

Registration number: 12981171 (England and Wales)

EHC HOLDINGS HOLDCO LIMITED
UNAUDITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023



EHC HOLDINGS HOLDCO LIMITED**Contents**

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EHC HOLDINGS HOLDCO LIMITED**Company information**

Directors	A J Blyth S A Melton
Company secretary	E J Phipps
Registration number	12981171
Registered office	Ferham House Kimberworth Road Rotherham South Yorkshire S61 1AJ
Bankers	NatWest 2 Whitehall Quay Leeds LS1 4HR

EHC HOLDINGS HOLDCO LIMITED

Strategic report For the year ended 31 March 2023

The directors present their Strategic report for the year ended 31 March 2023.

Principal activity

The principal activity of EHC Holdings Holdco Limited (the "Company") was that of an intermediate holding company. The main activities of the Company's subsidiary undertakings during the period were those of nursing home operators and project managers supervising the build of new homes and developments for the fellow group companies headed by EHC Holdings Topco Limited (the "ultimate parent company").

Fair review of the business

The Company is part of the EHC Holdings Topco Limited group (the "Group").

The result for the year was a net loss of £26,792,170 (2022: £29,896,842). The directors do not recommend the payment of a dividend and no dividend was paid during the year (2022: £nil).

The underlying financial performance of the Company during the year ended 31 March 2023 was not materially impacted by COVID-19, the war in Ukraine or Brexit.

Key performance indicators

As an intermediate holding company, the Company does not have any key performance indicators other than the Group's indicators that are disclosed in EHC Holdings Topco Limited's financial statements.

Principal risks and uncertainties

Holding investment in subsidiary companies has an inherent risk of change in valuation, which is mitigated by continuous assessment and monitoring of investments' value in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate the present values. The carrying amount of investment in subsidiaries at the balance sheet date had no impairment loss recognised in 2023 (2022: £nil).

As part of a cash generative group of companies owned by EHC Holdings Topco Limited, the Company is supported by its ultimate parent company depending on the Company's needs at the time. The financial statements show net current liabilities of £84,995,778 (2022: £76,492,367) and net liabilities of £12,574,093 (2022: net assets of £14,218,077) for the Company. The Company's determination of going concern is disclosed in the Directors' report.

Financial risk management

The main risks faced by the Company are analysed as follows:

Interest rate risk

Under the current Bank Loan Facilities interest calculations are variable and linked to SONIA, 80% of the facilities have been fixed via a hedged product. The directors of the Group including this company have consulted with external treasury advisors as to the suitability of these arrangements and consider them to be in line with the Group's strategy in the foreseeable future. This position is under regular review by the directors, along with business performance, debt positioning and future developments as part of regular interaction with lenders.

Capital risk management

The directors have prepared forecasts and projections, taking account of reasonably possible changes in trading performance, which show that the Group including this Company is expected to have a sufficient level of financial resources available through current facilities to continue in operational existence for the foreseeable future.

EHC HOLDINGS HOLDCO LIMITED

Strategic report (continued)
For the year ended 31 March 2023

Future developments

It is intended that the Company continues as an intermediate holding company. The directors of the Company will monitor the underlying investment values of the Company's subsidiaries as described above.

Section 172 Companies Act statement

The Company's consideration of the interests of key stakeholders and the broader matters set out in section 172 (1): (a)-(f) of the Companies Act 2006 ("section 172") when performing their duty to promote the success of the Company is set out in detail in the consolidated financial statements of its ultimate parent company, EHC Holdings Topco Limited.

Approved by the board of directors on 14 September 2023 and signed on its behalf by:



.....
A J Blyth

Director

EHC HOLDINGS HOLDCO LIMITED

Directors' report For the year ended 31 March 2023

The directors present their Annual report and the unaudited financial statements of the Company for the year ended 31 March 2023.

Directors

The directors who held office during the year and up to the date of signing of the financial statements were as follows:

A J Blyth
S A Melton

Results and dividends

Particulars of results and dividends are detailed in the Strategic report on page 2.

Going concern

The Company has net current liabilities of £84,995,778 (2022: £76,492,367) and net liabilities of £12,574,093 (2022: net assets of £14,218,077). The Company made a net loss in the year of £26,792,170 (2022: £29,896,842). The directors of the EHC Holdings Topco Limited have prepared group forecasts, including scenario analysis, through to 31 March 2025 to assess going concern of the Group as a whole.

