

Registration number: 10533290

SABRINA HOLDCO LIMITED
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

Hazlewoods LLP
Windsor House
Bayshill Road
Cheltenham
GL50 3AT



SABRINA HOLDCO LIMITED

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SABRINA HOLDCO LIMITED

COMPANY INFORMATION

Directors	A Clarke
	S R Page
	G Parker
	G D Watson
	Bridges Fund Management Limited
Company secretary	G Parker
Registered office	c/o Reflexion Care Group Limited Black Birches Hadnall Shrewsbury Shropshire SY4 3DH
Auditors	Hazlewoods LLP Windsor House Bayshill Road Cheltenham GL50 3AT

SABRINA HOLDCO LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

The directors present their strategic report for the year ended 31 March 2020.

Principal activity

The principal activity of the company is that of a holding company.

The principal activity of the group is that of the provision of residential care and education for young people.

Fair review of the business

The results for the period which are set out in the profit and loss account show turnover of £13,158,135 (2019 - £11,854,918) and an operating profit of £1,675,212 (2019 - £1,421,696) before depreciation, amortisation and goodwill. At 31 March 2020, the group had net assets of £1,023,237 (2019 - £1,718,615). The group has a negative profit and loss reserve of £1,618,459 (2019 - £916,371), this is due to the preference share dividends accruing on the redeemable A preference shares. The amount accrued as at 31 March 2020 is £1,667,821 (2019 - £1,142,217) and this amount is added back to distributable reserves. The directors consider the group performance for the period and the financial position of the group and company at the period end to be satisfactory.

Given the nature of the business, the group's directors are of the opinion that key performance indicators are important. The group uses a number of indicators to monitor and improve development, performance or the position of the business. Indicators are reviewed and altered to meet changes both in the internal and external environments. The directors do not consider the inclusion of an analysis using key performance indicators to be necessary to assist users of the financial statements in their understanding of the financial performance or position of the group.

Principal risks and uncertainties

The management of the business and the execution of the group's strategy are subject to a number of risks. The key business risks and uncertainties affecting the group are considered to relate to UK economic conditions and the ongoing compliance with current and future legislation affecting the sector.

Approved by the Board on 22/7/20 and signed on its behalf by:



.....
G Parker
Director

SABRINA HOLDCO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

The directors present their report and the consolidated financial statements for the year ended 31 March 2020.

Directors of the company

The directors who held office during the year were as follows:

A Clarke

S R Page

G Parker

G D Watson

Bridges Fund Management Limited

Financial instruments

Objectives and policies

The group is exposed to the usual credit and cash flow risk associated with selling on credit and manages this through credit control procedures. The nature of its financial instruments means that price and liquidity risks are minimised by the predetermination of the group funding facilities and terms. The board monitors the group's trading results with a view to ensuring that the group can meet its future obligations as they fall due.

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

The business' principal financial instruments comprise bank balances, bank overdrafts and loans, loan notes, trade debtors and trade creditors. The main purpose of these instruments is to finance the business' operations.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of a disclosed invoice discounting facility. All of the business' cash balances are held in such a way that achieves a competitive rate of interest.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due. Loans comprise loans from the shareholders and from financial institutions. The interest rate and monthly repayments on the loans from financial institutions are variable. The business manages the liquidity risk by ensuring that there are sufficient funds to meet the payments as disclosed in note 17 to the financial statements.

The group balance sheet is currently showing net current liabilities however the group has sufficient financial resources available and the subsidiary is expected to trade profitability generating cash for the foreseeable future. The directors have prepared forecasts for the next 12 months that indicate that the group has sufficient resources available to trade as a going concern. The directors, therefore, have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

SABRINA HOLDCO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

Employment of disabled persons

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

Future developments

The external environment is expected to remain competitive going forward, however the directors remain confident that the company will improve on its current level of performance in the future.

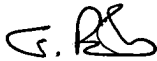
Disclosure of information to the auditor

Each director has taken the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors

Hazlewoods LLP have expressed their willingness to continue in office.

