

Registration number: 08770315

MALLING GROUP LIMITED
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023



Hazlewoods LLP
Windsor House
Bayshill Road
Cheltenham
GL50 3AT

MALLING GROUP LIMITED

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MALLING GROUP LIMITED

COMPANY INFORMATION

Director	A Hudaly
Registered office	1st Floor Rutherford House Warrington Road Birchwood Warrington WA3 6ZH
Bankers	Lloyds Bank PLC 25 Gresham Street London EC2V 7HN Santander UK PLC Santander House 201 Grafton Gate East Milton Keynes MK9 1AN
Auditors	Hazlewoods LLP Windsor House Bayshill Road Cheltenham GL50 3AT

MALLING GROUP LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2023

The director presents his report and the for the year ended 31 March 2023.

Director of the company

The director who held office during the year was as follows:

A Hudaly

Financial instruments

Objectives and policies

The directors constantly monitor the group's trading results and revised projections as appropriate to ensure that the group can meet its future obligations as they fall due.

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

The group is exposed to the usual credit and cash-flow risks associated with selling on credit and manage this through credit control procedures. The group's loan financing is subject to price and liquidity risk as disclosed in note 16 to the financial statements.

The Group now has a strategy of focusing on higher margin contracts in locations where it can create positive relationships with commissioners, particularly in services such as Out of Hours, Urgent Care and Nursing Home cover.

Investor support remains strong and this has allowed this change in strategy that is beginning to show benefits. The Group generated an EBITDA of £1.4m for the year ended 31 March 2023 and is forecast to continue to record profitable results during the year ending 31 March 2024 and be EBITDA positive for that year as a whole.

Budgets have been prepared that show the Group has adequate resources to meet liabilities as they fall due for at least 12 months from the date of signing these financial statements and is expected to continue its growth as a profitable combined entity.

In light of the above, the directors have concluded that it is appropriate to prepare the financial statements on a Going Concern Basis.

Employment of disabled persons

The group's policy is to consider the recruitment of disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Employee involvement

The group encourages the involvement of employees in its management through regular departmental meetings.

MALLING GROUP LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2023

Disclosure of information to the auditor

The director has taken the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information. The director confirms that there is no relevant information that he knows of and of which he knows the auditor is unaware.

Reappointment of auditors

Hazlewoods LLP have expressed their willingness to continue in office.

5/12/2023

Approved by the director on

Adam Hudaly

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A Hudaly
Director

MALLING GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

The director presents his strategic report for the year ended 31 March 2023.

The Group currently manages a network of 11 Primary Care GP Practices and has a further 7 contracts delivering Out of Hours (OOH), Urgent Treatment Centres (UTCs) and walk in centres (WiC). Most of the Group's revenue is funded by the NHS, with all contracts delivering services to NHS patients.

The Group was formed in 2009 and has grown through a mixture of acquisitions, tendering for new contracts and providing support services to GP practices. The Group strategy was developed to focus on local service leadership, delivering high quality care and excellent patient experience supported by a central function which adds value through streamlining of back office functions.

Principal activity

The principal activity of the group is the management of a network of NHS Primary Care GP Practices, Urgent Care and Out of Hours services.

Fair review of the business

The results for the year which are set out in the profit and loss account show turnover of £26,435,168 (2022 - £24,436,157) and an operating profit of £1,133,856 (2022 - £2,442,855). At 31 March 2023 the group had net liabilities of £37,683,558 (2022 - £34,693,422).

The opportunity to derive value from generating efficiencies and consolidating back office support for evergreen GP practices has had limited success. A major contributing factor is the UK wide shortage of GPs, requiring the need to use high cost locum GPs at 60+% more than partner or salaried GPs. This shortage is likely to exist for several years and, as a result, the Group embarked on a strategy to exit these GP practices and rationalised support functions. The Group exited 5 evergreen GP contracts in FY20 which have been classified as discontinued operations given their significance.