These forecast scenarios prepared included lower than budgeted operational cash flows, increased construction and maintenance costs, new homes taking longer to fill than budgeted, high inflation levels for an extended period and higher than anticipated interest rate increases. The forecast scenarios include outflows associated with the capital programmes the Group has in place which is funded from current cash and operating cash flows through the assessed period. The results of the forecasting demonstrate sufficient liquidity of the Group through the period and continued covenant compliance on senior debt.

Given the forecast at the Group level the directors of the Company have obtained a letter of support from the ultimate parent company through the assessed period. The directors are confident on the support being received as required, the directors of EHC Holdings Topco Limited are also the directors of the Company.

Based on all the information available at the point of approving these financial statements, the directors conclude that it remains appropriate to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2023.

Qualifying third party indemnity provisions

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the reporting date.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Company's subsidiary undertakings continues and that the appropriate training is arranged. It is the policy of the Company's subsidiary undertakings that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

EHC HOLDINGS HOLDCO LIMITED

Directors' report (continued)
For the year ended 31 March 2023

Employee involvement

The Company's subsidiary undertakings' policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Company's subsidiary undertakings' performance.

Energy and carbon reporting

The Company is exempt from energy and carbon reporting obligations as they are covered by their ultimate parent company's group report.

Events after the reporting date

There have been no material adjusting or disclosable events since the financial year end.

Matters covered in the Strategic report

The Company has chosen in accordance with the Companies Act 2006, section 414C(11) to set out in the Company's Strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' report. It has done so in respect of future developments and financial risk management.

The Company has availed the audit exemption under section 479A of the Companies Act 2006 relating to subsidiary companies.

Approved by the board of directors on 14 September 2023 and signed on its behalf by:



.....
A J Blyth
Director

EHC HOLDINGS HOLDCO LIMITED

Directors' responsibilities statement For the year ended 31 March 2023

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101: Reduced Disclosure Framework ("FRS 101").

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

EHC HOLDINGS HOLDCO LIMITED**Statement of comprehensive income
For the year ended 31 March 2023**

	Note	2023 £	2022 £
Other operating expenses		(6,551,200)	(15,629,857)
Operating loss	5	(6,551,200)	(15,629,857)
Interest receivable and similar income	6	24,670,601	33,795,343
Interest payable and similar expenses	7	(50,162,275)	(54,789,859)
Loss before taxation		(32,042,874)	(36,624,373)
Tax on loss	8	-	-
Loss for the year		(32,042,874)	(36,624,373)
Other comprehensive income			
Cash flow hedge gains		6,866,038	6,384,822
Hedge interest reclassified to profit or loss		(1,615,334)	342,709
Other comprehensive income for the year		5,250,704	6,727,531
Total comprehensive loss for the year		(26,792,170)	(29,896,842)

All amounts relate to continuing activities.

The notes on pages 11 to 24 form an integral part of these financial statements.

EHC HOLDINGS HOLDCO LIMITED
Registration number: 12981171

Statement of financial position
As at 31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Investments	9	279,750,750	279,750,750
Derivatives	11	6,250,604	5,224,340
		<u>286,001,354</u>	<u>284,975,090</u>
Current assets			
Debtors: amounts falling due within one year	10	275,612,419	238,426,815
Derivatives	11	5,389,935	1,504,189
Cash at bank and in hand		1,165,681	5,317,815
		<u>282,168,035</u>	<u>245,248,819</u>
Creditors: amounts falling due within one year	12	<u>(367,163,813)</u>	<u>(321,741,186)</u>
Net current liabilities		<u>(84,995,778)</u>	<u>(76,492,367)</u>
Total assets less current liabilities		<u>201,005,576</u>	<u>208,482,723</u>
Creditors: amounts falling due after more than one year	13	<u>(213,579,669)</u>	<u>(194,264,646)</u>
Net (liabilities)/assets		<u><u>(12,574,093)</u></u>	<u><u>14,218,077</u></u>
Capital and reserves			
Called up share capital	15	2	2
Share premium reserve	16	49,794,222	49,794,222
Cash flow hedge reserve	16	11,978,235	6,727,531
Profit and loss account	16	(74,346,552)	(42,303,678)
Total shareholder's (deficit)/funds		<u><u>(12,574,093)</u></u>	<u><u>14,218,077</u></u>

For the year ending 31 March 2023, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

EHC HOLDINGS HOLDCO LIMITED
Registration number: 12981171

Statement of financial position (continued)
As at 31 March 2023

Directors' responsibilities:

- The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006; and
- The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements on pages 7 to 24 were approved and authorised for issue by the board of directors and were signed on its behalf on 14 September 2023 by:



.....
A J Blyth
Director

The notes on pages 11 to 24 form an integral part of these financial statements.

