UK government plans evolved, the decision was made to close all of the Group's clinics on 23 March 2020. The clinics business remain closed until mid-June 2020 and fully re-opened in August 2020.

A second wave of Covid-19 occurred in late 2020 resulting in the UK Government introducing a geographical tier system requiring the Group to temporarily close clinics located in Tier 4 while restricting other clinics to delivering medically led interventions. These restrictions were in place between 5 November 2020 and 2 December 2020. Covid-19 cases continued to rise and therefore more restrictive measures were implemented by the government. From the 5 January 2021 to 12 April 2021 this required a further curtailment of medically led treatments and the temporary closure of some clinics.

The Company is part of the Hebe Topco Group (the "Group"). The Group continues to benefit from strong shareholders' and lenders' support and the Group entity, Hebe Bidco Ltd, as the borrower, has been able to secure further funding via the Recovery Loan Scheme (RLS) and also renegotiate its bank covenants. The Company's ability to operate as a going concern is directly linked to the Group's position.

In response to the pandemic, the parent Group's directors have prepared "base case" projected cash flow information for the period ending 30 September 2022 based on current expectations as well as "plausible downside" cash flow projections incorporating the potential impact of further Covid-19 restrictions in December 2021 and January 2022.

The Company is dependent on the funding from the Group entity, Hebe Bidco Limited to meet its liabilities as they fall due. The Company has received undertaking from its ultimate parent company, that for at least 12 months from the date of approval of these financial statements, they will continue to make available such funds as are needed by the Company and in particular will not seek repayment of the amounts currently due to the group, which at balance sheet date amounted to £16.1m. This should enable the Company to continue to trade for the foreseeable future by meeting its liabilities as and when they become due. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there will be no certainty that this support will continue, although at the date of approval of these financial statements, they have no reason to believe that it will not do so.

However financial support from within the Group is dependent upon the continued availability and sufficiency of the Group's external borrowing facilities, including compliance with minimum bank covenants. The Directors acknowledge that there is a material uncertainty in the financial statements of Hebe Topco Limited which may cast significant doubt on the ability of Hebe Topco Limited to continue as a going concern and therefore provide the funds that the Company require. This uncertainty stems directly from the potential for future Covid-19 restrictions including both the extent and the duration of local and national lockdowns and operating restrictions, such as social distancing measures, limitations on treatment types and reduced opening times, all of which have an impact on consumers' ability and willingness to visit and therefore, the Group's operational performance translating to sales and EBITDA that determine the Group's continuing covenant compliance. The financial statements of Hebe Topco Limited are prepared on a going concern basis.

Based on the these indications, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Strategic report *(continued)*

Measurement

The Company's key performance indicators include turnover, clinic earnings/loss before interest, tax, depreciation and amortisation ("E/LBITDA") and a range of non-financial indicators from enquiry rates, enquiry and consultation conversion rates through to customer satisfaction scores and clinical audits.

Performance during the year and the future

Turnover amounted to £20.5 million *(2019: £29.9 million)*, a 31.4% decrease *(2019: 1.3% decrease)* on the previous year, reflecting the impact of Covid-19 referred to above.

The Company's LBITDA before exceptional items was a loss of £5.1 million *(2019: EBITDA of £1.4 million)*, with the decrease almost entirely due to the impact of Covid-19.

The Company reported an operating loss after exceptional items of £8.6 million *(2019: £2.5 million)*, with the decrease due to the impact of Covid-19 partially offset by a decrease in exceptional items.

The most significant unusual events during the current and prior year as reflected in the exceptional items (note 4) are explained below:

	2020	2019
	£000	£000
Provision for onerous contracts	**403**	315
Business re-organisation	**175**	105
Post-acquisition restructuring costs	**79**	288
Aborted acquisition costs	**36**	94
Professional fees in preparation for sale	**-**	180
Management restructuring	**-**	123
Other exceptional items *(see note 4)*	**51**	134
Net exceptional charge	**744**	1,239

Section 172 (1) Statement

Section 172 of The Companies Act 2006 states that a director of a company must act in the way it considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole.

In doing so a director of a company must have regard (amongst other matters) to:

a. The likely consequence of any decision in the long term;

b. The interests of the company's employees;

c. The need to foster the company's business relationships with suppliers, customers and others;

d. The impact of the company's operations on the community and the environment;

e. The desirability of the company maintaining a reputations for high standards of business conduct; and

f. The need to act fairly as between members of the company.