In December 2018, the Group was asked to be a step-in provider for Urgent Care and Out of Hours GP services for three significant contracts in the West Midlands. The Group successfully took over the contracts and have built a good reputation with commissioners. The contracts were originally extended for two years (until 2021/22) but have now been further extended until 2024/25 and provide most of the Group income.

	Unit	2023	2022
Turnover	£m	26.4	24.4
Gross Profit	£m	8.2	8.5
Gross Margin	%	31.1	34.8
EBITDA	£m	1.4	2.5
Operating cash flow	£m	1.4	2.5

MALLING GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks and uncertainties. The key risks and uncertainties affecting the Group are set out below. Risks are formally identified by the Board and appropriate processes are put in place to monitor and mitigate them.

Funding

There is a risk that, through poor trading and the cessation of profitable contracts, the Company could come under financial pressure, which may mean that it is unable to repay its debts as they fall due.

The programme of exits from unprofitable contracts has reduced that risk and the Company continues to have the confidence of our investor.

NHS Contracts

The majority of the Company's current NHS contracts are relatively short term, generally covering a 5 year period. Most of the Company's profit-making contracts have an end date within 2 years of the period end. At the contract end date, there is a risk that the commissioners may choose not to renew the contracts on the same terms, or they may not renew the contract at all.

In order to sustain its income and profit streams, the business has previously focused on growing the less profitable evergreen contract base. The group has moved away from this position to concentrate on winning an increasing number of the more profitable, time limited contracts, leveraged by reputation and quality of patient care.

Clinical standards

The risk of poor-quality patient care and clinical negligence is a key risk which has been identified by the Board of Directors.

The Group must ensure that the clinical care delivered to its patients is of a consistently high standard, and that it is at a level which is expected by the patients, commissioners and regulatory bodies.

The Board has established an organisational Quality Governance structure which allows clinical policies and procedures to be developed and which also enables the on-going monitoring of these in practice.

The Operational management teamwork in tandem with the Clinical management team, to ensure compliance with all Health & Safety and CQC related matters.

An external consultant has been engaged to carry out a rolling programme of quality audits and CQC inspection readiness checks.

The Board has further mitigated any risk by ensuring that suitable insurance policies are in place, both for the individual clinicians and for the corporate body.

Between the Balance Sheet date and the date of the filing of these Accounts, the Group has suffered minimal financial impact as a result of COVID-19. The Group has worked in partnership with the NHS to re-shape front line primary and urgent care services to cope with the demands of the pandemic. Responding to the immediate needs, changes have been achieved quickly, including mobilisation of new services and deployment of digital technologies to ensure patients have safe access to medical care. Changes to services remain. Clinician led to ensure high quality care has been delivered throughout the crisis.

5/12/2023

Approved by the director on

Adam Hudaly

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A Hudaly
Director

MALLING GROUP LIMITED

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Directors' Report, Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

MALLING GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MALLING GROUP LIMITED

Opinion

We have audited the financial statements of Malling Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023, which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2023 and of the group's loss for the year 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 responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

Other information

The director 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.

MALLING GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MALLING GROUP LIMITED

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of the director

As explained more fully in the Statement of Director's Responsibilities set out on page 6, the director is 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 director determines 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 director is responsible for assessing the group's and the parent 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 director either intends to liquidate the group or the parent 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We considered the nature of the group's industry and its control environment and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the group operates in and identified the key laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements, including the UK Companies Act and tax legislation, and, those that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

MALLING GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MALLING GROUP LIMITED

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgments made in accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatements due to fraud;
- enquiring of management concerning actual and potential litigation and claims and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Simon Worsley

Simon Worsley (Senior Statutory Auditor)
For and on behalf of Hazlewoods LLP, Statutory Auditor

Windsor House
Bayshill Road
Cheltenham
GL50 3AT

5/12/2023

Date:.....