EHC HOLDINGS HOLDCO LIMITED

Statement of changes in equity For the year ended 31 March 2023

	Called up share capital	Share premium reserve	Cash flow hedge reserve	Profit and loss account	Total shareholder's (deficit)/funds
	£	£	£	£	£
Balance at 1 April 2021	2	49,794,222	-	(5,679,305)	44,114,919
Loss for the year	-	-	-	(36,624,373)	(36,624,373)
Cash flow hedge gains for the year	-	-	6,384,822	-	6,384,822
Hedge interest reclassified to profit and loss	-	-	342,709	-	342,709
Total comprehensive income/(expense) for the year	-	-	6,727,531	(36,624,373)	(29,896,842)
Balance at 31 March and 1 April 2022	2	49,794,222	6,727,531	(42,303,678)	14,218,077
Loss for the year	-	-	-	(32,042,874)	(32,042,874)
Cash flow hedge gains for the year	-	-	6,866,038	-	6,866,038
Hedge interest reclassified to profit or loss	-	-	(1,615,334)	-	(1,615,334)
Total comprehensive income/(expense) for the year	-	-	5,250,704	(32,042,874)	(26,792,170)
Balance at 31 March 2023	2	49,794,222	11,978,235	(74,346,552)	(12,574,093)

The notes on pages 11 to 24 form an integral part of these financial statements.

EHC HOLDINGS HOLDCO LIMITED

Notes to the unaudited financial statements For the year ended 31 March 2023

1. Company information

EHC Holdings Holdco Limited is a private company limited by shares and is registered, domiciled and incorporated in England and Wales. The registered office address is Ferham House, Kimberworth Road, Masbrough, Rotherham, South Yorkshire, S61 1AJ.

The Company's principal activity and nature of its operations are disclosed in the Strategic report.

2. Accounting policies

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.

2.1 Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101: Reduced Disclosure Framework ("FRS 101"). The financial statements have been prepared on the going concern basis under the historical cost convention.

In preparing these financial statements, the Company applies the recognition and measurement requirements of International Financial Reporting Standards as adopted by the UK (UK Adopted International Accounting Standards), amended where necessary in order to comply with Companies Act 2006.

The financial statements are presented in Pound sterling (£), which is the functional currency of the Company. All values are rounded to the nearest £ except when otherwise indicated.

The financial statements contain information about the Company as an individual company and do not contain consolidated financial information as parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the financial statements of EHC Holdings Topco Limited, a company registered in the England and Wales, United Kingdom. The consolidated financial statements of EHC Holdings Topco Limited are available from its registered office, Ferham House, Kimberworth Road, Rotherham, South Yorkshire, England, S61 1AJ or Companies House.

2.2 Reduced disclosure exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements and, where relevant, equivalent disclosures have been made in the Group accounts of the ultimate controlling party, in accordance with FRS 101:

- Presentation of a Statement of cash flows and related notes;
- Disclosure of the objectives, policies and processes for managing capital;
- Disclosure of key management personnel compensation;
- Disclosure of the categories of financial instrument and the nature and extent of risks arising on these financial instruments; income, expenses, gains and losses on financial instruments; effects of initial application of IFRS 7;
- Comparative period reconciliation for the number of shares outstanding;
- Related party disclosures for transactions with the parent or wholly owned members of the Group; and
- Disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date.

EHC HOLDINGS HOLDCO LIMITED**Notes to the unaudited financial statements (continued)**
For the year ended 31 March 2023

2.3 Going concern

The Company has net current liabilities of £84,995,778 (2022: £76,492,367) and net liabilities at the year end of £12,574,093 (2022: net assets of £14,218,077). The Company made a net loss in the year of £26,792,170 (2022: £29,896,842). The directors of the EHC Holdings Topco Limited have prepared group forecasts, including scenario analysis, through to 31 March 2025 to assess going concern of the Group as a whole.

These forecast scenarios prepared included lower than budgeted operational cash flows, increased construction and maintenance costs, new homes taking longer to fill than budgeted, high inflation levels for an extended period and higher than anticipated interest rate increases. The forecast scenarios include outflows associated with the capital programmes the Group has in place which is funded from current cash and operating cash flows through the assessed period. The results of the forecasting demonstrate sufficient liquidity of the Group through the period and continued covenant compliance on senior debt.