Approved by the Board on 22/7/20 and signed on its behalf by:



.....
G Parker
Director

SABRINA HOLDCO LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are 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 directors are 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 them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

SABRINA HOLDCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SABRINA HOLDCO LIMITED

Opinion

We have audited the financial statements of Sabrina Holdco Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020, 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 2020 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's 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

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

SABRINA HOLDCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SABRINA HOLDCO 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 directors either intend 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.

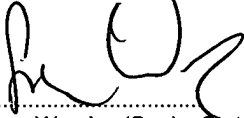
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

SABRINA HOLDCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SABRINA HOLDCO LIMITED

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

Windsor House
Bayshill Road
Cheltenham
GL50 3AT

Date: 3/8/2020

SABRINA HOLDCO LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £	2019 £
Turnover	3	13,158,135	11,854,918
Cost of sales		<u>(9,980,951)</u>	<u>(9,033,837)</u>
Gross profit		3,177,184	2,821,081
Administrative expenses		<u>(1,501,972)</u>	<u>(1,399,385)</u>
Operating profit before amortisation, depreciation and exceptional costs		1,675,212	1,421,696
Amortisation and depreciation		(853,815)	(759,978)
Exceptional costs	5	<u>(287,927)</u>	<u>(122,986)</u>
Operating profit	4	533,470	538,732
Interest payable and similar charges	6	<u>(923,615)</u>	<u>(836,576)</u>
Loss before tax		(390,145)	(297,844)
Taxation	10	<u>(220,547)</u>	<u>(186,472)</u>
Loss for the financial year		<u><u>(610,692)</u></u>	<u><u>(484,316)</u></u>

The above results were derived from continuing operations.

The group has no other comprehensive income for the year.

The notes on pages 15 to 29 form an integral part of these financial statements.

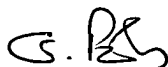
SABRINA HOLDCO LIMITED

(REGISTRATION NUMBER: 10533290)

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	11	6,354,067	6,730,930
Tangible assets	12	<u>5,466,622</u>	<u>3,509,586</u>
		<u>11,820,689</u>	<u>10,240,516</u>
Current assets			
Stocks	14	138,639	92,471
Debtors	15	1,273,288	1,238,980
Cash at bank and in hand		<u>163,867</u>	<u>455,573</u>
		1,575,794	1,787,024
Creditors: Amounts falling due within one year	16	<u>(3,961,006)</u>	<u>(2,341,946)</u>
Net current liabilities		<u>(2,385,212)</u>	<u>(554,922)</u>
Total assets less current liabilities		<u>9,435,477</u>	<u>9,685,594</u>
Creditors: Amounts falling due after more than one year	16	8,252,587	7,868,441
Provisions for liabilities	10	<u>159,653</u>	<u>98,538</u>
		8,412,240	7,966,979
Capital and reserves			
Called up share capital	19	100,254	94,754
Share premium reserve		2,541,442	2,540,232
Profit and loss account		<u>(1,618,459)</u>	<u>(916,371)</u>
Total equity		<u>1,023,237</u>	<u>1,718,615</u>
Total capital, reserves and long term liabilities		<u>9,435,477</u>	<u>9,685,594</u>

Approved and authorised by the Board on 22/7/20 and signed on its behalf by:



G Parker
Director

The notes on pages 15 to 29 form an integral part of these financial statements.

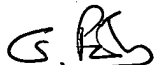
SABRINA HOLDCO LIMITED

**(REGISTRATION NUMBER: 10533290)
BALANCE SHEET AS AT 31 MARCH 2020**

	Note	2020 £	2019 £
Fixed assets			
Investments	13	<u>1</u>	<u>1</u>
Current assets			
Debtors	15	9,205,463	8,685,985
Creditors: Amounts falling due within one year	16	<u>(2,178,541)</u>	<u>(1,142,217)</u>
Net current assets		<u>7,026,922</u>	<u>7,543,768</u>
Total assets less current liabilities		<u>7,026,923</u>	<u>7,543,769</u>
 Creditors: Amounts falling due after more than one year	16	<u>6,051,000</u>	<u>6,051,000</u>
Capital and reserves			
Called up share capital	19	100,254	94,754
Share premium reserve		2,541,442	2,540,232
Profit and loss account		<u>(1,665,773)</u>	<u>(1,142,217)</u>
Total equity		<u>975,923</u>	<u>1,492,769</u>
Total capital, reserves and long term liabilities		<u>7,026,923</u>	<u>7,543,769</u>

The company made a loss after tax for the financial year of £432,160.