The Board reviewed their current approach to corporate governance and decision making, engagement with stakeholders and the Company's impact on the environment. The following summarises how the Company's board fulfils its duties under Section 172.

Strategic report *(continued)*

Section 172 (1) Statement *(continued)*

Decision Making
The leadership team makes decisions with a long-term view in mind and with the highest standards of conduct in line with parent Group policies. In order to fulfil their duties, the Directors take care to have regard to the likely consequences on all stakeholders of the decisions and actions which they take. Where possible, decisions are carefully discussed with affected groups and are therefore fully understood and supported when taken.

The Company strategy allows us to be competitive, flexible and resilient while also responding to a changing market situation. Examples of Board decision making during FY20 include:

- the acquisition of complementary businesses in order to expand the parent Group's offering and diversify risk; and
- preparation for different Covid-19 scenarios, to ensure the Company is fully set for business post-pandemic; and
- review of the parent Group's operational structure to ensure the organisational model remains fit for the future; and
- implementation of a customer focused training programme that included all customer facing staff within the Company.

Employee Engagement
Our workforce is our most valuable asset. The Company invests in training, coaching and skills acquisition. Personal development of our employees is a key pillar of the Company's strategy. We aim to be a responsible employer in our approach to the pay and benefits of employees. The health, safety and wellbeing of our employees is one of the primary considerations in the way we do business. Examples of the Board's engagement with employees during FY20 include:

- communicating regularly with all employees to ensure they are kept up to date with issues affecting the Company; and
- limiting trading in clinics in response to changes in the Covid-19 levels and providing adequate PPE to ensure the safetyof employees at all times; and
- reviewing our Human Resources function to ensure it is able to continually deliver an efficient and consistent service to our employees.

Business Relationships
The Board engages with a variety of stakeholders, including customers, regulators, and suppliers, to inform and enable balanced decisions that incorporate multiple viewpoints, whilst maintaining the Company's Strategy. In making decisions the Board considers outcomes from engagements with stakeholders as well as the importance of maintaining the Company's integrity, brand and reputation. Examples of the Board's engagement with stakeholders during FY20 include:

- receiving regular customer service performance updates and feedback from Customer Service surveys; and
- holding monthly meetings between the main investors and the Directors of the Company to assist investors to understand the strategic direction of the Company; and
- engaging with regulators eg CQC to increase understanding of proposed regulatory changes.

Community and Environment
Sustainability runs through all aspects of our business, from energy-saving, recycling and resource-sharing policies in our clinics, employee orientation and social commitment, and ultimately flowing into the products and services we bring to customers. Below are some of examples of our FY20 actions:

- the Company supports clinic led fundraising events throughout the year; and
- the Company's employees are encouraged to undertake volunteering, supporting the local community.

Strategic report *(continued)*

Section 172 (1) Statement *(continued)*

Culture and values
The Company's culture is characterised by clear responsibility, mutual respect and trust. Lawful conduct and fair competition are integral to its business activities and an important condition for maintaining a reputation for high standards of business conduct securing long term success.

The Company is focused on people, with both customers and employees being at the heart of its business. The Company embraces diversity, flexibility, sustainability and continuous improvement throughout the organisation.

The Company has a customer centric philosophy with transparent, fair and simple processes.

The Board and senior management have taken active steps to drive cultural change and to ensure corporate strategy and customer orientation principles and values are embraced across the organisation.

Outlook for FY21 and beyond

Under normal trading circumstances the directors would have expected the operating margin of the Company to improve in the next financial year due to improvements in the profitability of both established and recently acquired businesses.

However, the unfolding and potentially ongoing impact of Covid-19 and the effect on the clinic business' ability to trade will continue to have a significant effect on the FY21 and potentially FY22 results.

By order of the Board

S Mensforth
Director

29 September 2021

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 August 2020.

Results and dividends

The result for the year is set out on page 12.

The directors do not recommend the payment of a dividend *(2019: £Nil)*.

Directors

The directors who served during the year and since the year end were as follows:

Mr D Grassby	
Mr S Hope	(resigned 6 March 2020)
Mr N Perrin	(appointed 18 November 2019, resigned 1 April 2020)
Mr S Mensforth	(appointed 24 February 2020)

Political and charitable donations

Payments of a charitable nature made during the period amounted to £Nil *(2019: £20,000)*. The Company did not make any political contributions or incur any political expenditure during the current or prior year.