Given the forecast at the Group level the directors of the Company have obtained a letter of support from the ultimate parent company through the assessed period. The directors are confident on the support being received as required, the directors of EHC Holdings Topco Limited are also the directors of the Company.

Based on all the information available at the point of approving these financial statements, the directors conclude that it remains appropriate to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2023.

2.4 Investments

Investment in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. Investment in subsidiaries are stated in the balance sheet at the nominal value of shares issued, or cash paid to acquire the investment, less any provision considered necessary by the directors for diminution in value.

2.5 Recognition of financial instruments

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions of the instrument.

Financial assets**Initial and subsequent measurement of financial assets*****Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank and in hand and other short-term deposits held by the Company with maturities of less than three months.

2.5 Recognition of financial instruments (continued)

Group debtors

Group debtors are initially measured at fair value plus transaction costs.

Debtors are held to collect the contractual cash flows which are solely payments of principal and interest. Therefore, these debtors are subsequently measured at amortised cost using the effective interest rate method.

Impairment of financial assets

An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both.

The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort. The expected credit loss is a probability-weighted amount determined from a range of outcomes and takes into account the time value of money.

Impairment of group debtors measured at amortised cost

The measurement of impairment losses depends on whether the financial asset is 'performing', 'underperforming' or 'non-performing' based on the Company's assessment of change in the credit risk of the financial asset since its initial recognition and any events that have occurred before the year-end which have a detrimental impact on cash flows.

The financial asset moves from 'performing' to 'underperforming' when the increase in credit risk since initial recognition becomes significant.

In assessing whether credit risk has increased significantly, the Company compares the risk of default at the year-end with the risk of a default when the debtor was originally recognised using reasonable and supportable past and forward-looking information that is available without undue cost.

The risk of a default occurring takes into consideration default events that are possible within 12 months of the year-end ("the 12-month expected credit losses") for 'performing' financial assets, and all possible default events over the expected life of those debtors ("the lifetime expected credit losses") for 'underperforming' financial assets.

Impairment losses and any subsequent reversals of impairment losses, are adjusted against the carrying amount of the debtor and are recognised in Statement of comprehensive income.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Initial and subsequent measurement of financial liabilities

Trade, group and other creditors

Trade, group and other creditors are initially measured at fair value, net of direct transaction costs and subsequently measured at amortised cost.

2.5 Recognition of financial instruments (continued)

Equity instruments

Equity instruments issued by the Company are recorded at fair value on initial recognition net of transaction costs.

Derecognition of financial assets (including write-offs) and financial liabilities

A financial asset (or part thereof) is derecognised when the contractual rights to cash flows expire or are settled, or when the contractual rights to receive the cash flows of the financial asset and substantially all the risks and rewards of ownership are transferred to another party.

When there is no reasonable expectation of recovering a financial asset it is derecognised ('written off').

The gain or loss on derecognition of financial assets measured at amortised cost is recognised in Statement of comprehensive income.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any difference between the carrying amount of a financial liability (or part thereof) that is derecognised and the consideration paid is recognised in Statement of comprehensive income.

Derivatives financial instruments

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured at their fair value. Changes in the fair value of derivatives are recognised in the Statement of comprehensive income in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

All financial instruments held at fair value are considered to be at level 2 in the fair value hierarchy. The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques that utilise observable market data.

Hedge accounting

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. This includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

2.5 Recognition of financial instruments (continued)

Hedge accounting (continued)

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- a) There is 'an economic relationship' between the hedged item and the hedging instrument.
- b) The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- c) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in Other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

For the cash flow hedges, the amount accumulated in Other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in Other comprehensive income must remain in accumulated Other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated Other comprehensive income must be accounted for depending on the nature of the underlying transaction as described above.

2.6 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except to the extent that it relates to items recognised in Other comprehensive income or directly in equity. In this case, the tax is also recognised in Other comprehensive income or directly in equity, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

2.7 Interest income

Interest income is recognised using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

2.8 Interest expense

Interest expense is charged to Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

3. Judgements and key sources of estimation uncertainty

In the application of the Company'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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Impairment of investment in subsidiaries

Determining whether the Company's investment in subsidiaries have been impaired requires estimations of the investments' value in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values. The carrying amount of investment in subsidiaries at the balance sheet date was £279,750,750 (2022: £279,750,750) with no impairment loss (2022: £nil) recognised during the year.