MALLING GROUP LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2023 £	2022 £
Turnover	3	26,435,168	24,436,157
Cost of sales		<u>(18,269,972)</u>	<u>(15,974,183)</u>
Gross profit		8,165,196	8,461,974
Administrative expenses		<u>(7,031,340)</u>	<u>(6,019,119)</u>
Operating profit	4	1,133,856	2,442,855
Other interest receivable and similar income	5	565	54
Interest payable and similar charges	6	<u>(3,912,324)</u>	<u>(5,168,663)</u>
Loss before tax		(2,777,903)	(2,725,754)
Taxation	10	<u>(195,044)</u>	<u>(453,441)</u>
Loss for the financial year		<u>(2,972,947)</u>	<u>(3,179,195)</u>
Profit/(loss) attributable to:			
Owners of the company		<u>(2,972,947)</u>	<u>(3,179,195)</u>

The above results were derived from continuing operations.

The group has no other comprehensive income for the year.

The notes on pages 16 to 30 form an integral part of these financial statements.

MALLING GROUP LIMITED**(REGISTRATION NUMBER: 08770315)****CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2023**

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	11	-	11,240
Tangible assets	12	<u>55,753</u>	<u>71,472</u>
		<u>55,753</u>	<u>82,712</u>
Current assets			
Debtors	14	2,213,961	1,799,648
Cash at bank and in hand		<u>635,434</u>	<u>416,444</u>
		2,849,395	2,216,092
Creditors: Amounts falling due within one year	15	<u>(40,571,517)</u>	<u>(36,930,925)</u>
Net current liabilities		<u>(37,722,122)</u>	<u>(34,714,833)</u>
Total assets less current liabilities		(37,666,369)	(34,632,121)
Provisions for liabilities	17	-	(61,301)
Net liabilities		<u>(37,666,369)</u>	<u>(34,693,422)</u>
Capital and reserves			
Called up share capital	19	181,506	181,506
Profit and loss account		<u>(37,847,875)</u>	<u>(34,874,928)</u>
Equity attributable to owners of the company		<u>(37,666,369)</u>	<u>(34,693,422)</u>
Total equity		<u>(37,666,369)</u>	<u>(34,693,422)</u>

5/12/2023

Approved and authorised by the director on

*Adam Hudaly*A Hudaly
Director

The notes on pages 16 to 30 form an integral part of these financial statements.

MALLING GROUP LIMITED

(REGISTRATION NUMBER: 08770315)
BALANCE SHEET AS AT 31 MARCH 2023

	Note	2023 £	2022 £
Fixed assets			
Investments	13	<u>39,616</u>	<u>39,616</u>
Current assets			
Debtors	14	174,462	174,462
Creditors: Amounts falling due within one year	15	<u>(32,572)</u>	<u>(32,572)</u>
Net current assets		<u>141,890</u>	<u>141,890</u>
Net assets		<u>181,506</u>	<u>181,506</u>
Capital and reserves			
Called up share capital	19	<u>181,506</u>	<u>181,506</u>
Total equity		<u>181,506</u>	<u>181,506</u>

The company made neither a profit or loss in the current or prior period.

5/12/2023

Approved and authorised by the director on

Adam Hudaly

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A Hudaly
Director

The notes on pages 16 to 30 form an integral part of these financial statements.

MALLING GROUP LIMITED**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH
2023
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY**

	Share capital £	Profit and loss account £	Total £
At 1 April 2022	181,506	(34,874,928)	(34,693,422)
Loss for the year	-	(2,972,947)	(2,972,947)
At 31 March 2023	<u>181,506</u>	<u>(37,847,875)</u>	<u>(37,666,369)</u>

	Share capital £	Profit and loss account £	Total £
At 1 April 2021	181,506	(31,695,733)	(31,514,227)
Loss for the year	-	(3,179,195)	(3,179,195)
At 31 March 2022	<u>181,506</u>	<u>(34,874,928)</u>	<u>(34,693,422)</u>

The notes on pages 16 to 30 form an integral part of these financial statements.

MALLING GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Share capital £
At 1 April 2022 and at 31 March 2023	<u>181,506</u>
	Share capital £
At 1 April 2021 and 31 March 2022	<u>181,506</u>

The notes on pages 16 to 30 form an integral part of these financial statements.