Employment of disabled persons

The Company is an equal opportunity employer and makes every effort to ensure disabled persons are not discriminated against on the grounds of their disability. In the event of staff becoming disabled every effort is made to ensure their employment continues and appropriate training is arranged.

Employee involvement

The Company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004. During the period, the policy of providing employees with information through regular newsletters in which employees have also been encouraged to present their suggestions and views on the Group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the Company's bonus schemes.

Environmental policy

Impact on the environment is a major consideration and policies and procedures have been and continue to be drawn up to minimise our impact on the environment.

Streamlined Energy and Carbon Reporting (SECR) scheme

As the Company is consolidated in the SECR scheme reporting of its intermediate parent, Hebe Opco Limited, the Directors have taken advantage of the exemption not to disclose the information here.

Events subsequent to balance sheet date

During 2021 financial year, in response to the ongoing Covid-19 pandemic, the Group has received an additional £2m of senior loan notes and taken a £7.5m loan under the Recovery Loan Scheme.

There have been no other material post balance sheet events which would require adjustments to these financial statements.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Directors' report *(continued)*

Auditor

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

As permitted by paragraph 1A of schedule 7 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008, certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on pages 2 to 7. These matters relate to the principal activity and financial risk.

By order of the Board

S Mensforth
Director

34 Harborne Road
Edgbaston
Birmingham
B15 3AA

29 September 2021

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

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

KPMG LLP
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Snow Hill Queensway
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B4 6GH

Independent auditor's report to the members of Lasercare Clinics (Harrogate) Limited

Opinion

We have audited the financial statements of Lasercare Clinics (Harrogate) Limited ("the Company") for the year ended 31 August 2020 which comprise the profit and loss account, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 of the consolidated financial statements which describes uncertainties regarding the continued availability of group support. These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the group's and the parent company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Lasercare Clinics (Harrogate) Limited *(continued)*

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 9, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Julie Searle (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

29 September 2021

Chartered Accountants
KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Profit and loss account
for the year ended 31 August 2020

	Note	2020 £000	2019 £000
Turnover	2	**20,459**	29,926
Cost of sales		**(13,795)**	(11,819)
Gross profit		**6,664**	18,107
Administrative expenses		**(17,353)**	(20,615)
Other operating income	6	**2,134**	-
Operating loss		**(8,555)**	(2,508)
Operating loss before exceptional items		**(7,811)**	(1,269)
Exceptional items	4	**(744)**	(1,239)
Operating loss		**(8,555)**	(2,508)
Interest receivable	7	**5**	4
Interest payable	8	**(104)**	(152)
Loss before taxation	3	**(8,654)**	(2,656)
Taxation	9	**1,922**	80
Loss for the financial year		**(6,732)**	(2,576)

All results are derived from continuing activities in both years.

There are no items of other comprehensive income in either year, other than those reflected in the profit and loss account. Accordingly, no separate statement of other comprehensive income is presented.

The notes on pages 15 to 32 form part of the financial statements.

Balance sheet
at 31 August 2020

	Note	**2020 £000**	**£000**	2019 £000	£000
Fixed assets					
Goodwill	*10*		**1,299**		1,476
Negative goodwill	*10*		**(129)**		-
Net goodwill			**1,170**		1,476
Other intangible assets	*10*		**1,213**		1,175
Intangible assets	*10*		**2,383**		2,651
Tangible assets	*11*		**6,250**		6,188
Investments	*12*		**1,804**		1,774
			10,437		10,613
Current assets					
Stocks	*13*	**1,755**		1,501	
Debtors	*14*	**35,519**		27,892	
Cash at bank and in hand		**668**		934	
		37,942		30,327	
Creditors: Amounts falling due within one year	*15*	**(34,495)**		(14,150)	
Net current assets			**3,447**		16,177
Total assets less current liabilities			**13,884**		26,790
Creditors: Amounts falling due after more than one year	*16*		**-**		(5,104)
Provision for liabilities and charges	*17*		**(478)**		(234)
Net assets			**13,406**		21,452
Capital and reserves					
Called up share capital	*18*		**-**		-
Profit and loss account			**13,406**		21,452
Shareholders' funds			**13,406**		21,452

The notes on pages 15 to 32 form part of the financial statements.