Recoverability of amounts owed by group undertakings

Determination of whether the Company's intercompany debtors have been impaired requires estimation of the fellow group entities net asset position and its ability to generate future cashflows to settle the debtor. In accordance with IFRS 9, the directors have performed a review of each intercompany debtor for indications of impairment and estimated the future cashflows of the fellow group entity to determine recoverability. The carrying amount of intercompany debtors at the balance sheet date was £275,612,419 (2022: £238,426,815) with an impairment loss of £6,520,000 (2022: £15,617,478) recognised during the year.

4. New and amended standards and interpretations

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2023 that have a material impact on the Company's financial statements.

EHC HOLDINGS HOLDCO LIMITED**Notes to the unaudited financial statements (continued)**
For the year ended 31 March 2023

5. Operating loss

Operating loss for the year is stated after charging:

	2023	2022
	£	£
Impairment of intercompany debtors	6,520,000	15,617,478

In the current and previous year, the Company had no employees and accordingly did not incur any staff costs.

Directors' emoluments and pension contributions were borne by a fellow group company in the current and prior year. It is not practical to determine the proportion of emoluments which relate to their services as directors of this Company.

During the year, the directors carried out a full review of the intercompany balances and as such the Company has recognised an impairment of £6,520,000 (2022: £15,617,478).

6. Interest receivable and similar income

	2023	2022
	£	£
Interest receivable from group undertakings	24,670,601	33,795,343

7. Interest payable and similar expenses

	2023	2022
	£	£
Interest on bank overdrafts and loans	20,461,144	14,103,379
Interest payable to group undertakings	29,701,131	40,686,480
	<u>50,162,275</u>	<u>54,789,859</u>

8. Tax on loss

	2023	2022
	£	£
Tax credit in the Statement of comprehensive income		
Current tax on loss for the year	-	-
Tax on loss	<u>-</u>	<u>-</u>

EHC HOLDINGS HOLDCO LIMITED**Notes to the unaudited financial statements (continued)**
For the year ended 31 March 2023

8. Tax on loss (continued)**Reconciliation of the total tax credit**

The tax assessed for the year is higher than (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 taxation	(32,042,874)	(36,624,373)
Expected tax credit based on the standard rate of corporation tax in the UK of 19% (2022: 19%)	(6,088,146)	(6,958,631)
Effects of:		
Expenses that are not deductible in determining taxable profit	1,257,062	2,967,420
Group relief	2,001,651	2,031,683
Transfer pricing adjustments	2,829,433	1,959,528
Tax credit for the year	-	-

Factors affecting tax credit for the year

Finance Act 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. Companies with profits of £50,000 or less will continue to pay Corporation Tax at 19%. Companies with profits between £50,000 and £250,000 will pay at the main rate reduced by a marginal relief providing a gradual increase in effective Corporate Tax rate.

9. Investments

	Investment in subsidiaries £
Cost	
At 1 April 2021 and 31 March 2022	279,750,750
At 1 April 2022 and 31 March 2023	279,750,750
Net book value	
At 1 April 2021 and 31 March 2022	279,750,750
At 1 April 2022 and 31 March 2023	279,750,750

EHC HOLDINGS HOLDCO LIMITED**Notes to the unaudited financial statements (continued)**
For the year ended 31 March 2023

9. Investments (continued)**Subsidiary undertakings**

Details of the Company's subsidiaries at 31 March 2023 are as follows:

Name of subsidiary	Nature of business	Class of shares held	% held direct	% held indirect
Cx Topco Limited	Non-trading holding company	Ordinary	100.00	-
Cx Midco Limited	Non-trading holding company	Ordinary	-	100.00
Cx Midco 2 Limited	Non-trading holding company	Ordinary	-	100.00
Aaron Holdings Limited	Non-trading holding company	Ordinary	-	100.00
BCD Holdings Limited	Non-trading holding company	Ordinary	-	100.00
Benvane Investments Limited	Dormant	Ordinary	-	100.00
Benvane Limited	Dormant	Ordinary	-	100.00
Bridgewood Health Care Limited	Nursing home	Ordinary	-	100.00
Cairnwell Capital Limited	Non-trading holding company	Ordinary	-	100.00
Cairnwell Estates Limited	Landlord company	Ordinary	-	100.00
Church Walk Health Care Limited	Nursing home	Ordinary	-	100.00
Corazon Capital Limited	Dormant	Ordinary	-	100.00
Corazon Estates Limited	Dormant	Ordinary	-	100.00
Corazon Health Care Investments Limited	Dormant	Ordinary	-	100.00
Cx Bidco Limited	Non-trading holding company	Ordinary	-	100.00
Dearnevale Health Care Limited	Nursing home	Ordinary	-	100.00
Delano Birmingham 2009 Limited	Landlord company	Ordinary	-	100.00
Delano Doncaster 2010 Limited	Landlord company	Ordinary	-	100.00
Delano Investments Limited	Dormant	Ordinary	-	100.00
Delano Leeds 2009 Limited	Landlord company	Ordinary	-	100.00
Delano Liverpool 2007 Limited	Dormant	Ordinary	-	100.00
Delano Sutton 2007 Limited	Landlord company	Ordinary	-	100.00
Delano Tipton 2007 Limited	Landlord company	Ordinary	-	100.00
Eastlands Health Care Limited	Nursing home	Ordinary	-	100.00
Exemplar Business Services Limited	Non-trading holding company	Ordinary	-	100.00
Cheshire Springs Health Care Limited	Nursing home	Ordinary	-	100.00
Bennett Court Health Care Limited	Nursing home	Ordinary	-	100.00
Exemplar Health Care Limited	Non-trading holding company	Ordinary	-	100.00
Exemplar Health Care Partnerships Limited	Non-trading holding company	Ordinary	-	100.00
Exemplar Health Care Services Limited	Management services	Ordinary	-	100.00
Exemplar Holdings Limited	Non-trading holding company	Ordinary	-	100.00
Exemplar Homes Limited	Non-trading holding company	Ordinary	-	100.00
Exemplar Limited	Non-trading holding company	Ordinary	-	100.00

EHC HOLDINGS HOLDCO LIMITED**Notes to the unaudited financial statements (continued)**
For the year ended 31 March 2023

9. Investments (continued)**Subsidiary undertakings (continued)**

Name of subsidiary	Nature of business	Class of shares held	% held direct	% held indirect
Exemplar Operations Limited	Non-trading holding company	Ordinary	-	100.00
Kingfisher Health Care Services Limited	Nursing home	Ordinary	-	100.00
Fairburn Mews Health Care Limited	Nursing home	Ordinary	-	100.00
Fairburn Vale Health Care Limited	Nursing home	Ordinary	-	100.00
Fairwinds Health Care Limited	Nursing home	Ordinary	-	100.00
Exemplar Health Care Group Limited	Non-trading holding company	Ordinary	-	100.00
Gainsborough Health Care Limited	Dormant	Ordinary	-	100.00
Goldcrest Capital Investments Limited	Non-trading holding company	Ordinary	-	100.00
Greenside Health Care Limited	Nursing home	Ordinary	-	100.00
Havenmere Health Care Limited	Nursing home	Ordinary	-	100.00
Immingham Health Care Limited	Dormant	Ordinary	-	100.00
Iora Codnor 2012 Limited	Landlord company	Ordinary	-	100.00
Iora Properties Limited	Non-trading holding company	Ordinary	-	100.00
Kavanagh Health Care Limited	Nursing home	Ordinary	-	100.00
Longley Health Care Limited	Nursing home	Ordinary	-	100.00
Lonnen Health Care Limited	Nursing home	Ordinary	-	100.00
Maypole Health Care Limited	Nursing home	Ordinary	-	100.00
Meadowcroft Health Care Limited	Nursing home	Ordinary	-	100.00
Neville Health Care Limited	Nursing home	Ordinary	-	100.00
Otterburn Health Care Limited	Nursing home	Ordinary	-	100.00
Parkside Health Care Limited	Nursing home	Ordinary	-	100.00
Pathways Health Care Limited	Nursing home	Ordinary	-	100.00
Quarryfields Health Care Limited	Nursing home	Ordinary	-	100.00
Ravensdale Health Care Limited	Nursing home	Ordinary	-	100.00
Scotia Health Care Limited	Nursing home	Ordinary	-	100.00
Swallownest Health Care Limited	Dormant	Ordinary	-	100.00
Thames Health Care Limited	Nursing home	Ordinary	-	100.00
The Lodge Health Care Limited	Nursing home	Ordinary	-	100.00
Willowbeck Health Care Limited	Nursing home	Ordinary	-	100.00
Yarningdale Health Care Limited	Nursing home	Ordinary	-	100.00
Greenside SPV Limited	Landlord company	Ordinary	-	100.00
Dearnevale SPV Limited	Landlord company	Ordinary	-	100.00
Willowbeck SPV Limited	Landlord company	Ordinary	-	100.00
Cairnwell Developments Limited	Landlord company	Ordinary	-	100.00
Copperfields Health Care Limited	Nursing home	Ordinary	-	100.00
Lakeview Health Care Limited	Nursing home	Ordinary	-	100.00
Brook View Health Care Limited	Nursing home	Ordinary	-	100.00
Ribble View Health Care Limited	Nursing home	Ordinary	-	100.00
St Andrews Court Health Care Limited	Nursing home	Ordinary	-	100.00
Tyne Grange Health Care Limited	Nursing home	Ordinary	-	100.00
Blackmoor Croft Health Care Limited	Nursing home	Ordinary	-	100.00
Wykewood Health Care Limited	Nursing home	Ordinary	-	100.00
Marmaduke Health Care Limited	Nursing home	Ordinary	-	100.00
Adswood Lodge Health Care Limited	Nursing home	Ordinary	-	100.00
Woolston House Health Care Limited	Nursing home	Ordinary	-	100.00