MALLING GROUP LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2023 £	2022 £
Cash flows from operating activities			
Loss for the year		(2,972,947)	(3,179,195)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	41,730	43,976
Loss on disposal of tangible assets		17,814	1,303
Finance income	5	(565)	(54)
Finance costs	6	3,912,324	5,168,663
Income tax expense	10	195,044	453,441
		<u>1,193,400</u>	<u>2,488,134</u>
Working capital adjustments			
(Increase)/decrease in trade debtors	14	(412,812)	10,521
Increase/(decrease) in trade creditors	15	566,724	(506,317)
Decrease in provisions	17	<u>(61,301)</u>	<u>(105,723)</u>
Cash generated from operations		1,286,011	1,886,615
Income taxes paid	10	<u>(343,500)</u>	<u>(375,708)</u>
Net cash flow from operating activities		<u>942,511</u>	<u>1,510,907</u>
Cash flows from investing activities			
Interest received		565	54
Acquisitions of tangible assets		(34,086)	(34,013)
Proceeds from sale of tangible assets		<u>-</u>	<u>9,273</u>
Net cash flows from investing activities		(33,521)	(24,686)
Cash flows from financing activities			
Interest paid		<u>(690,000)</u>	<u>(2,687,050)</u>
Net increase/(decrease) in cash and cash equivalents		218,990	(1,200,829)
Cash and cash equivalents at 1 April		<u>416,444</u>	<u>1,617,273</u>
Cash and cash equivalents at 31 March		<u><u>635,434</u></u>	<u><u>416,444</u></u>

The notes on pages 16 to 30 form an integral part of these financial statements.

MALLING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1 General information

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

The address of its registered office is:

1st Floor Rutherford House
Warrington Road
Birchwood
Warrington
WA3 6ZH

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March 2023.

No Profit and Loss Account is presented for the company as permitted by section 408 of the Companies Act 2006. The company made a loss after tax for the financial year of £Nil (2022 - loss of £Nil).

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

MALLING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Going concern

The Group now has a strategy of focusing on higher margin contracts in locations where it can create positive relationships with commissioners, particularly in services such as Out of Hours, Urgent Care and Nursing Home cover.

Investor support remains strong and this has allowed this change in strategy that is beginning to show benefits. The Group generated an EBITDA of £1.4m for the year ended 31 March 2023 and is forecast to continue to record profitable results during the year ending 31 March 2024 and be EBITDA positive for that year as a whole.

Budgets have been prepared that show the Group has adequate resources to meet liabilities as they fall due for at least 12 months from the date of signing these financial statements and is expected to continue its growth as a profitable combined entity.

In light of the above, the directors have concluded that it is appropriate to prepare the financial statements on a Going Concern Basis.

Judgements and estimation uncertainty

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The directors believe that the critical accounting policies where judgements or estimates are necessarily applied are bad debt provision and the useful lives of fixed assets.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods, if the revision affects both current and future periods.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the group's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The group recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the group's activities.

Tax

The tax expense 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 or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the group. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

MALLING GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****Depreciation**

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold property	10% straight line
Plant & machinery	25% straight line
Fixtures & fittings	25% straight line
Computer equipment	33.33% straight line

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Negative goodwill arising on an acquisition is recognised on the face of the balance sheet on the acquisition date and subsequently the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	Over 1 and 5 years

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. All trade debtors are repayable within one year and hence are included at the undiscounted cost of cash expected to be received. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the debtors.

Inventories

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

MALLING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Provisions

Provisions are recognised when the group has an obligation at the reporting date as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

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.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

MALLING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Financial instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Impairment

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

A non financial asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units ('CGUs') of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

MALLING GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****3 Revenue**

The analysis of the group's revenue for the year from continuing operations is as follows:

	2023	2022
	£	£
Primary Care Income	26,415,021	24,415,735
Non NHS income	<u>20,147</u>	<u>20,422</u>
	<u><u>26,435,168</u></u>	<u><u>24,436,157</u></u>

The total turnover of the company has been derived from its principal activity wholly undertaken in the United Kingdom.