Approved and authorised by the Board on 22/7/20 and signed on its behalf by:



.....
G Parker
Director

The notes on pages 15 to 29 form an integral part of these financial statements.

SABRINA HOLDCO LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY**

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 April 2019	94,754	2,540,232	(916,371)	1,718,615
Loss for the year	-	-	(610,692)	(610,692)
Dividends paid on preference shares	-	-	(91,396)	(91,396)
New share capital subscribed	<u>5,500</u>	<u>1,210</u>	<u>-</u>	<u>6,710</u>
At 31 March 2020	<u>100,254</u>	<u>2,541,442</u>	<u>(1,618,459)</u>	<u>1,023,237</u>

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 April 2018	91,754	2,538,526	(432,055)	2,198,225
Loss for the year	-	-	(484,316)	(484,316)
New share capital subscribed	<u>3,000</u>	<u>1,706</u>	<u>-</u>	<u>4,706</u>
At 31 March 2019	<u>94,754</u>	<u>2,540,232</u>	<u>(916,371)</u>	<u>1,718,615</u>

The notes on pages 15 to 29 form an integral part of these financial statements.

SABRINA HOLDCO LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 April 2019	94,754	2,540,232	(1,142,217)	1,492,769
Loss for the year	-	-	(432,160)	(432,160)
Dividends paid on preference shares	-	-	(91,396)	(91,396)
New share capital subscribed	5,500	1,210	-	6,710
At 31 March 2020	<u>100,254</u>	<u>2,541,442</u>	<u>(1,665,773)</u>	<u>975,923</u>

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 April 2018	91,754	2,538,526	(465,700)	2,164,580
Loss for the year	-	-	(676,517)	(676,517)
New share capital subscribed	3,000	1,706	-	4,706
At 31 March 2019	<u>94,754</u>	<u>2,540,232</u>	<u>(1,142,217)</u>	<u>1,492,769</u>

The notes on pages 15 to 29 form an integral part of these financial statements.

SABRINA HOLDCO LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Loss for the year		(610,692)	(484,316)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	970,512	839,567
Finance costs	6	923,615	836,576
Income tax expense	10	220,547	186,472
		<u>1,503,982</u>	<u>1,378,299</u>
Working capital adjustments			
Increase in stocks	14	(158,798)	(97,005)
Increase in debtors	15	(34,308)	(100,781)
Increase in creditors	16	122,255	140,077
		<u>1,433,131</u>	<u>1,320,590</u>
Cash generated from operations			
Income taxes paid	10	(188,773)	(153,354)
Net cash flow from operating activities		<u>1,244,358</u>	<u>1,167,236</u>
Cash flows from investing activities			
Acquisitions of tangible assets		(2,441,544)	(602,484)
Proceeds from sale of tangible assets		11,583	625
Net cash flows from investing activities		<u>(2,429,961)</u>	<u>(601,859)</u>
Cash flows from financing activities			
Interest paid		(132,011)	(112,026)
Proceeds from issue of shares		6,710	4,706
Proceeds from bank borrowing draw downs		697,500	-
Repayment of bank borrowing		(290,431)	(270,000)
Proceeds from other borrowing draw downs		926,933	-
Dividends paid on Redeemable A preference shares		(217,836)	-
Payments to finance lease creditors		(5,572)	(2,078)
Dividends paid on preference shares		(91,396)	-
Net cash flows from financing activities		<u>893,897</u>	<u>(379,398)</u>
Net (decrease)/increase in cash and cash equivalents		(291,706)	185,979
Cash and cash equivalents at 1 April		<u>455,573</u>	<u>269,594</u>
Cash and cash equivalents at 31 March		<u>163,867</u>	<u>455,573</u>

The notes on pages 15 to 29 form an integral part of these financial statements.

SABRINA HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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:

c/o Reflexion Care Group Limited
Black Birches
Hadnall
Shrewsbury
Shropshire
SY4 3DH

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'.

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 2020.

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.

SABRINA HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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.

