

Registered Number: 07672785

# Halcyon Topco Limited

**Annual Report and  
Consolidated Financial Statements  
For the year ended 31 October 2018**



# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

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# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Company Information

### Directors

D Oppenheim  
Vitruvian Directors I Limited  
Vitruvian Directors II Limited  
D Gibson  
P Nicklin  
J S Sheridan

### Company Secretary

J Bradshaw

### Registered Office

107 Station Street  
Burton-on-Trent  
Staffordshire  
United Kingdom  
DE14 1SZ

### Auditor

KPMG LLP  
Chartered Accountants and Statutory Auditor  
St Nicholas House  
31 Park Row  
Nottingham  
United Kingdom  
NG1 6FQ

### Company Number

07672785  
Registered in England and Wales

### Other Information

These Consolidated Financial Statements are presented for the year ended 31 October 2018 for Halcyon Topco Limited and its subsidiaries ("the Group"), which are set out in note 11. Comparatives are presented for the year ended 31 October 2017.

# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Strategic Report

The Directors present their Strategic Report for the year ended 31 October 2018.

The Directors, in preparing this Strategic Report, have complied with Section 414C of the Companies Act 2006. This Strategic Report has been prepared for the Group as a whole, and therefore gives greater emphasis to those matters which are significant to Halcyon Topco Limited and its subsidiary undertakings when viewed as a whole.

### Principal Activities

The principal activities of the Group are the provision of complex home healthcare and speciality pharmacy services, and associated support to patients receiving treatment at home and in the community. The principal activity of the Company is that of a holding company. There have been no significant changes in the activities of the Group or the Company during the year.

The Group's services specifically cover three core areas, early supported hospital discharge, a European medication logistics business principally in Germany, Austria and Switzerland and Healthcare at Home Ltd's managed medication services which provide clinical care to more than 177,000 patients each year. Healthcare at Home is the UK's leading full service, clinical provider of healthcare out-of-hospital, at home, at work and in communities.

### Business Model

The Group employs over 1,400 people, about half of whom are highly skilled and experienced clinical staff, with the remainder involved in logistical, administrative and commercial functions. As a team of specialists, the Group is committed to enhancing people's healthcare experiences by providing exceptional clinical services that allow people greater and smarter options for access to healthcare.

In such an environment, the Group's products and services remain very well positioned and increasingly attractive to the NHS and health insurers and to the pharmaceutical industry across the UK and Europe.

The Group partners with public, pharmaceutical and private providers to deliver services for patients that are essential for sustainable healthcare.

The Group works with its partners to:

- improve patient flow and relieve capacity measures
- deliver efficiencies and raise standards of care
- safeguard the quality of care for out-of-hospital patients

The Group partners with approximately 50 pharmaceutical companies, managing over 177,000 patients.

For over 25 years, the Group has delivered a high standard of clinical care, covering multiple specialities, consistently working smarter to meet the needs of our patients. We monitor and report our own performance regularly, requesting feedback from our patients.

# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Strategic Report (continued)

### Strategy and Objectives

Our mission is helping our patients have their best day, everyday. To achieve our mission we are committed on being patient focused, exceeding expectations, collaborating in our work to provide high standards at pace and being straightforward in our approach to deliver results.

We are experts in our field. Through an in-depth knowledge of patient – medicine behaviour, in particular with biologic medicines, chemo therapy in the home and specialist areas e.g. enzyme replacement therapy and rare and orphan diseases, we focus our expertise on delivering exceptional care and compassion ensuring our patients have their best day, every day. This is augmented by the strength of our partnerships with the NHS and pharmaceutical companies. The virtuous circle of Patients, NHS and Pharmaceutical companies represent our three core stakeholders and form our partnership strategy in identifying issues our partners have, trying to solve them and identify how we can help. Patient care, good governance and doing the ethical thing always comes first.

Our strategy is focused on delivering these core objectives and major investment is being made to improve our patient experience through improving services via digitisation of our services.

Through digitisation, we plan to facilitate faster access to medication, from prescription to administration as well as allow the patient the ability to manage online the ordering process, providing a flexible service that fits their lifestyle. Central to the digital investment is data. Generating quality data from greater interaction with patients gives us the potential to offer additional advice and information on the patients' illness allowing them to keep abreast with the latest thinking.

The digitisation will improve our ability to measure the engagement of the patients with their treatment. This will help improve the area of supporting adherence and persistence by ensuring patients take their medication when they should, and for as long as they should.

In addition to the digital agenda there is focus on securing more providers in driving the European medication logistics business forward by providing a footprint for organisations that do not already have one for their products.

The strategy and digital vision of the business will allow us to improve our patients' experience, help the NHS relieve the pressure it is under and assist pharmaceutical companies to deliver their products to patients in a more agile way.

### Business Review

The financial year ended 31 October 2018 has been an exciting and strong year for the business. Our specialists continually strive for excellent patient care and enable the Group to continue to deliver inspirational healthcare for patients. The Directors would like to thank all of our colleagues for their continued dedication and support.

### Financial Review

Our financial results are presented from page 15 onwards.

The Group has performed strongly in the year, despite challenging market conditions. In 2018, the Group continued to grow its range of services and the number of patients receiving service, through growth in existing contracts and by winning new contracts.

# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Strategic Report (continued)

### Financial Review (continued)

Turnover for the year was £1,896.1m having increased by 4.6% from £1,812.7m reflecting steady growth. There has been significant growth in the dispensing and distribution biologics estate causing a shift in the sales mix year on year driving growth. The higher value European wholesale pharmaceuticals have also performed well over the year and are expected to continue to do so as the business drives growth in this area.

Excluding amortisation, operating profit was £10.6m (2017: £8.9m) an increase of 19.1%. The main contributing factor being the reduction in administrative expenses.

The focus of the Group in driving efficiencies and being straightforward in its approach has yielded cost savings, driving down administrative expenses to £64.0m (2017: £66.9m) a decrease of 4.3%. Commercial cost savings were generated by changing the structure of the commercial team reducing staff costs. Details of staff numbers and aggregate payroll costs are included in note 4 which shows a significant reduction in costs to £55.9m (2017: £59.3m) or 5.8%.

Improvement in cash generation during the year enabled the Group to repay £10.1m towards its bank borrowings and as a result reduced its interest payable on bank borrowings (further details in note 6). The increase in interest payable noted in the Consolidated Profit and Loss Account was due to the interest on shareholder loan notes.