4 Operating profit

Arrived at after charging/(crediting)

	2023	2022
	£	£
Depreciation expense	30,490	32,736
Amortisation expense	11,240	11,240
Operating lease expense - property	606,122	629,232
Loss on disposal of property, plant and equipment	<u>17,814</u>	<u>1,303</u>

5 Other interest receivable and similar income

	2023	2022
	£	£
Interest income on bank deposits	<u>565</u>	<u>54</u>

6 Interest payable and similar expenses

	2023	2022
	£	£
Interest expense on other finance liabilities	<u>3,912,324</u>	<u>5,168,663</u>

MALLING GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****7 Staff costs**

The aggregate payroll costs (including director's remuneration) were as follows:

	2023	2022
	£	£
Wages and salaries	6,651,014	5,895,621
Social security costs	641,002	562,066
Pension costs, defined contribution scheme	479,755	437,852
	<u>7,771,771</u>	<u>6,895,539</u>

The average number of persons employed by the group (including the director) during the year, analysed by category was as follows:

	2023	2022
	No.	No.
Medical	82	75
Administration and support	197	189
	<u>279</u>	<u>264</u>

Company

The company incurred no staff costs and had no employees other than the directors.

8 Director's remuneration

The director of the parent Company received no remuneration from any group company in either the current or prior year.

9 Auditors' remuneration

	2023	2022
	£	£
Audit of these financial statements	<u>20,000</u>	<u>20,000</u>
Other fees to auditors		
All other non-audit services	<u>13,000</u>	<u>13,000</u>

MALLING GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****10 Taxation**

Tax charged/(credited) in the profit and loss account

	2023 £	2022 £
Current taxation		
UK corporation tax	197,895	436,251
UK corporation tax adjustment to prior periods	<u>(2,851)</u>	<u>17,190</u>
	<u>195,044</u>	<u>453,441</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2022 - higher than the standard rate of corporation tax in the UK) of 19% (2022 - 19%).

The differences are reconciled below:

	2023 £	2022 £
Loss before tax	<u>(2,777,903)</u>	<u>(2,725,754)</u>
Corporation tax at standard rate	(527,802)	(517,893)
Effect of revenues exempt from taxation	-	(4,309)
Effect of expense not deductible in determining taxable profit (tax loss)	1,908,730	9,875
Deferred tax expense relating to changes in tax rates or laws	376,994	2,428,514
Deferred tax credit from unrecognised tax loss or credit	(1,570,806)	(1,478,744)
(Decrease)/increase in UK and foreign current tax from adjustment for prior periods	(2,851)	17,191
Tax increase/(decrease) from effect of capital allowances and depreciation	<u>10,779</u>	<u>(1,193)</u>
Total tax charge	<u>195,044</u>	<u>453,441</u>

A deferred tax asset of £952,997 (2022 - £952,997) on the taxable losses incurred of £3,811,988 (2022 - £3,811,988) at a tax rate of 25% (2022 - 25%) has not been recognised on the grounds that these losses are not expected to be utilised for the foreseeable future. An additional deferred tax asset on unpaid loan note interest of £1,495,837 (2022 - £3,431,728) has also not been recognised for the same reasons.

MALLING GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****11 Intangible assets****Group**

	Goodwill £	Customer List £	Total £
Cost			
At 1 April 2022 and as at 31 March 2023	<u>5,086,589</u>	<u>2,898,613</u>	<u>7,985,202</u>
Amortisation			
At 1 April 2022	5,075,349	2,898,613	7,973,962
Amortisation charge	<u>11,240</u>	<u>-</u>	<u>11,240</u>
At 31 March 2023	<u>5,086,589</u>	<u>2,898,613</u>	<u>7,985,202</u>
Carrying amount			
At 31 March 2023	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2022	<u>11,240</u>	<u>-</u>	<u>11,240</u>