Going concern

At the balance sheet date the group have net current liabilities. However, after reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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 the revision and future periods if the revision affects both current and future periods.

Intangible assets

Intangible assets acquired in an acquisition, are based on a fair valuation of the underlying assets purchased. The fair value is estimated and an estimate made of their remaining useful lives. Management believes that the assigned values and useful lives, as well as the underlying assumptions, are reasonable, though different assumptions and assigned lives could have a significant impact on the reported amounts.

Depreciation and amortisation

Tangible and intangible assets are depreciated and amortised over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

Revenue recognition

Turnover comprises the fair value of the consideration received for the provision of care, support and accommodation. Where the amounts receivable relate to a period which covers the balance sheet date, that amount is apportioned over the period to which it relates. The company 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 company's activities.

SABRINA HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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 financial statements and on unused tax losses or tax credits in the company. Deferred 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 balance sheet 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.

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 land	Nil
Freehold buildings	2% / 20% straight line basis
Leasehold land and buildings	Over the period of the lease
Plant and machinery	3 years straight line
Computer equipment	2 years straight line
Fixtures, fittings and equipment	2 years straight line
Motor vehicles	4 years 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.

SABRINA HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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	Straight line over 20 years

A policy of 20 years for amortising goodwill has been used as the directors' consider that there is an active and sustainable market for the asset that supports a longer period of amortisation.

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 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.

Stocks

Stocks are stated at the lower of cost and estimated selling price.

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

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.

SABRINA HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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.

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. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

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.

SABRINA HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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.

3 Revenue

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

SABRINA HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

4 Operating profit

Arrived at after charging

	2020 £	2019 £
Depreciation expense	476,953	384,781
Amortisation expense	376,862	375,197
Impairment of motor vehicles (treated as stock)	112,630	79,589
Operating lease expense - property	394,494	367,863
Operating lease expense - plant and machinery	<u>4,222</u>	<u>4,501</u>

5 Exceptional items

Exceptional expenses relate to non-recurring reorganisation and administrative costs including the pre-opening costs of homes. Exceptional expenses amount to £287,927 (2019 - £122,986).

6 Interest payable and similar expenses

	2020 £	2019 £
Interest on bank overdrafts and borrowings	120,499	111,244
Dividends on preference shares	743,443	676,517
Interest on obligations under finance leases and hire purchase contracts	1,093	782
Interest expense on other finance liabilities	<u>58,580</u>	<u>48,033</u>
	<u>923,615</u>	<u>836,576</u>

SABRINA HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

7 Staff costs

Group

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

	2020 £	2019 £
Wages and salaries	7,648,205	6,961,458
Social security costs	638,894	564,495
Pension costs, defined contribution scheme	161,721	95,687
	<u>8,448,820</u>	<u>7,621,640</u>

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

	2020 No.	2019 No.
Care	267	246
Administration and support	44	43
	<u>311</u>	<u>289</u>

Company

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

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2020 £	2019 £
Remuneration	397,615	331,667
Contributions paid to money purchase schemes	2,631	2,213
	<u>400,246</u>	<u>333,880</u>

In respect of the highest paid director:

	2020 £	2019 £
Remuneration	128,333	100,000
Company contributions to money purchase pension schemes	-	806

9 Auditors' remuneration

	2020 £	2019 £
Audit of these financial statements	<u>14,800</u>	<u>11,550</u>

SABRINA HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

10 Taxation

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

	2020 £	2019 £
Current taxation		
UK corporation tax	159,456	185,167
UK corporation tax adjustment to prior periods	(24)	6,468
	<u>159,432</u>	<u>191,635</u>
Deferred taxation		
Arising from origination and reversal of timing differences	61,115	(5,163)
Tax expense in the income statement	<u>220,547</u>	<u>186,472</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2019 - higher than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £	2019 £
Loss before tax	<u>(390,145)</u>	<u>(297,844)</u>
Corporation tax at standard rate	(74,128)	(56,590)
Effect of expense not deductible in determining taxable profit (tax loss)	218,521	203,391
(Decrease)/increase in UK and foreign current tax from adjustment for prior periods	(24)	6,468
Tax increase from effect of capital allowances and depreciation	<u>76,178</u>	<u>33,203</u>
Total tax charge	<u>220,547</u>	<u>186,472</u>