The Group has incurred non-recurring costs before tax of £3.1m (2017: £5.1m), further detailed in note 2. These predominantly included restructuring costs following a delayering exercise to reduce and remove levels of hierarchy, costs relating to irrecoverable balances held in overseas subsidiaries and costs associated with the implementation of The General Data Protection Regulation ("GDPR") came into effect in

The total loss for the financial year after taxation is £44.7m (2017: £41.2m), which has been transferred to consolidated reserves.

The Group has improved its cash inflow from operating activities during the year to £12.7m (2017: £9.3m), a significant improvement of 36.7% due to trading performance and continued disciplined management of working capital.

There has been a reduction in trade and other debtors as the Group has significantly improved its ageing profile and debt collection during the year.

Stock has reduced by £28.4m, primarily due to a reduced holding of medicines in advance of biosimilars being introduced to the market as well as a reduced level of contractual stockholding of medicines.

The trade creditors decrease is in line with the reduced stock holding position outlined above.

The Group's investment in its digital agenda is progressing well, however much of the costs will be incurred in the 2019 financial year with only a small proportion included in intangible software additions during this year.

# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Strategic Report (continued)

### Financial Review (continued)

#### Key Performance Indicators ("KPIs")

	2018	2017
Trading EBITDA (£000)	21,078	18,859
Number of Patients	177,000	165,000
External Gearing Ratio	21%	33%

The Group's key performance measure of financial performance is Trading EBITDA which it defines as earnings before interest, tax, depreciation, amortisation, gains or losses on disposal of assets and foreign exchange. Trading EBITDA was £21,078,000 for the year ended 31 October 2018 (2017: £18,859,000).

The table below shows the reconciliation from statutory loss before tax to trading EBITDA.

	2018 £000	2017 £000
<b>Statutory loss before tax</b>	<b>(42,132)</b>	<b>(39,788)</b>
Interest income	(71)	(192)
Interest charge (including amortisation of debt issue costs)	33,458	29,452
<b>Statutory operating loss</b>	<b>(8,745)</b>	<b>(10,528)</b>
Non-recurring items	3,133	5,098
Depreciation and amortisation	25,898	24,391
Loss on disposal of tangible fixed assets	373	41
Loss/ (gain) on foreign exchange	419	(143)
<b>Trading EBITDA</b>	<b>21,078</b>	<b>18,859</b>

As detailed below and in note 16, the majority of the Group's borrowings are with shareholders and therefore the external gearing ratio is kept low at 21% (2017: 33%). The interest on the shareholder debt is rolled up into the loan notes and not cash settled.

# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Strategic Report (continued)

### Financial Review (continued)

#### Key Performance Indicators ("KPIs") (continued)

	2018 Balance Outstanding £000	2018 Interest Charged £000	2017 Balance Outstanding £000	2017 Interest Charged £000
External debt (interest payable in cash)	44,713	1,915	54,536	2,187
Shareholder debt (interest rolled up)	276,342	29,838	246,122	25,538
	<b>321,055</b>	<b>31,753</b>	<b>300,658</b>	<b>27,725</b>

### Principal Risks and Uncertainties

#### The impact of uncertainties due to the UK exiting the European Union

Brexit poses a risk to the Group as it does to the majority of businesses in the UK that trade with the EU in some form. As a consequence, the Group has had a dedicated team in place for some time to review and monitor the risks to the business and to ensure the required mitigating actions and business continuity plans are in place, so far as possible regardless of how Brexit falls from 29 March 2019. The major risk identified is the potential delay on the importation of medicines to the UK due to imports being held up at ports in EU countries. We are working closely with our suppliers, and our partners in both the NHS and Pharmaceutical companies, to understand the actions being taken to address the key risks and where possible to agree business continuity plans.

In addition, the Group has modelled the financial impacts on a worse case scenario where there is a temporary supply disruption. Taking these impacts into account, the Group's cashflow projections have confirmed that it is able to manage the short term timing issue that could present itself and continue trading within its current banking facilities.

The Group has limited exposure in translation risk due to its European balances being a small proportion of the Group's financial position. It has also mitigated its transaction risk through the review of its organisational structure and ensuring European activities are transacted within the continued Eurozone.

The Group believes it has done everything reasonably possible to prepare for the impact of Brexit in these uncertain times.



# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Strategic Report (continued)

### Principal Risks and Uncertainties (continued)

#### Financial Risk Management

The Group has exposure to the following risks from its use of financial instruments:

- Liquidity risk
- Credit risk
- Market risk

The Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk and the management of capital are set out below.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Financial risk management is carried out under policies approved by the Board of Directors. The Group identifies, evaluates and hedges financial risks. The Group provides written principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, use of derivative financial instruments and the investment of excess liquidity. The Integrated Governance Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

#### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

#### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and countries in which customers operate, has less of an influence on credit risk.

Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions and the Group has policies that limit the amount of credit exposure to any one financial institution.

#### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Strategic Report (continued)

### Corporate Social Responsibility

Our Corporate Social Responsibility strategy reflects our commitment to our patients, our customers, our colleagues, the environment, the community, and ethical behaviour.

We have an on-going commitment to operate in a socially responsible way. We conduct our business fairly and honestly, and recognise that the long-term health of our organisation is directly connected to the health of the environment and local communities. We focus on supporting a sustainable society by sourcing where possible environmental solutions that minimise our footprint, and follow our internal environmental policy. We also support and interact with the local community to add value to society, through charitable fundraising, volunteering and community partnerships.

We are committed to ensuring that any business growth or change has minimal environmental impact and that all activities are conducted by well-trained and appropriately qualified employees.

### Colleagues

Our colleagues are key to the achievement of our growth plans, objectives and strategies. New and existing colleagues are recruited, selected, developed and promoted on merit, irrespective of race, sex, religion, age, disability or any other status protected by law or not related to job performance, and relevant United Nations guidelines on human rights will be observed. Our policy is to:

- remunerate colleagues, whatever role they perform, based on the value of their work and, where practicable, on the success of the business;
- encourage development of skills through training and development programmes; and
- engagement of colleagues through involvement and effective internal two-way communication to keep them informed about issues which affect them and about the Group's performance, goals and vision through effective local and Group-wide communication channels.

The Group actively encourages colleagues' involvement in the business, developing appropriate channels of communication which includes an annual colleague engagement survey that informs the people strategy. There are regular management and colleague meetings to ensure that there is a regular flow and exchange

The Group is actively working on addressing any gender pay gap differences. It is working in three main areas towards this:

- Recruitment - ensuring the right person is selected for the job, through fair and balanced assessment
- Development opportunities- develop the capabilities of all employees to further progress and enable promotion from within and to introduce a management development programme for leaders at all levels
- Career opportunities- providing opportunities for people to develop their career at all levels

It is the Group's policy to ensure that all vacancies are open to disabled persons, where the physical requirements of the job permit. In the event of a colleague becoming disabled, the Group offers, if appropriate, retraining or suitable alternative employment.