MALLING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

12 Tangible assets

Group

	Freehold property £	Fixtures and fittings £	Plant and machinery £	Computer equipment £	Total £
Cost					
At 1 April 2022	39,589	62,466	54,044	170,867	326,966
Additions	-	10,383	18,506	5,197	34,086
Disposals	(39,589)	-	-	-	(39,589)
At 31 March 2023	-	72,849	72,550	176,064	321,463
Depreciation					
At 1 April 2022	18,070	52,063	36,406	148,955	255,494
Charge for the year	2,204	5,965	8,721	13,600	30,490
Eliminated on disposal	(20,274)	-	-	-	(20,274)
At 31 March 2023	-	58,028	45,127	162,555	265,710
Carrying amount					
At 31 March 2023	-	14,821	27,423	13,509	55,753
At 31 March 2022	21,519	10,403	17,638	21,912	71,472

MALLING GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****13 Investments****Company**

	2023	2022
	£	£
Investments in subsidiaries	<u>39,616</u>	<u>39,616</u>

Subsidiaries**£****Cost and carrying amount**

At 1 April 2022 and at 31 March 2023

39,616**Details of undertakings**

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	
			2023	2022
Subsidiary undertakings				
Malling Midco Limited	England and Wales	Ordinary	100%	100%
Malling Bidco Limited	England and Wales	Ordinary	100%	100%
Malling Health Limited	England and Wales	Ordinary	100%	100%
Malling Health (UK) Limited	England and Wales	Ordinary	100%	100%
Eccles Midco Limited	England and Wales	Ordinary	100%	100%
Eccles Bidco Limited	England and Wales	Ordinary	100%	100%

All subsidiaries have the registered office address 1st Floor Rutherford House, Warrington Road, Birchwood, Warrington WA3 6ZH.

Malling Midco Limited and Eccles Midco Limited are held directly.

MALLING GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****Subsidiary undertakings***Malling Midco Limited*

The principal activity of Malling Midco Limited is that of a holding company.

Malling Bidco Limited

The principal activity of Malling Bidco Limited is that of a holding company.

Malling Health Limited

The principal activity of Malling Health Limited is the management of a network of GP practices.

Malling Health (UK) Limited

The principal activity of Malling Health (UK) Limited is the management of a network of GP practices, Urgent Treatment Centres and GP Out of Hours services.

Eccles Midco Limited

The principal activity of Eccles Midco Limited is that of a holding company.

Eccles Bidco Limited

The principal activity of Eccles Bidco Limited is that of a holding company.

For the year ending 31 March 2023 the following subsidiaries were entitled to exemption from under section 479A of the Companies Act 2006 relating to subsidiary companies:

Malling Midco Limited
Malling Bidco Limited
Eccles Midco Limited
Eccles Bidco Limited
Malling Health Limited

14 Debtors

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Trade debtors	1,965,694	1,511,561	-	-
Amounts owed by group undertakings	-	-	137,545	137,545
Other debtors	4	86,315	36,917	36,917
Prepayments	248,263	201,772	-	-
	<u>2,213,961</u>	<u>1,799,648</u>	<u>174,462</u>	<u>174,462</u>

MALLING GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****15 Creditors**

		Group		Company	
	Note	2023	2022	2023	2022
		£	£	£	£
Due within one year					
Loans and borrowings	16	35,229,046	32,006,720	32,572	32,572
Trade creditors		3,896,619	3,680,603	-	-
Social security and other taxes		381,768	144,267	-	-
Outstanding defined contribution pension costs		574,124	430,828	-	-
Other creditors		36,226	1,983	-	-
Accrued expenses		365,939	430,273	-	-
Corporation tax liability		87,795	236,251	-	-
		<u>40,571,517</u>	<u>36,930,925</u>	<u>32,572</u>	<u>32,572</u>

16 Loans and borrowings

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Current loans and borrowings				
Other borrowings	<u>35,229,046</u>	<u>32,006,720</u>	<u>32,572</u>	<u>32,572</u>

Up to 31 October 2022, other loans relates to secured loan notes with a principal amount of £15,854,182 (2022 - £15,854,182) redeemable in March 2021 or November 2021 (£5,233,182 and £10,621,000 respectively). The investor continued to support the group and had not demanded repayment of the loan notes due for repayment. Interest is charged at either 20% or 12.5% over LIBOR per annum and has been capitalised. On 1 November 2022, the principal amount of £15,962,785 was transferred to a newly incorporated company. The loan notes now accrue interest at a rate of 9.85% and are considered as repayable on demand. Also on that date, accrued interest of £19,395,731 was frozen and remains repayable on demand to the previous investor.