Deferred tax

Group

Deferred tax assets and liabilities

	Liability £
2020	
Difference between accumulated depreciation and capital allowances	<u>159,653</u>
2019	
Difference between accumulated depreciation and capital allowances	<u>98,538</u>

SABRINA HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

11 Intangible assets

Group	Goodwill £
Cost	
At 1 April 2019 and at 31 March 2019	<u>7,503,939</u>
Amortisation	
At 1 April 2019	773,009
Amortisation charge	<u>376,863</u>
At 31 March 2020	<u>1,149,872</u>
Carrying amount	
At 31 March 2020	<u>6,354,067</u>
At 31 March 2019	<u>6,730,930</u>

12 Tangible assets

Group	Land and buildings £	Furniture, fittings and equipment £	Total £
Cost			
At 1 April 2018	4,381,189	1,032,243	5,413,432
Additions	2,260,161	189,478	2,449,639
Disposals	(181,119)	(327,837)	(508,956)
Transfers	<u>391,661</u>	<u>(391,661)</u>	<u>-</u>
At 31 March 2020	<u>6,851,892</u>	<u>502,223</u>	<u>7,354,115</u>
Depreciation			
At 1 April 2018	1,442,095	461,751	1,903,846
Charge for the year	371,283	105,670	476,953
Eliminated on disposal	<u>(181,119)</u>	<u>(312,187)</u>	<u>(493,306)</u>
At 31 March 2020	<u>1,632,259</u>	<u>255,234</u>	<u>1,887,493</u>
Carrying amount			
At 31 March 2020	<u>5,219,633</u>	<u>246,989</u>	<u>5,466,622</u>
At 31 March 2019	<u>2,939,094</u>	<u>570,492</u>	<u>3,509,586</u>

Included within the net book value of land and buildings above is £3,951,700 (2019 - £2,304,973) in respect of freehold land and buildings and £1,396,269 (2019 - £634,121) in respect of leasehold land and buildings.

Land of £796,341 (2019 - £604,591) is not depreciated.

SABRINA HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

13 Investments

Company

	2020 £	2019 £
Investments in subsidiaries	<u>1</u>	<u>1</u>

Subsidiaries

Cost and carrying amount

At 1 April 2019 and at 31 March 2020

	£
	<u>1</u>

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	Registered office	Holding	Proportion of voting rights and shares held	
			2020	2019
Subsidiary undertakings				
Sabrina Bidco Limited	England and Wales	Ordinary	100%	100%
Reflexion Care Group Limited*	England and Wales	Ordinary	100%	100%
New Relexions Limited**	England and Wales	Ordinary	100%	100%
Evolution Centre Limited**	England and Wales	Ordinary	100%	100%
Shrewsbury Psychological Services Limited**	England and Wales	Ordinary	100%	100%
Route1one Limited**	England and Wales	Ordinary	100%	100%
Key Change Children's Services Limited**	England and Wales	Ordinary	100%	100%

*Reflexion Care Group Limited is held via Sabrina Bidco Limited.

**These companies are held via Reflexion Care Group Limited and are all dormant companies.

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

The principal activity of Reflexion Care Group Limited* is that of the provision of residential care and education for young people.

14 Stocks

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Other inventories	<u>138,639</u>	<u>92,471</u>	<u>-</u>	<u>-</u>

SABRINA HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

15 Debtors

		Group		Company	
	Note	2020	2019	2020	2019
		£	£	£	£
Trade debtors		1,024,529	1,010,586	-	-
Amounts owed by related parties	21	-	-	9,205,463	8,685,985
Other debtors		<u>248,759</u>	<u>228,394</u>	<u>-</u>	<u>-</u>
Total current trade and other debtors		<u>1,273,288</u>	<u>1,238,980</u>	<u>9,205,463</u>	<u>8,685,985</u>