The Strategic Report was approved and authorised for issue by the Board and was signed on its behalf on 8 March 2019.



**D. Gibson**  
Director

# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Directors' Report

The Directors present their Annual Report on the affairs of the Group, together with the Financial Statements and independent auditor's report for the year ended 31 October 2018. Under the terms of the Companies Act 2006, the Directors' Report is required to contain certain statutory and other information. The Directors have incorporated the business review by cross-reference, as permitted by the Companies Act 2006.

### Directors

The names of the current Directors are set out on page 1. Those who have served in office during the year have been as follows:

N Douglas (resigned 14 February 2018)  
D Gibson (appointed 16 April 2018)  
S Sheridan (appointed 30 August 2018)  
P Nicklin (appointed 3 July 2018)  
D Oppenheim  
Vitruvian Directors I Limited  
Vitruvian Directors II Limited

### Results and Dividends

The results of the Group for the year ended 31 October 2018 are set out on page 15 and discussed in the Strategic Report on pages 2 to 8.

The Group has not paid any dividends during the year (2017: £nil). The Directors do not recommend the payment of a final dividend.

### Political and Charitable Donations

The Group made no political contributions during the year (2017: £nil). Donations to UK charities amounted to £7,775 (2017: £500).

### Financial Risk Management

Information on risk objectives and policies and exposure to market, credit, liquidity and market risk can be found on pages 6 and 7 of the Strategic Report.

### Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 8. The Group's forecasts and projections, taking into account reasonably possible changes in trading performance, show that the Group and the Company should be able to operate with its current available facilities, detailed in note 16. The Group and the Company have sufficient financial resources together with assets that are expected to generate cash flow in the normal course of business.

As a consequence, the Directors have a reasonable expectation that the Group and the Company are well placed to manage its business risks and to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing these Financial Statements.

# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Directors' Report (continued)

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

### Disclosure of Information to the Auditor

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

The Directors' Report was approved and authorised for issue by the Board and was signed on its behalf on 8 March 2019.

A handwritten signature in black ink, appearing to be 'D Gibson', with a long horizontal stroke extending to the right.

**D Gibson**  
Director

# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland.

Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



## **Independent auditor's report to the members of Halcyon Topco Limited**

### **Opinion**

We have audited the Financial Statements of Halcyon Topco Limited ("the Company") for the year ended 31 October 2018 which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, Accounting Policies and related notes.

In our opinion, the Financial Statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 October 2018 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **The Impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the Financial Statements. All audits assess and challenge the reasonableness of estimates made by the Directors, such as recoverability of goodwill, investments, debtors and stock and related disclosures and the appropriateness of the going concern basis of preparation of the Financial Statements. All of these depend on assessments of the future economic environment and the Group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### **Going concern**

The Directors have prepared the Financial Statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the Financial Statements ("the going concern period").



## **Independent auditor's report to the members of Halcyon Topco Limited (continued)**

### **Going concern (continued)**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the Financial Statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's business model, including the impact of Brexit, and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the Company will continue in operation.

### **Strategic report and directors' report**

The Directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the Financial Statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our Financial Statements audit work, the information therein is materially misstated or inconsistent with the Financial Statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the Financial Statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.



## Independent auditor's report to the members of Halcyon Topco Limited (continued)

### Directors' responsibilities

As explained more fully in their statement set out on page 11, the Directors are responsible for: the preparation of the Financial Statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 they 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

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.

A fuller description of our responsibilities is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

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

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

**Anthony Hambleton (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
St. Nicholas House  
31 Park Row  
Nottingham  
NG1 6FQ  
Date: 8 March 2019



# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Consolidated Profit and Loss Account

For the year ended 31 October 2018

	Note	2018			2017		
		Recurring £000	Non- Recurring £000	Total £000	Recurring £000	Non- Recurring £000	Total £000
Turnover	1	1,896,437	(353)	1,896,084	1,812,669	-	1,812,669
Cost of Sales		(1,788,123)	(223)	(1,788,346)	(1,701,975)	(817)	(1,702,792)
<b>Gross Profit</b>		<b>108,314</b>	<b>(576)</b>	<b>107,738</b>	110,694	(817)	109,877
Distribution Costs		(33,106)	-	(33,106)	(32,963)	(1,123)	(34,086)
Administrative Charges before Amortisation of Goodwill		(61,439)	(2,557)	(63,996)	(63,733)	(3,158)	(66,891)
Amortisation of Goodwill	9	(19,381)	-	(19,381)	(19,428)	-	(19,428)
Administrative Expenses		(80,820)	(2,557)	(83,377)	(83,161)	(3,158)	(86,319)
Operating Profit/(loss) before Amortisation of Goodwill		13,769	(3,133)	10,636	13,998	(5,098)	8,900
Amortisation of Goodwill	9	(19,381)	-	(19,381)	(19,428)	-	(19,428)
<b>Operating Loss</b>		<b>(5,612)</b>	<b>(3,133)</b>	<b>(8,745)</b>	(5,430)	(5,098)	(10,528)
Interest receivable and similar income	5	71	-	71	192	-	192
Interest payable and similar charges	6	(33,458)	-	(33,458)	(29,452)	-	(29,452)
<b>Loss before tax</b>		<b>(38,999)</b>	<b>(3,133)</b>	<b>(42,132)</b>	(34,690)	(5,098)	(39,788)
Tax on loss	8	(3,204)	595	(2,609)	(2,365)	990	(1,375)
<b>Loss after tax</b>		<b>(42,203)</b>	<b>(2,538)</b>	<b>(44,741)</b>	(37,055)	(4,108)	(41,163)

Further information in respect of Non-Recurring items is contained in note 2 to the Financial Statements.

In both the current and preceding year, the Group had no discontinued operations.

The Accounting Policies and notes on pages 22 to 43 are an integral part of these Financial Statements.

# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Consolidated Statement of Other Comprehensive Income

For the year ended 31 October 2018

	2018	2017
	£000	£000
<b>Loss for the financial year</b>	<b>(44,741)</b>	<b>(41,163)</b>
<b>Other comprehensive income/(charges)</b>		
Foreign exchange differences on translation of foreign operations	292	(351)
<b>Other comprehensive income/(charges) for the year, net of income tax</b>	<b>292</b>	<b>(351)</b>
<b>Total comprehensive charges for the year</b>	<b>(44,449)</b>	<b>(41,514)</b>

The Accounting Policies and notes on pages 22 to 43 are an integral part of these Financial Statements.

# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Consolidated Balance Sheet

As at 31 October 2018

	Note	2018 £000	2017 £000
<b>Fixed assets</b>			
Intangible fixed assets	9	73,793	94,558
Tangible fixed assets	10	8,861	11,685
<b>Total fixed assets</b>		<b>82,654</b>	<b>106,243</b>
<b>Current assets</b>			
Stock	12	57,371	85,752
Debtors	13	258,094	258,725
Cash at bank and in hand		14,146	17,010
<b>Total current assets</b>		<b>329,611</b>	<b>361,487</b>
<b>Creditors: amounts falling due within one year</b>	14	<b>(347,365)</b>	<b>(378,930)</b>
<b>Net current liabilities</b>		<b>(17,754)</b>	<b>(17,443)</b>
<b>Total assets less current liabilities</b>		<b>64,900</b>	<b>88,800</b>
<b>Creditors: amounts falling due after one year</b>	15	<b>(326,384)</b>	<b>(305,272)</b>
<b>Provisions for liabilities and charges</b>	17	<b>(546)</b>	<b>(1,110)</b>
<b>Net liabilities</b>		<b>(262,030)</b>	<b>(217,582)</b>
<b>Capital and reserves</b>			
Called up share capital	19	12	11
Share premium account	19	390	390
Profit and Loss account		(262,432)	(217,983)
<b>Shareholders' deficit</b>		<b>(262,030)</b>	<b>(217,582)</b>

The Accounting Policies and notes on pages 22 to 43 are an integral part of these Financial Statements.

These Financial Statements were approved and authorised for issue by the Board of Directors on 8 March 2019 and were signed on its behalf by:



S Sheridan  
Director

Registered Number: 07672785

# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Company Balance Sheet

As at 31 October 2018

	Note	2018 £000	2017 £000
<b>Fixed assets</b>			
Investments	11	2,016	2,016
<b>Total fixed assets</b>		<u>2,016</u>	<u>2,016</u>
<b>Current assets</b>			
Debtors	13	1,004	903
<b>Total current assets</b>		<u>1,004</u>	<u>903</u>
Creditors: amounts falling due within one year	14	(209)	(191)
<b>Net current assets</b>		<u>795</u>	<u>712</u>
<b>Total assets less current liabilities</b>		<u>2,811</u>	<u>2,728</u>
Creditors: amounts falling due after one year	15	(5,329)	(4,614)
<b>Net liabilities</b>		<u>(2,518)</u>	<u>(1,886)</u>
<b>Capital and reserves</b>			
Called up share capital	19	12	11
Share premium account	19	390	390
Profit and Loss account		(2,920)	(2,287)
<b>Shareholders' deficit</b>		<u>(2,518)</u>	<u>(1,886)</u>

The Accounting Policies and notes on pages 22 to 43 are an integral part of these Financial Statements.

These Financial Statements were approved and authorised for issue by the Board of Directors on 8 March 2019 and were signed on its behalf by:



**S Sheridan**  
Director

Registered Number: 07672785

# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Consolidated Statement of Changes in Equity

As at 31 October 2018

	Called up Share Capital £000	Share Premium Account £000	Profit and Loss Account £000	Total Equity £000
Balance as at 1 November 2016	11	390	(176,469)	(176,068)
Loss for the year	-	-	(41,163)	(41,163)
Other comprehensive charge	-	-	(351)	(351)
Total comprehensive charge for the year	-	-	(41,514)	(41,514)
Balance as at 31 October 2017	11	390	(217,983)	(217,582)
Loss for the year	-	-	(44,741)	(44,741)
Other comprehensive income	-	-	292	292
Total comprehensive charge for the year	-	-	(44,449)	(44,449)
Issue of share capital	1	-	-	1
<b>Balance as at 31 October 2018</b>	<b>12</b>	<b>390</b>	<b>(262,432)</b>	<b>(262,030)</b>

The Accounting Policies and notes on pages 22 to 43 are an integral part of these Financial Statements.

# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Company Statement of Changes in Equity

As at 31 October 2018

	Called up Share Capital £000	Share Premium Account £000	Profit and Loss Account £000	Total Equity £000
Balance as at 1 November 2016	11	390	(1,757)	(1,356)
Loss for the year	-	-	(530)	(530)
Balance as at 31 October 2017	11	390	(2,287)	(1,886)
Loss for the year	-	-	(633)	(633)
Issue of share capital	1	-	-	1
<b>Balance as at 31 October 2018</b>	<b>12</b>	<b>390</b>	<b>(2,920)</b>	<b>(2,518)</b>

The Accounting Policies and notes on pages 22 to 43 are an integral part of these Financial Statements.

# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Consolidated Statement of Cash Flows

For the year ended 31 October 2018

	Note	2018 £000	2017 £000
<b>Cash flows from operating activities</b>			
Loss before tax for the year		(42,132)	(39,788)
Tax on loss		(2,609)	(1,375)
Loss after tax for the year		(44,741)	(41,163)
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment	9, 10	25,898	24,391
Interest receivable and similar income	5	(71)	(192)
Interest payable and similar charges	6	33,458	29,452
Loss on disposal of tangible fixed assets	7	373	41
Decrease/(increase) in trade and other debtors		427	(30,799)
Decrease/(increase) in stocks		28,381	(16,827)
(Decrease)/increase in trade and other creditors		(29,821)	45,039
Decrease in provisions		(609)	(36)
Tax paid		(547)	(585)
<b>Net cash inflow from operating activities</b>		<b>12,748</b>	<b>9,321</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of tangible fixed assets		-	92
Interest received		(4)	-
Acquisition of tangible fixed assets	10	(1,847)	(6,793)
Acquisition of other intangible assets	9	(1,740)	(5,069)
<b>Net cash used in investing activities</b>		<b>(3,591)</b>	<b>(11,770)</b>
<b>Cash flows from financing activities</b>			
(Repayment of)/proceeds from borrowings		(10,106)	3,928
Interest paid		(1,915)	(3,368)
<b>Net cash (used in)/generated from financing activities</b>		<b>(12,021)</b>	<b>560</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(2,864)</b>	<b>(1,889)</b>
<b>Cash and cash equivalents at 1 November</b>		<b>17,010</b>	<b>18,899</b>
<b>Cash and cash equivalents at 31 October</b>		<b>14,146</b>	<b>17,010</b>

The Accounting Policies and notes on pages 22 to 43 are an integral part of these Financial Statements.

# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Accounting Policies

### (A) Corporate Information

Halcyon Topco Limited is a Company limited by shares and incorporated and domiciled in the United Kingdom. The principal activity of the Company is that of a holding company. The principal activities of the Group are the provision of complex home healthcare and speciality pharmacy services, and associated support to patients receiving treatment at home and in the community. The registered office is located at 107 Station Street, Burton-On-Trent, Staffordshire, DE14 1SZ.

The Group and Parent Company Financial Statements for the year ended 31 October 2018 ("these Financial Statements") were approved for issue by the Board on 8 March 2019.

### (B) Basis of preparation

These Financial Statements have been prepared on the historical cost basis.

These Financial Statements have been prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard*, applicable in the United Kingdom and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2016 and effective immediately have been applied. The principal accounting policies adopted in the preparation of these Financial Statements are set out below.

The Parent Company is included in the Consolidated Financial Statements, and is considered to be a qualifying entity under FRS102 in respect of certain disclosures for the Parent Company Financial Statements have been applied: The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time; No separate Parent Company Cash Flow Statement with related notes is included; and Key Management Personnel compensation has not been included a second time; and certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

These Financial Statements are presented in pounds sterling, which is the Group's and Company's functional and presentation currency. Unless otherwise noted, the amounts shown in these Financial Statements are in thousands of pounds sterling ("£000s").

Under Section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own Profit and Loss Account. The Company made a loss for the year of £633,000 (2017: £530,000).

### (C) Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 8. The Group's forecasts and projections, taking into account reasonably possible changes in trading performance, show that the Group and the Company should be able to operate with its current available facilities, detailed in note 16. The Group and the Company have sufficient financial resources, together with assets that are expected to generate cash flow in the normal course of business, despite net current liabilities of £17,754,000.



# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Accounting Policies (continued)

### (C) Going concern (continued)

As a consequence, the Directors have a reasonable expectation that the Group and the Company are well placed to manage their business risks and to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing these Financial Statements.

In addition, the Group has modelled the financial impacts on a worse case scenario where there is a temporary supply disruption due to Brexit. Taking these impacts into account, the Group's cashflow projections have confirmed that it is able to manage the short term timing issue that could present itself and continue trading within its current banking facilities.

### (D) Basis of consolidation

The Consolidated Financial Statements include the Financial Statements of the Company and its subsidiary undertakings for the year ended 31 October 2018. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the Consolidated Profit and Loss Account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

In the Parent Company Financial Statements, investments in subsidiaries are carried at cost less impairment.

### (E) Business combinations

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

At the acquisition date, the Group recognises goodwill as:

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

When the excess is negative, this is recognised and separately disclosed on the face of the Consolidated Balance Sheet as negative goodwill.

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

# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Accounting Policies (continued)

### (F) Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the Profit and Loss Account.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in Other Comprehensive Income.

### (G) Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Group or Company are treated as equity only to the extent that they meet the following two conditions:

- (i) they include no contractual obligations upon the Group or Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group or Company; and
- (ii) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these Financial Statements for called up share capital and share premium account exclude amounts in relation to those shares.

### (H) Basic financial instruments

#### Trade and other debtors/ creditors

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

#### Interest-bearing borrowings classified as basic financial instruments

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

# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Accounting Policies (continued)

### (H) Basic financial instruments (continued)

#### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

### (I) Intangible assets and goodwill

#### Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash generating units or group of cash generating units that are expected to benefit from the synergies of the business combination from which it arose.

#### Other intangible assets

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Costs include amounts capitalised in respect of the purchase of external products or services and the capitalisation of internal labour costs that are considered to be directly attributable to development of the asset.

The cost of intangible assets acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

#### Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Goodwill 10 years
- Software 5 years

The amortisation periods and methodology are reviewed when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 of FRS102, Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

### (J) Tangible fixed assets

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

Impairment of tangible fixed assets is reviewed at each reporting date.

Depreciation is charged to the Profit and Loss Account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- Leasehold improvements Life of lease
- Fixtures, fittings and equipment 5 years
- Medical equipment 5 years

# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Accounting Policies (continued)

### (J) Tangible fixed assets (continued)

Assets under construction are transferred to fixed assets once the asset is ready and available for use. Depreciation commences upon transfer.

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

### (K) Impairment excluding stocks and deferred tax assets

#### Financial assets (including trade and other debtors)

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit and loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### Non-financial assets

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

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Accounting Policies (continued)

### (K) Impairment excluding stocks and deferred tax assets (continued)

#### Non-financial assets (continued)

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### (L) Stocks

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

### (M) Employee benefits

#### Defined contribution plans

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

### (N) Provisions

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

Where the Parent Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company treats the guarantee contract as a commitment in its individual Financial Statements until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

### (O) Turnover

Turnover represents the amounts invoiced (excluding value added tax) or accrued for the supply, delivery and administration of medical products. Turnover is recognised on the delivery of medical products and the delivery of nursing care, as the risks and rewards of ownership transfer to the

### (P) Operating leases

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

# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Accounting Policies (continued)

### (Q) Interest receivable and interest payable

Interest receivable and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

### (R) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account except to the extent that it relates to items recognised directly in Equity or Other Comprehensive Income, in which case it is recognised directly in Equity or Other Comprehensive Income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

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

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

### (S) Non-Recurring items

The Group considers non-recurring items to be those which derive from events or transactions which are significant for separate disclosure by virtue of their size or incidence in order for the user to obtain a full understanding of the Group's financial performance.

# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Accounting Policies (continued)

### (T) Accounting estimates and judgements

#### Key sources of estimation uncertainty

In applying the Group's accounting policies, the Directors are required to make estimates, judgements and assumptions that affect amounts reported in these Financial Statements. The estimates, judgements and assumptions are based on historical experience, adjusted for current market conditions and other factors that are believed to be reasonable under the circumstances and are reviewed on a regular basis. Actual results may differ from these estimates.

The estimates and judgements which involve a higher degree of complexity or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next period are included in the following notes to the Financial Statements:

- Note 17 – Provisions

Provisions are inherently subjective and require management judgement in their calculation.

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

#### Critical accounting judgements in applying the Group's Accounting Policies

##### Repayment of shareholder loan notes

The key judgement applied by the Directors is that the shareholder loan notes will be settled using the proceeds of a future sale of the Group. If a sale has not been transacted by the settlement date of those loan notes of 1 February 2022, the Directors are of the view that the loan notes will be renewed on similar terms to the current loan agreement.

The Directors opinion is also that the current value of the Group, both on a value in use basis and an earnings multiple basis would be in excess of the current carrying value of the Shareholder loan notes.

# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Notes to the Financial Statements

### 1 Turnover

Turnover is derived from the Group's principal activities carried out in the following regions:

	2018 £000	2017 £000
United Kingdom	1,590,371	1,513,791
Rest of Europe	305,713	298,878
	<u>1,896,084</u>	<u>1,812,669</u>

The Directors have chosen not to disclose and state turnover by class of business, as in their opinion, it is considered to be seriously prejudicial to the interests of the Company.

### 2 Non-Recurring Items

A summary of non-recurring items in respect of the current year and prior year is set out below:

	2018 £000	2017 £000
<b>Sales</b>		
Irrecoverable contract income	353	-
<b>Cost of Sales</b>		
Restructuring	-	518
Strategy review costs	-	192
Other	223	107
<b>Distribution Costs</b>		
Project Lean and associated restructuring	-	1,123
<b>Administrative Charges</b>		
GDPR	439	63
Restructure of nurse scheduling function	-	401
Strategy review costs	-	569
Restructuring of support functions	1,275	1,226
Change of head office	-	899
Other	843	-
Tax credit relating to non-recurring items	(595)	(990)
	<u>2,538</u>	<u>4,108</u>

Further detail of non-recurring costs incurred during the 2018 financial year is below:

Restructuring costs of £1,275,000 (2017: £1,226,000) were incurred following a delayering exercise to reduce and remove levels of hierarchy from the organisational structure.

The General Data Protection Regulation ("GDPR") came into effect in May 2018, which required the Group to review and ensure that technical and organisational measures were sufficiently robust to implement and uphold the data protection principles, providing safeguards to anonymise and protect data. The costs incurred were £439,000 (2017: £63,000). The costs incurred represent one-off implementation costs of this legislation.

The Group made the decision to bring its procurement function in-house resulting in a contractual termination payment of £195,000 (2017: £nil) included within the Other category in administrative charges.

Other non-recurring costs related to irrecoverable balances held in overseas subsidiaries.



# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Notes to the Financial Statements (continued)

### 3 Remuneration of Directors

	2018 £000	2017 £000
Directors' emoluments	1,177	1,175
Director's compensation for loss of office	251	174
Group contributions to money purchase pension schemes	33	33
	<u>1,461</u>	<u>1,382</u>

The aggregate emoluments of the highest paid Director were £277,815 (2017: £360,000) and Group pension contributions of £nil (2017: £nil) were made to a money purchase scheme on their behalf.

Retirement benefits are accruing to 4 (2017: 4) Directors under money purchase schemes.

Fees paid to Vitruvian Partners LLP are disclosed separately in note 23: Related Party Transactions.

The Directors received no remuneration for their services to the Company during the year (2017: £nil). Costs are borne by another Group company and no recharge is made.

Prior year Directors' emoluments have been restated to include all directors of the Group for comparability.

### 4 Staff Numbers and Costs

The average number of people employed by the Group (including Directors) during the financial year, analysed by category, was as follows:

	2018 Number	2017 Number
Distribution and Nursing	864	879
Administration	601	597
	<u>1,465</u>	<u>1,476</u>

Prior year headcount figures have been re-stated to reflect full time employees for comparability.

The aggregate payroll costs of these people were as follows:

	2018 £000	2017 £000
Wages and salaries	48,057	48,727
Social security costs	6,082	6,001
Other pension costs (note 22)	1,761	1,481
	<u>55,900</u>	<u>56,209</u>

# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Notes to the Financial Statements (continued)

### 5 Interest Receivable and Similar Income

	2018 £000	2017 £000
Interest receivable from other debtors	71	192

### 6 Interest Payable and Similar Charges

	2018 £000	2017 £000
Interest on bank loans	1,915	2,187
Interest on Shareholders' loans	29,838	25,538
Dividends accrued on preference shares classed as liabilities	709	613
Amortisation of debt issue costs	671	686
Interest on unwinding of discounted provision	45	14
Other	280	414
	<b>33,458</b>	<b>29,452</b>

### 7 Loss Before Tax

	2018 £000	2017 £000
<b>Loss before tax is stated after charging:</b>		
Loss on disposal of tangible fixed assets	373	41
Loss/ (gain) on foreign exchange	419	(143)
<b>Auditor's remuneration</b>		
Audit services:		
Audit of Company Financial Statements	30	30
Audit of Subsidiaries Financial Statements	99	98
<b>Total Audit costs</b>	<b>129</b>	<b>128</b>
Non-audit services:		
Tax Compliance Services	93	95
Tax Advisory services	84	77
Services relating to Taxation	177	172
Other Assurance Services	2	2
<b>Total non-audit services</b>	<b>179</b>	<b>174</b>
<b>Total fees paid to Auditors</b>	<b>308</b>	<b>302</b>

# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Notes to the Financial Statements (continued)

### 8 Tax

	2018 £000	2017 £000
<b>Current tax</b>		
Current tax on income for the period	618	882
Adjustments in respect of prior periods	516	234
<b>Total current tax charge</b>	<b>1,134</b>	<b>1,116</b>
<b>Deferred tax</b>		
Current year	1,419	609
Adjustments in respect of prior periods	56	(350)
<b>Total deferred tax charge</b>	<b>1,475</b>	<b>259</b>
<b>Total tax charge</b>	<b>2,609</b>	<b>1,375</b>

#### Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2017: higher) than the standard rate of corporation tax in the UK of 19% (2017: 19%). The differences are explained below:

	2018 £000	2017 £000
Loss before tax	(42,132)	(39,788)
Current tax at 19% (2017: 19.41%)	(8,005)	(7,723)
Effects of:		
Charges non-deductible for tax purposes	4,461	4,497
Interest disallowable on shareholder loan notes	5,669	5,024
Deferred tax not recognised	(1)	(222)
Difference tax rates of overseas subsidiaries	81	3
Adjust opening deferred tax to reconciliation rate	(168)	-
Adjustment to deferred tax asset due to tax rate changes	-	(88)
Adjustment in respect of prior periods – current tax	516	234
Adjustment in respect of prior periods – deferred tax	56	(350)
<b>Total tax charge</b>	<b>2,609</b>	<b>1,375</b>

#### Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) was substantively enacted on 26 October 2016, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2017. This will reduce the Company's future current tax charge accordingly. The deferred tax asset as at 31 October 2018 has been calculated based on these rates.

# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Notes to the Financial Statements (continued)

### 9 Intangible Fixed Assets

Group	Software £000	Goodwill £000	Total £000
<b>Cost</b>			
At 1 November 2017	18,102	193,135	211,237
Additions	1,740	-	1,740
Disposals	(123)	-	(123)
Movement in foreign exchange translation	10	162	172
Transfers from tangible fixed assets	657	-	657
<b>At 31 October 2018</b>	<b>20,386</b>	<b>193,297</b>	<b>213,683</b>
<b>Accumulated Amortisation</b>			
At 1 November 2017	8,182	108,497	116,679
Charge for the year	3,987	19,381	23,368
Disposals	(219)	-	(219)
Movement in foreign exchange translation	(3)	65	62
<b>At 31 October 2018</b>	<b>11,947</b>	<b>127,943</b>	<b>139,890</b>
<b>Net Book Value</b>			
<b>At 31 October 2018</b>	<b>8,439</b>	<b>65,354</b>	<b>73,793</b>
At 31 October 2017	9,920	84,638	94,558

The Directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises. The goodwill is being amortised over a life of 10 years. The amortisation charge is recognised in administrative charges in the Profit and Loss Account.

# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Notes to the Financial Statements (continued)

### 10 Tangible Fixed Assets

Group	Leasehold Improvements £000	Fixtures and Fittings £000	Medical Equipment £000	Assets under Construction £000	Total £000
<b>Cost</b>					
At 1 November 2017	8,767	14,740	3,571	688	27,766
Additions	454	729	168	496	1,847
Disposals	(1,998)	(3,363)	(207)	-	(5,568)
Transfers to intangible fixed assets	28	-	3	(688)	(657)
<b>At 31 October 2018</b>	<b>7,251</b>	<b>12,106</b>	<b>3,535</b>	<b>496</b>	<b>23,388</b>
<b>Accumulated Depreciation</b>					
At 1 November 2017	3,046	11,175	1,860	-	16,081
Charge for the year	733	1,187	610	-	2,530
Disposals	(1,019)	(3,016)	(49)	-	(4,084)
<b>At 31 October 2018</b>	<b>2,760</b>	<b>9,346</b>	<b>2,421</b>	<b>-</b>	<b>14,527</b>
<b>Net Book Value</b>					
<b>At 31 October 2018</b>	<b>4,491</b>	<b>2,760</b>	<b>1,114</b>	<b>496</b>	<b>8,861</b>
At 31 October 2017	5,721	3,565	1,711	688	11,685

### 11 Investments

Company	Total £000
<b>At start and end of year</b>	<b>2,016</b>

# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Notes to the Financial Statements (continued)

### 11 Investments (continued)

The companies in which the Company's interest at the year end is more than 20% are as follows:

Subsidiary	Aggregate of capital and reserves £'000	Profit/ (loss) for the year £'000	Country of Incorporation	Principal Activity	Class of Share held	% of Shares Held
<b>Direct Subsidiaries</b>						
Halcyon Midco Limited	1,758	(5,415)	England (A)	Holding company	Ordinary	100%
<b>Indirect Subsidiaries</b>						
Halcyon Financing Limited	2,016	-	England (A)	Holding company	Ordinary	100%
Halcyon Acquisitions Limited	(143,608)	(22,209)	England (A)	Holding company	Ordinary	100%
HAH Holding (Europe) B.V.	28,543	(221)	Netherlands (A)	Holding company	Ordinary	100%
Hospice at Home Limited	-	-	England (A)	Dormant company	Ordinary	100%
Healthcare at Home (Europe) Limited	(189)	(189)	England (A)	Holding company	Ordinary	100%
HTHC High Tech Homercare AG	(435)	(1,085)	Switzerland (B)	Nursing services	Ordinary	100%
Lerchengarten Apotheke AG	18,784	21,598	Switzerland (B)	Distribution of medical supplies	Ordinary	100%
Novo Supply AG	(11,272)	(19,720)	Switzerland (B)	Wholesaler of pharmaceutical	Ordinary	100%
Healthcare at Home Europe B.V.	(589)	21	Netherlands (A)	Holding company	Ordinary	100%
Healthcare at Home Deutschland GmbH	(6,421)	(2,170)	Germany (C)	Provision of healthcare services	Ordinary	100%
Healthcare at Home (Netherlands) B.V. (formerly ABC Logistics B.V.)	2	-	Netherlands (A)	Dormant company	Ordinary	100%
Healthcare at Home Italia SRL	8	-	Italy (D)	Dormant company	Ordinary	100%
Medezinische Handels-und Service GmbH	3,277	787	Germany (C)	Provision of healthcare services	Ordinary	100%
Argonaut Topco Limited	28,318	(422)	England (A)	Holding company	Ordinary	100%
Argonaut Midco Limited	(41,981)	(5,033)	England (A)	Holding company	Ordinary	100%
Argonaut Bidco Limited	63,657	(2,791)	England (A)	Holding company	Ordinary	100%
EGX Limited	14,376	(561)	England (A)	Holding company	Ordinary	100%
EGX Group Limited	6,461	(6)	England (A)	Holding company	Ordinary	100%
Healthcare at Home Speciality Pharmaceuticals Limited	4,371	-	England (A)	Dormant company	Ordinary	100%
HAH Deutschland GmbH	6	-	Germany (C)	Dormant company	Ordinary	100%
Healthcare at Home Ltd	134,485	10,067	England (A)	Provision of healthcare services and the distribution of medical supplies	Ordinary Preference	100%
Inventive Solutions Ltd	655	-	England (A)	Dormant company	Ordinary	100%
Healthcare at Home Trustees Limited	-	-	England (A)	Dormant company	Ordinary	100%
Applied Dispensary Services Limited	543	-	England (A)	Dormant company	Ordinary	100%
Meridian Pharmservices Limited	-	-	England (A)	Dormant company	Ordinary	100%
Medical Visits Limited	(27)	-	England (A)	Dormant company	Ordinary	100%
Medihome Limited	389	5	England (A)	Provision of healthcare services	Ordinary	100%
Pharmservice Limited	-	-	England (A)	Dormant company	Ordinary	100%
Sciensus Limited	107	-	England (A)	Dormant company	Ordinary	200%
Telecare Limited	-	-	England (A)	Dormant company	Ordinary	300%
Hospital at Home Limited	-	-	England (A)	Dormant company	Ordinary	400%
Refer2Us Limited	669	-	England (A)	Dormant company	Ordinary	500%
Medihome (UK) Limited	-	-	England (A)	Dormant company	Ordinary	600%

# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Notes to the Financial Statements (continued)

### 11 Investments (continued)

- (A) The registered office is located at 107 Station Street, Burton-On-Trent, Staffordshire, DE14 1SZ.  
(B) The registered office is located at Buonaserstrasse 30, CH-6343 Rotkreuz, Switzerland.  
(C) The registered office is located at Bergstraße 31, 69469 Weinheim, Germany.  
(D) The registered office is located at Via Rossetti 9, Milan, Italy.