These financial statements were approved by the board of directors on 29 September 2021 and were signed on its behalf by:

S Mensforth
Director

Company number: 02545572

Statement of changes in equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 September 2018	-	24,028	24,028
Comprehensive income for the period			
Loss	-	(2,576)	(2,576)
Total comprehensive income for the period	-	(2,576)	(2,576)
Balance at 31 August 2019	-	21,452	21,452
Balance at 1 September 2019	-	21,452	21,452
Comprehensive loss for the period			
Fair value adjustment transferred in (see note 22)	-	(1,314)	(1,314)
Loss	-	(6,732)	(6,732)
Total comprehensive loss for the period	-	(8,046)	(8,046)
Balance at 31 August 2020	-	**13,406**	**13,406**

The notes on pages 15 to 32 form part of the financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

Lasercare Clinics (Harrogate) Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

The Company is exempt by virtue of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's intermediate parent undertaking, Hebe Opco Ltd (formerly SKN Holdings Limited) includes the Company in its consolidated financial statements. The consolidated financial statements of Hebe Opco Ltd are prepared in accordance with FRS 102 and are available to the public and may be obtained from 34 Harborne Road, Edgbaston, Birmingham, B15 3AA. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Hebe Opco Ltd include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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

1.1 Change in accounting policy/prior period adjustments

There are no accounting policy or prior year adjustments in these financial statements.

1.2 Accounting estimates and judgements

Judgements made by the directors in the application of these accounting policies which have significant effect on the financial statements and estimates with a significant risk of material misstatement in the next year are as follows:

Risks and uncertainties are shown in the strategic report on page 2.

Brexit – see Strategic Report

Going concern - see note 1.4

Impairment – see note 1.12

Intangible assets – see note 1.9

Critical accounting judgements in applying the Company's accounting policies

There are no critical accounting judgements (apart from those involving estimations included above) in applying the Company's accounting policies.

1.3 Measurement convention

The financial statements are prepared on the historical cost basis.

Notes *(continued)*

1 Accounting policies *(continued)*

1.4 Going concern

Going concern assessment for the company

The Company is part of the Hebe Topco Group (the "Group"). The Company's ability to operate as a going concern is directly linked to the Group's position.

The Company is dependent on the funding from the Group entity, Hebe Bidco Limited to meet its liabilities as they fall due. The Company has received undertaking from its ultimate parent company, that for at least 12 months from the date of approval of these financial statements, they will continue to make available such funds as are needed by the Company and in particular will not seek repayment of the amounts currently due to the group, which at balance sheet date amounted to £16.1m. This should enable the Company to continue to trade for the foreseeable future by meeting its liabilities as and when they become due. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there will be no certainty that this support will continue, although at the date of approval of these financial statements, they have no reason to believe that it will not do so.

However financial support from within the Group is dependent upon the continued availability and sufficiency of the Group's external borrowing facilities, including compliance with minimum bank covenants. The Directors acknowledge that there is a material uncertainty in the financial statements of Hebe Topco Limited which may cast significant doubt on the ability of Hebe Topco Limited to continue as a going concern and therefore provide the funds that the Company require. This uncertainty stems directly from the potential for future Covid-19 restrictions including both the extent and the duration of local and national lockdowns and operating restrictions, such as social distancing measures, limitations on treatment types and reduced opening times, all of which have an impact on consumers' ability and willingness to visit and therefore, the Group's operational performance translating to sales and EBITDA that determine the Group's continuing covenant compliance. The financial statements of Hebe Topco Limited are prepared on a going concern basis.

Based on the these indications, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

1.5 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. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.6 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Notes *(continued)*

1 Accounting policies *(continued)*

1.6 Basic financial instruments (continued)

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in subsidiaries

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

1.7 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.16 below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Leasehold improvements 10 years
- Office equipment 5 years
- Laser equipment 5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.8 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the Company recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Notes *(continued)*

1 Accounting policies *(continued)*

1.8 Business combinations (continued)

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

1.9 Intangible assets

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose. If the initial accounting for the business combination is incomplete at the end of the period in which the business combination took place, the Company recognises provisional amounts for the items for which the accounting is incomplete. The Company then has until twelve months from the acquisition date to make adjustments to those amounts to reflect new information obtained about the acquisition date fair value of those assets and liabilities. Such adjustments are made as at the original acquisition date, i.e. by restating the prior year if the acquisition took place in the prior year.

Negative goodwill

Negative goodwill arising on business combinations in respect of acquisitions is included on the balance sheet immediately below any positive goodwill and released to the profit and loss account in the periods in which the non-monetary assets arising on the same acquisition are recovered. Any excess exceeding the fair value of non-monetary assets acquired shall be recognised in profit or loss in the periods expected to benefit.