EHC HOLDINGS HOLDCO LIMITED**Notes to the unaudited financial statements (continued)**
For the year ended 31 March 2023

9. Investments (continued)**Subsidiary undertakings (continued)**

Name of subsidiary	Nature of business	Class of shares held	% held direct	% held indirect
Hylton Grange Health Care Limited	Nursing home	Ordinary	-	- 100.00
Potters Green Health Care Limited	Nursing home	Ordinary	-	- 100.00
Tees Grange Health Care Limited	Nursing home	Ordinary	-	- 100.00
Edgewater Health Care Limited	Nursing home	Ordinary	-	100.00
Shire Oaks Court Health Care Limited	Nursing home	Ordinary	-	100.00
Wheldale Heights Health Care Limited	Nursing home	Ordinary	-	100.00
Rosside Health Care Limited	Nursing home	Ordinary	-	100.00

Registered office address:

The registered office address for all the subsidiary entities remains as Ferham House, Kimberworth Road, Rotherham, South Yorkshire, England, S61 1AJ.

10. Debtors: amounts falling due within one year

	2023 £	2022 £
Amounts owed by group companies	<u>275,612,419</u>	<u>238,426,815</u>

Amounts owed by group undertakings are unsecured, repayable on demand and interest free other than loans to specific group companies namely CX Topco, CX Bidco and CX Midco which attract an interest rate of 12% (2022: 12%).

11. Derivatives

	2023 £	2022 £
Financial assets measured at fair value		
<i>Current derivative assets</i>		
Interest rate swap – Cash flow hedges	<u>5,389,935</u>	<u>1,504,189</u>
	2023 £	2022 £
<i>Non-current derivative assets</i>		
Interest rate swap – Cash flow hedges	<u>6,250,604</u>	<u>5,224,340</u>

EHC HOLDINGS HOLDCO LIMITED**Notes to the unaudited financial statements (continued)**
For the year ended 31 March 2023

11. Derivatives (continued)

On 30 September 2022, the Company entered into an additional 3 year, £37.5m floating fixed rate interest swap with Natwest Markets Plc at an all-in cost of 4.275% on top of the existing 7.25% SONIA plus variable margin under the Facility B and ACF loans. During the previous year, on 19 October 2021, the Company had entered into a 4 year, £150m floating to fixed rate interest swap with Natwest Markets Plc at an all-in cost of 0.9283% on top of the existing 7.25% SONIA plus variable margin under the Facility B loan. The Company applies hedge accounting in respect of the interest rate swap with any unrealised movements in the fair value of the interest rate swap going through other comprehensive income and accumulated in the cash flow hedge reserve.

The fair value of the interest rate swap at 31 March 2023 was an asset of £11.6m. The fair value of the interest rate swap is based on the present value of the estimated future cashflows based on observable yield curves.

During the year a gain of £5.3m was recognised in the other comprehensive income in relation to the change in fair value of the interest rate swap.

The weighted average cost of variable loan interest paid on the hedged loan during the year ended 31 March 2023 was 2.4%. This WACC was 1.2% in the first half and 3.6% in the second half of the year when the new hedge was effected. For the £37.5m hedge this gives a negative differential of 0.68% equating to £182k which was settled to Natwest Markets Plc on 30 December 2022 (£141k) and 31 March 2023 (£41k). For the £150m hedge this gives a positive differential of 1.42% equating to £2,039.6k which was received from Natwest Markets on 30 June 2022 (£13k), 30 September 2022 (£250k), 30 December 2022 (£687k) and 31 March 2023 (£1,089k).