Interest of £650,473 has accrued on these notes since 1 November 2022 and has been capitalised. Payments of £690,000 against the loan balance have been made within the year.

The loans are secured by fixed and floating charges over various of the group's properties.

MALLING GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****17 Provisions for liabilities**

Group	Onerous contracts £
At 1 April 2022	61,301
Provisions used	<u>(61,301)</u>
At 31 March 2023	<u>-</u>

18 Pension and other schemes

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £195,719 (2022 - £178,104).

Contributions totalling £68,927 (2022 - £39,757) were payable to the scheme at the end of the year and are included in creditors.

Many of the employees of the company are members of the NHS Pension Scheme. The company makes employee contribution deductions from its employees and pays these into the NHS Pension scheme, on their behalf. In addition, the company makes employer contributions to the scheme, at a rate of 14.38% of gross salary. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £282,715 (2022 - £258,428). Contributions totalling £505,197 (2022 - £391,071) were payable to the scheme at the end of the year and included in creditors.

19 Share capital**Allotted, called up and fully paid shares**

	2023		2022	
	No.	£	No.	£
A1 Ordinary of £1 each	141,083	141,083	141,083	141,083
A2 Ordinary of £1 each	9,567	9,567	9,567	9,567
B Ordinary of £1 each	22,917	22,917	22,917	22,917
C Ordinary of £1 each	4,509	4,509	4,509	4,509
D Ordinary of £1 each	3,429	3,429	3,429	3,429
Deferred share of £1 each	1	1	1	1
	<u>181,506</u>	<u>181,506</u>	<u>181,506</u>	<u>181,506</u>

All shares carry one vote.

Ordinary C shares are entitled to a dividend at LIBOR plus 5%, with A, B and C shares then declared at the discretion of the Board.

Upon winding up, any accrued C dividends are paid, with the remaining net assets split between A, B and C shareholders.

The holder of the deferred share does not have rights to dividends or any voting rights.

MALLING GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****20 Obligations under leases and hire purchase contracts****Group****Operating leases**

The total of future minimum lease payments is as follows:

	2023	2022
	£	£
Not later than one year	43,352	72,592
Later than one year and not later than five years	25,227	-
Later than five years	1,390	-
	<u>69,969</u>	<u>72,592</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £72,592 (2022 - £72,592).

21 Analysis of changes in net debt

	At 1 April 2022	Financing cash flows	Other non-cash changes	At 31 March 2023
	£	£	£	£
Cash and cash equivalents				
Cash	416,444	218,990	-	635,434
Borrowings				
Other loans	<u>(32,006,720)</u>	<u>690,000</u>	<u>(3,912,326)</u>	<u>(35,229,046)</u>
	<u>(31,590,276)</u>	<u>908,990</u>	<u>(3,912,326)</u>	<u>(34,593,612)</u>

Other non-cash changes during the year relates to accrued interest.

22 Related party transactions**Group****Summary of transactions with key management**

Key management personnel are considered to be the directors of the company and key management personnel compensation is disclosed in note 8 to the financial statements.

Loans from related parties

Included within creditors due within one year was loan note interest amounting to £19,395,731 (2022 - loan notes and accrued interest of £32,006,722) owed to the parent of the ultimate controlling party.

23 Parent and ultimate parent undertaking

Up to 22 August 2022, the ultimate controlling party was David Hudaly. Since 22 August 2022, the ultimate controlling party is Adam Hudaly.