16 Creditors

		Group		Company	
	Note	2020	2019	2020	2019
		£	£	£	£
Due within one year					
Loans and borrowings	17	1,225,717	225,024	500,000	-
Trade creditors		217,727	180,415	-	-
Social security and other taxes		185,238	154,206	-	-
Outstanding defined contribution pension costs		33,856	18,039	-	-
Other creditors		1,698,265	1,153,438	1,667,824	1,142,217
Accrued expenses		444,377	425,657	10,416	-
Corporation tax liability	10	<u>155,826</u>	<u>185,167</u>	<u>301</u>	<u>-</u>
		<u>3,961,006</u>	<u>2,341,946</u>	<u>2,178,541</u>	<u>1,142,217</u>
Due after one year					
Loans and borrowings	17	<u>8,252,587</u>	<u>7,868,441</u>	<u>6,051,000</u>	<u>6,051,000</u>

SABRINA HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

17 Loans and borrowings

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Current loans and borrowings				
Bank borrowings	291,337	221,625	-	-
Finance lease liabilities	7,447	3,399	-	-
Other borrowings	926,933	-	500,000	-
	<u>1,225,717</u>	<u>225,024</u>	<u>500,000</u>	<u>-</u>

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Non-current loans and borrowings				
Bank borrowings	2,183,132	1,797,611	-	-
Finance lease liabilities	18,455	19,830	-	-
Redeemable A preference shares	6,051,000	6,051,000	6,051,000	6,051,000
	<u>8,252,587</u>	<u>7,868,441</u>	<u>6,051,000</u>	<u>6,051,000</u>

The bank loan which is secured over all of the assets of the group is to be repaid in equal monthly capital instalments of £22,500 based on a 10 year repayment term, but with a final repayment date of 9 March 2022. The rate of interest is 2.75% above base rate. The bank loan is shown net of debt costs of £92,600 the gross amount outstanding as at 31 March 2020 was £1,890,000.

During the year the group entered into a mortgage agreement for £697,500 based on a 10 year repayment term, but with a final repayment date of 9 March 2022. The rate of interest is 2.75% above base rate. The gross amount outstanding as at 31 March 2020 was £677,069.

During the year the group decided to drawdown £500,000 from Bridges Evergreen Holdings Limited. The loan is repayable in full on 31 August 2020. The rate of interest is 5%.

Other borrowings of £426,933 are secured against the group's trade debtors.

The redeemable A preference shares are, at the option of the company and subject to investor approval, redeemable at any time. However, they must be redeemed in full on 9 March 2024. The preference shares are entitled to a cumulative 10% preference dividend.

18 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £161,721 (2019 - £95,687).

SABRINA HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

19 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
A ordinary shares of £1 each	56,280	56,280	56,280	56,280
B ordinary shares of £1 each	23,720	23,720	23,720	23,720
C ordinary shares of £1 each	20,000	20,000	14,500	14,500
Preference shares of £0.0001 each	2,538,780	254	2,538,780	254
	<u>2,638,780</u>	<u>100,254</u>	<u>2,633,280</u>	<u>94,754</u>

New shares allotted

During the year 5,500 C ordinary shares having an aggregate nominal value of £1 were allotted for an aggregate consideration of £6,710.

Rights, preferences and restrictions

The ordinary A, B and C shares are non-redeemable and have voting, capital and income rights as detailed in the company's Articles of Association. The preference shares are redeemable at the option of the company (subject to certain conditions) at 10 days notice, are non-voting and have rights to dividends and on a return of capital as detailed in the company's Articles of Association.

20 Obligations under leases and hire purchase contracts

Group

Operating leases

The total of future minimum lease payments is as follows:

	2020	2019
	£	£
Not later than one year	389,324	353,889
Later than one year and not later than five years	1,092,731	928,993
Later than five years	251,383	146,202
	<u>1,733,438</u>	<u>1,429,084</u>

SABRINA HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

21 Related party transactions

Group

Summary of transactions with other related parties

Other related party transactions

During the year, Safe and Sound Outdoors (2007) Limited, a company which G Parker and G Watson are directors, made sales to Reflexion Care Group Limited of £52,867 (2019 - £nil) and Reflexion Care Group Limited owed Safe and Sound Outdoors (2007) Limited £15,552 (2019 - £nil) at the year end.

22 Control

The ultimate controlling party is Bridges Fund Management Limited, a private company registered in England and Wales which is considered to have no single controlling party.