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

The Company recognises intangible assets from goodwill if the intangible meets all of the following three criteria:

- meets the recognition criteria per FRS 102.18.4; and
- are separable; and
- arise from contractual or other legal rights.

In addition, for software and development costs acquired in a business combinations entered into on or after 1 September, the Company has also elected to separately recognise these intangible assets from goodwill.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives of product development and software costs is five years and acquired prepaid treatment packages are amortised as used.

Notes *(continued)*

1 Accounting policies *(continued)*

1.9 Intangible assets (continued)

Amortisation (continued)

- The basis for choosing these useful lives is the expected life of the product range or software before replacement is considered.
- Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill on acquisition of individual clinics is estimated to be five years, which is considered to be the estimated life of the clinics assets before they will be replaced or fully assimilated into the Company.
- The fair value of the assets acquired are considered and it was concluded that they should be carried at historical cost less accumulated depreciation.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

1.10 Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

1.11 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

1.12 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through the profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

Notes *(continued)*

1 Accounting policies *(continued)*

1.13 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.14 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, 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.

1.15 Revenue recognition

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales tax or duty. The following must also be met before revenue is recognised:

- Revenue from services rendered is recognised by reference to the stage of completion of the procedure. Stage of completion is measured by reference to the number of procedures completed from those included in any packages sold.
- Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods, the amounts of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.16 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other 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 they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

Notes *(continued)*

1 Accounting policies *(continued)*

1.17 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 timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.18 Related party transactions

The Company has taken advantage of the exemption available in FRS 102 not to disclose transactions between the Company and its parent and 100% owned subsidiaries within the Hebe Opco Group.

2 Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the Company's ordinary activities, stated net of value added tax.

The Company operates in three principal areas; that of medical treatments (including the provision of consultancy services), the sale of products (mainly offered to supplement treatments and involve typical over-the-counter retail transactions) and other supplementary service, such as the hiring and maintenance of medical equipment.

All turnover arises from continuing operations in the United Kingdom.

Turnover is analysed as follows:

	2020	2019
	£000	£000
Medical treatments	**18,964**	27,537
Products	**1,495**	2,240
Other	**-**	149
	20,459	29,926

Notes *(continued)*

3 Notes to the profit and loss account

	2020 £000	2019 £000
Profit before taxation is stated after charging/(crediting):		
Depreciation:		
Owned assets	**1,701**	1,854
Leased assets	**31**	5
Amortisation:		
Goodwill	**513**	515
Intangible assets	**412**	279
Loss on disposal of tangible fixed assets	**-**	55
Loss on disposal of intangible fixed assets	**-**	4
Rentals under operating of tangible fixed assets leases:		
Hire of plant and machinery	**297**	336
Other leased assets	**2,752**	2,564
Covid-19 related rent relief received	**(80)**	-
Net other leased assets	**2,672**	2,564
Coronavirus government support schemes		
Coronavirus Job Retention Scheme	**(1,988)**	-
Rent relief	**(80)**	-
Retail grants	**(140)**	-
Auditor's remuneration:		
Audit of these financial statements	**224**	85

In response to the COVID-19 pandemic, in March 2020 the government of the United Kingdom introduced a wage subsidy programme for companies that had to shut their operations and furlough staff. Under the programme, an eligible company could apply for the subsidy in an amount of up to 80% of each employee's salary, subject to a maximum of £2,500 per employee, to continue paying monthly salaries to its furloughed employees.

The Company's application for the programme was approved in March 2020 and it was entitled to the wage subsidy on a monthly basis conditional on the employees continuing to be on furlough and the Company continuing paying their salary. The Company benefited from the programme from April to August 2020.

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Hebe Opco Ltd (formerly SKN Holdings Limited).

Notes *(continued)*

4 Operating exceptional items

	2020 £000	2019 £000
Provision for onerous contracts *(see note 17)*	**403**	315
Business re-organisation	**175**	105
Post-acquisition restructuring costs	**79**	288
Aborted acquisitions costs	**36**	94
Refinancing costs	**15**	-
Management restructure	-	123
Costs in preparation for sale of the group to new shareholders	-	180
Clinic relocation costs	-	43
Consulting projects	-	32
Loss on disposal of Lasertronic division	-	25
Other	**36**	34
	744	1,239

The onerous lease provisions were recorded on clinics no longer trading.