The interest swap in place covers 80% of the total variable bank loan principal outstanding at 31 March 2023 (£235m).

12. Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	277	277
Amounts owed to group undertakings	350,341,267	316,690,136
Bank loans and overdrafts (note 14)	15,000,000	5,000,000
Accruals and deferred income	1,822,269	50,773
	<u>367,163,813</u>	<u>321,741,186</u>

Amounts due to group undertakings are unsecured, repayable on demand and attract an interest of 12% (2022: 12%) on amount payable to EHC Holding Midco Limited.

13. Creditors: amounts falling due after more than one year

	2023 £	2022 £
Bank loans and overdrafts (note 14)	<u>213,579,669</u>	<u>194,264,646</u>

EHC HOLDINGS HOLDCO LIMITED**Notes to the unaudited financial statements (continued)**
For the year ended 31 March 2023

14. Borrowings

	2023 £	2022 £
<i>Non-current</i>		
Bank loans and overdrafts	213,579,669	194,264,646
	<u>2023</u> £	<u>2022</u> £
<i>Current</i>		
Bank loans and overdrafts	15,000,000	5,000,000

Interest rate benchmark transition from LIBOR to SONIA

During the previous year, due to the Interest Rate Benchmark Reform and resulting phase out of LIBOR from 1 January 2022, the Company transitioned to SONIA to be used as an alternative benchmark rate (ABR) for all the funding facilities comprising £160m Facility B Loan, £60m Additional Capital Funding Loan (ACF) and £15m Original Revolving Facility Loan (RCF).

The transition had no significant impact on the financial statements of the Company and the Group.

The Facility B Loan and ACF Loan bear interest at a standard rate of 7.25% plus SONIA (2022: 6.5% plus SONIA). This standard rate can be discounted to a minimum of 6.75% plus SONIA (2022: 6.0% plus SONIA) based on the senior net leverage ratio which is reviewed quarterly. Both these facilities are unsecured, and repayable in November 2027. At 31 March 2023, the ACF Loan was drawn down by £60m (2022: £40m).

At year end, there was an undrawn loan facility of £50m with interest rate of 4.75% plus SONIA. The maturity date for this facility is 31 March 2029. In addition to this, there was an undrawn £10m relating to the ACF facility.

The RCF Loan bears interest at a standard rate of 3.25% plus SONIA (2022: 3.25% plus SONIA). This standard rate can be discounted to a minimum of 2.50% plus SONIA (2022: 2.50% plus SONIA) based on the senior net leverage ratio which is reviewed quarterly. This facility is unsecured and out of the total borrowing, £10m is repayable in April 2023, and balance £5m in September 2023. At 31 March 2023, the RCF Loan was drawn down by £15m (2022: £5m).

15. Share capital

	2023 £	2022 £
Ordinary share capital		
Authorised, issued and fully paid		
201 (2022: 201) ordinary shares of 1p each	2	2

The ordinary shares have attached to them full voting, dividend and capital distribution rights, including on winding up; they do not confer any rights of redemption.

EHC HOLDINGS HOLDCO LIMITED**Notes to the unaudited financial statements (continued)**
For the year ended 31 March 2023

16. Reserves**Share premium reserve**

Share premium represents the consideration received for shares above their nominal value net of transaction costs.

Cash flow hedge reserve

The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges. Amounts are subsequently reclassified to profit or loss.

Profit and loss account

Profit and loss account comprise of cumulative profit and loss net of distributions to owners.

17. Financial commitments, guarantees and contingent liabilities

The Company is part of the Group banking facility which includes an unlimited guarantee in respect of the indebtedness to the bank. At 31 March 2023 and 31 March 2022, there was no contingent liability to be reported in respect of this.

18. Ultimate controlling party

The Company is a wholly owned subsidiary of EHC Holdings Midco Limited, whose ultimate parent company, at the balance sheet date, is EHC Holdings Topco Limited, all of these companies are domiciled in the United Kingdom and incorporated in England and Wales.

Consolidated financial statements are prepared by the Group headed by EHC Holdings Topco Limited and copies can be obtained from its registered office at Ferham House, Kimberworth Road, Rotherham, South Yorkshire, England, S61 1AJ or Companies House. EHC Holdings Topco Limited is the largest and the smallest group into which these financial statements are consolidated.

At the end of the financial year, the ultimate controlling party was ACOF VI Holdings LP (a fund of Ares Management Corporation), based on the disposition of shareholdings in the Company.