During the year the Company incurred restructuring costs following the acquisitions of clinics at Sevenoaks and Melksham, as well as the Harley Medical Group and the Courthouse Clinics. In 2019, these related to Destination Skin Group Limited and Flint+Flint/Skin Health Spa largely arising from redundancy and other non-recurring contractual costs.

The Company incurred business reorganisation costs to restructure the Operations and Finance teams. Further management restructure costs in both years relate to the costs of changes in the senior management team.

Costs in preparation for sale relate to consultancy and other one-off costs incurred to prepare the Hebe Opco Group for its sale process which culminated in the change of majority shareholder.

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was as follows:

	Number of employees 2020	2019
Nurses/therapists	**302**	313
Administrative	**187**	205
	489	518

The aggregate payroll costs of these persons were as follows:

	2020 £000	2019 £000
Wages and salaries	**9,892**	9,748
Social security costs	**908**	818
Other pension costs	**83**	148
	10,883	10,714

The directors of Lasercare Clinics (Harrogate) are remunerated by SKN Limited.

Notes *(continued)*

6 Other operating income

	2020 £000	2019 £000
Rental income	6	-
Govememnt grants	2,128	-
	2,134	-

7 Interest receivable

	2020 £000	2019 £000
Other interest receivable	5	4

8 Interest payable

	2020 £000	2019 £000
Lease finance interest	7	38
Other interest payable	8	-
Inter-company interest	89	55
Revaluation of deferred consideration	-	59
	104	152

9 Taxation

Total tax charge/(credit) recognised in the profit and loss account, other comprehensive income and equity

	2020 £000	£000	2019 £000	£000
UK corporation tax				
Adjustments in respect of prior periods	19		(87)	
Total current tax		19		(87)
Deferred tax (see note 14)				
Origination and reversal of timing differences	(1,870)		35	
Adjustments in respect of prior periods	(51)		(28)	
Change in tax rate on opening balance	(20)		-	
Total deferred tax		(1,941)		7
Total tax credit		(1,922)		(80)

All tax charge/(credit) is recognised in the profit and loss account.

Notes *(continued)*

9 Taxation *(continued)*

Reconciliation of effective tax charge

	2020	2019
	£000	£000
Loss for the year	**(8,046)**	(2,576)
Total tax credit	**(1,922)**	(80)
Loss excluding tax	**(9,968)**	(2,656)
Tax using the UK corporation tax rate of 19% *(2019: 19%)*	**(1,894)**	(505)
Expenses not deductible for tax purposes	**284**	445
Group relief received for no payment	**-**	(288)
Adjustment to current tax in prior period	**19**	(87)
Adjustments to deferred tax in respect of previous periods	**(51)**	(28)
Fixed asset differences	**(203)**	265
Effect of unrecognised temporary differences	**-**	118
Remeasurement of deferred tax for tax rate changes	**(20)**	-
Deferred tax recognised	**(57)**	-
Total tax credit included in profit or loss	**(1,922)**	(80)

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. The UK deferred tax asset as at 31 August 2020 has been calculated at 19% (2019: 17%). An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly.

Notes *(continued)*

10 Intangible fixed assets

	Product development £000	Software £000	Goodwill £000	Negative goodwill £000	Total £000
Cost					
At beginning of year	171	2,148	3,036	-	5,355
Additions	-	450	283	(129)	604
Acquisitions	-	-	53	-	53
At end of year	171	2,598	3,372	(129)	6,012
Amortisation					
At beginning of year	153	991	1,560	-	2,704
Charge for the year	10	402	513	-	925
At end of year	163	1,393	2,073	-	3,629
Net book value					
At 31 August 2020	**8**	**1,205**	**1,299**	**(129)**	**2,383**
At 31 August 2019	18	1,157	1,476	-	2,651

11 Tangible fixed assets

	Leasehold improvements £000	Laser equipment £000	Office equipment £000	Total £000
Cost				
At beginning of year	13,219	5,812	2,988	22,019
Additions	398	360	145	903
Acquired on acquisition	92	-	95	187
Transferred in	243	1,532	572	2,347
At end of year	13,952	7,704	3,800	25,456
Accumulated depreciation				
At beginning of year	10,453	2,908	2,470	15,831
Charge for the year	468	1,029	235	1,732
Transferred in	195	958	490	1,643
At end of year	11,116	4,895	3,195	19,206
Net book value				
At 31 August 2020	**2,836**	**2,809**	**605**	**6,250**
At 31 August 2019	2,766	2,904	518	6,188

Included in "Laser equipment" are assets held on finance lease with a net book value of £119,000 *(2019: £150,000)*.

Notes *(continued)*

12 Investments

	Share in group undertaking £000
Cost and net book value	
At beginning of year	1,774
Additions *(see note 22)*	30
At end of year	**1,804**

The related undertakings at the year-end are as follows:

Name	Country of incorporation	Principal activity	Class and percentage of shares held
Subsidiary undertakings			
Skin Laser Express Limited	England	Dormant	100% ordinary
Skincare Express Limited	England	Dormant	100% ordinary
Lasercare Express Limited	England	Dormant	100% ordinary
Laser Express Limited	England	Dormant	100% ordinary
Lasercare Skin & Body Limited	England	Dormant	100% ordinary
Laser Xpress Limited	England	Dormant	100% ordinary
Skin and Beauty Limited	England	Dormant	100% ordinary
Cellite Clinic Limited	England	Provider of medical skin treatments	100% ordinary
Destination Skin Group Limited	England	Provider of medical skin treatments	100% ordinary

13 Stocks

	2020 £000	2019 £000
Goods for resale	**481**	694
Medical consumables	**757**	295
Other consumables	**517**	512
	1,755	1,501

Stock recognised in cost of sales during the year as an expense was £2,649,000 *(2019: £3,050 ,000)*. An impairment loss of £19,000 *(2018: impairment gain £34,000)* was recognised against stock during the year due to slow moving and obsolete stock.

Notes *(continued)*

14 Debtors

	2020	2019
	£000	£000
Trade debtors	**434**	308
Amounts due from group undertakings	**31,553**	25,217
Other debtors and prepayments	**1,475**	2,145
Deferred tax assets	**2,057**	116
Corporation tax recoverable	**-**	106
	35,519	27,892

Amounts due from Group undertakings are interest free, unsecured and, whilst they are repayable on demand, £31,033,000 is not expected to be repaid within 12 months of the end of the reporting period *(2019: £Nil)*.

The deferred tax asset relates to the following:

	At start of year	Credit/(charge) in profit and loss account	**At end of year**
	£000	£000	**£000**
Accelerated capital allowances	112	406	**518**
Short term timing differences	4	(4)	**-**
Losses and other deductions	-	1,539	**1,539**
	116	1,941	**2,057**

15 Creditors: Amounts falling due within one year

	2020	2019
	£000	£000
Trade creditors	**2,974**	3,028
Obligations under finance leases	**70**	78
Taxation and social security	**1,372**	560
Other creditors	**79**	120
Accruals and deferred income	**13,932**	8,224
Deferred consideration	**-**	85
Amounts owed to group undertakings	**16,068**	2,055
	34,495	14,150

In 2019 the deferred consideration of £85,000 related to the acquisition of Cellite Clinic Limited.

In 2019, the "Amounts owed to group undertakings" related to a £2 million loan issued by Hebe Midco Limited on 13 May 2019. It was repayable after 364 days and accrued interest at a rate of 10% per annum. This amount was settled in full as part of the Group refinancing in February 2020.

In 2020, the "Amounts owed to group undertakings" are interest free and, whilst they have no settlement date, £14,983,000 is not expected to be repaid within 12 months of the end of the reporting period *(2019: £Nil)*.

Notes *(continued)*

16 Creditors: Amounts falling due after more than one year

	2020 £000	2019 £000
Amounts owed to group undertakings	-	5,027
Obligations under finance leases	-	77
	-	5,104

In 2019, the "Amounts owed to group undertakings" due after more than one year had no fixed repayment date and did not incur interest.

Analysis of debt

Debt can be analysed as falling due:

	2020 £000	2019 £000
In one year or less or on demand	70	78
Between one and two years	-	55
Between two and five years	-	22
	70	155

17 Provisions for liabilities and charges

	2020 £000	2019 £000
At start of period	234	-
Utilised	(159)	(81)
Charged to the profit and loss account in the period	403	315
At end of period	478	234

The provision relates to onerous leases on five clinics (2019: two clinics) which are no longer used. The provision represents the net present value of the monthly rents due until the end of the current leases. The only uncertainty regarding the amounts due is if sub-tenants can be found for each property.

18 Called up share capital

	2020 £000	2019 £000
Allotted, called up and fully paid:		
100 ordinary shares of £1 each	-	-

Notes *(continued)*

19 Operating lease commitments

The Company's future minimum operating lease payments are as follows:

	2020 Land and buildings £000	**Other £000**	2019 Land and Buildings £000	Other £000
Leases which expire:				
Within one year	**2,190**	**23**	2,059	47
In the second to fifth year	**5,233**	**14**	5,483	14
After five years	**3,287**	**-**	2,234	-
	10,710	**37**	9,776	61

20 Contingent liabilities

The Company has guaranteed the bank loans and overdrafts of fellow Group undertakings. The amount outstanding at the year end was £31,000,000 *(2019: £10,500,000)*.

21 Pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £83,000 *(2019: £148,000)*.

Contributions amounting to £42,000 *(2019: £41,000)* were payable to the scheme and are included in creditors.

22 Acquisitions

On 13 May 2019, the Company acquired the entire share capital of Destination Skin Group Limited. Additional costs of £30,000 relating to this acquisition have been incurred during the current year.

In addition, during the year the Company acquired certain assets from various companies which were operating as existing clinics. The details of each acquisition and the fair values of the assets acquired are shown in the table below (note that Melksham is shown separately as it has negative goodwill):

	Chilston	Flint & Flint	Sevenoaks	Courthouse	**Total**	Melksham
Acquisition date:	21 March 2019	26 July 2019	1 October 2019	4 February 2020		2 July 2020
	£000	£000	£000	£000	**£000**	£000
Fixed assets	-	-	-	-	**-**	187
Stock	-	-	-	34	**34**	(3)
Debtors	-	-	-	-	**-**	18
Creditors	-	(17)	-	-	**(17)**	(45)
Total net (liabilities)/assets	-	(17)	-	34	**17**	157
Goodwill	10	85	222	(34)	**283**	(129)
Purchase consideration	10	68	222	-	**300**	28

Notes *(continued)*

22 Acquisitions *(continued)*

	Chilston	Flint & Flint	Sevenoaks	Courthouse	**Total**	Melksham
Acquisition date:	21 March 2019	26 July 2019	1 October 2019	4 February 2020		2 July 2020
	£000	£000	£000	£000	**£000**	£000
Consideration satisfied by:						
Cash paid on acquisition	-	-	180	-	**180**	-
Acquisition expenses	10	68	42	-	**120**	28
Purchase consideration	10	68	222	-	**300**	28

There were no revaluation adjustments arising on the acquisition of Chilston, Flint & Flint, Sevenoaks or Melksham.

Analysis of the acquisition of Courthouse Clinics, completed on 4 February 2020.

Net assets at date of acquisition:

		Book value	Revaluation adjustments	**Fair value to Company**
		£000	£000	**£000**
Stock	(a)	-	34	**34**

Adjustments:
(a) Stock has been revalued to reflect its value to the company.

An accrual of £1,314,000 was created in Adonia Group (which related to Courthouse Clinics), recognising liabilities arising from treatment packages sold to customers pre-acquisition. This accrual has been transferred to Lasercare Clinics (Harrogate) Limited from Adonia without any cash consideration.

23 Related party disclosures

Prior to 1 February 2019, fees of £Nil *(2019: £136,000)* were charged to the Company by Graphite Capital Management LLP, which was charged to exceptional items within Refinancing costs. As at year end, the Company owed Graphite Capital Management LLP (formerly Graphite Capital Partners VI) £Nil *(2019: £Nil)*.

After 1 February 2019, fees of £Nil *(2019: £70,000)* were charged to the Company by Trispan LLP. As at year end, the Company owed Trispan LLP £Nil *(2019: £70,000)*.

Mr R Bowser, a director of the company's parent undertaking, is a non-Executive Director of Work Wallet, a software company that undertook work to the value of £5,000 for the company during the year. The transaction was undertaken on a commercial basis at market rates.

24 Capital commitments

The Company had no capital commitments at either the current or prior period ends.

25 Events subsequent to balance sheet date

During 2021 financial year, in response to the ongoing Covid-19 pandemic, the Group has received an additional £2m of senior loan notes and taken a £7.5m loan under the Recovery Loan Scheme.

There have been no other material post balance sheet events which would require adjustments to these financial statements.

Notes *(continued)*

26 Ultimate parent company

The Company's intermediate parent company is Hebe Opco Ltd (formerly SKN Holdings Limited), which is registered in England and within which the results of this company are consolidated. The consolidated financial statements of Hebe Opco Ltd are available from 34 Harborne Road, Edgbaston, Birmingham B15 3AA.

The Company's ultimate parent company is Hebe Topco Ltd, which is registered in England.

27 Ultimate controlling party

In the opinion of the directors, there is no ultimate controlling party.