On 19 February 2019, Medihome (UK) Limited, Telecare Limited and Hospital at Home Limited all being indirect subsidiaries of the Company, Incorporated in England, were dissolved.

On 26 February 2019, Pharmaservice Limited, an indirect subsidiary of the Company, incorporated in England, was dissolved.

On 14 June 2017, Rustun Limited, an indirect subsidiary of the Company, incorporated in the Republic of Ireland, was dissolved.

### 12 Stock

Group	2018 £000	2017 £000
Medical supplies and consumables	57,371	85,752

Medical supplies and consumables recognised as cost of sales in the year amounted to £1,788,123,000 (2017: £1,701,975,000). The write-down of stocks to net realisable value amounted to £1,385,000 (2017: £1,709,000). The reversal of write-downs amounted to £nil (2017: £nil). The write-down and reversal are included in cost of sales.

### 13 Debtors

	Group		Company	
	2018 £000	2017 £000	2018 £000	2017 £000
Trade debtors	214,779	215,030	-	-
Amounts owed by Group undertakings	-	-	930	830
Deferred tax asset (note 18)	1,123	2,599	-	-
Other debtors	35,134	37,131	74	73
Prepayments and accrued income	7,058	3,965	-	-
	<b>258,094</b>	<b>258,725</b>	<b>1,004</b>	<b>903</b>

There are no debtors falling due after more than one year (2017: £nil).

# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Notes to the Financial Statements (continued)

### 14 Creditors: amounts falling due within one year

	Group		Company	
	2018 £000	2017 £000	2018 £000	2017 £000
Trade creditors	336,895	369,917	-	-
Amounts owed to Group undertakings	-	-	209	191
Corporation tax	657	1,064	-	-
Taxation and social security	1,881	1,269	-	-
Other creditors	502	1,538	-	-
Accruals and deferred income	7,430	5,142	-	-
	<b>347,365</b>	<b>378,930</b>	<b>209</b>	<b>191</b>

### 15 Creditors: amounts falling due after one year

	Group		Company	
	2018 £000	2017 £000	2018 £000	2017 £000
Secured bank loan (note 16)	44,713	54,536	-	-
Shareholder loans (note 16)	276,342	246,122	-	-
Preference shares classified as debt (note 16 and note 19)	5,329	4,614	5,329	4,614
	<b>326,384</b>	<b>305,272</b>	<b>5,329</b>	<b>4,614</b>

### 16 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's and Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group		Company	
	2018 £000	2017 £000	2018 £000	2017 £000
<b>Creditors: amounts falling due after one year</b>				
Secured bank loan	44,713	54,536	-	-
Shareholder loans	276,342	246,122	-	-
Preference shares classified as debt	5,329	4,614	5,329	4,614
	<b>326,384</b>	<b>305,272</b>	<b>5,329</b>	<b>4,614</b>
<b>Creditors: amounts falling due within one year</b>				
Amounts owed to Group undertakings	-	-	209	191
	-	-	<b>209</b>	<b>191</b>



# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Notes to the Financial Statements (continued)

### 16 Interest-bearing loans and borrowings (continued)

#### Group - terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Repayment Schedule	2018 £000	2017 £000
Secured bank loan	GBP/ EUR	LIBOR + 2.25% - 2.75%	2021	Due at maturity	44,713	54,536
Shareholder loans	GBP/ EUR	LIBOR + 8.5%; 12%	2022	Due at maturity	276,342	246,122
Preference shares classified as debt	GBP	15.25%	Earlier of redemption or exit event		5,329	4,614
					<b>326,384</b>	<b>305,272</b>

#### Company - terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Repayment Schedule	2018 £000	2017 £000
Preference shares classified as debt	GBP	15.25%	Earlier of redemption or exit event		5,329	4,614
Amounts owed to Group undertakings	GBP	N/A	At call	At call	209	191
					<b>5,538</b>	<b>4,805</b>

#### Asset backed lending facility (included in secured bank loan above)

On 1 February 2012, the Group drew down against a multi-currency asset backed lending facility, which is secured against certain trade debtors of the Group. The facility expires in 2021 and interest is payable at a rate of 2.25% - 2.75% above LIBOR.

#### Shareholder loans

The shareholders invested £132,641,055 of loan notes on 1 February 2012. The loans are repayable in full on 1 February 2022 or earlier upon the occurrence of a sale or listing of the Company, in which case the redemption amount is reduced pro rata. Interest is accruing on the loans at rates between 8.5% above LIBOR and 12.0%.

#### Preference shares

The non-equity cumulative preference shares have been presented as liabilities. The classification as a liability was on the basis that the cumulative preference shares had a contracted right to a fixed cumulative dividend at a rate of 15.25% per annum. The fixed dividend is rolled up and compounded annually to be paid on the earlier of redemption or an exit event.

# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Notes to the Financial Statements (continued)

### 17 Provisions for liabilities and charges

Group	Lease dilapidations	Restructuring	Total
	£000	£000	£000
At 1 November 2017	823	287	1,110
Utilised	(322)	(287)	(609)
Interest unwinding	45	-	45
At 31 October 2018	<b>546</b>	<b>-</b>	<b>546</b>

The provision for lease dilapidations represents the Directors' estimate of the cost of restoring leasehold properties to their original state at the end of the leases, and is expected to be utilised between 2018 and 2036.

### 18 Deferred tax asset

Deferred tax assets and liabilities are attributable to the following:

Group	2018			2017		
	Assets £000	Liabilities £000	Total £000	Assets £000	Liabilities £000	Total £000
Accelerated capital allowances	901	-	901	2,319	-	2,319
Other timing differences	58	-	58	110	(53)	57
Losses	164	-	164	223	-	223
Deferred tax assets (note 13)	<b>1,123</b>	<b>-</b>	<b>1,123</b>	<b>2,652</b>	<b>(53)</b>	<b>2,599</b>

The Group has an unrecognised deferred tax asset of £956,000 at 17% (2017: £718,000 at 17%) which arose on losses carried forward. The future use of these losses is uncertain.

# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Notes to the Financial Statements (continued)

### 19 Capital and Reserves

Group and Company	2018 £	2017 £
8,750,000 'A' ordinary shares of £0.001 each	8,750	8,750
1,520,580 'B' ordinary shares of £0.001 each	1,521	800
160,061 'C' ordinary shares of £0.001 each	160	160
1,100,000 deferred shares of £0.001 each	1,100	1,100
2,048,084 cumulative preference shares of £1 each	2,048,084	2,048,084
	<b>2,059,615</b>	<b>2,058,894</b>
Shares classified as Shareholders' Funds	11,531	10,810
Shares classified as Liabilities	2,048,084	2,048,084
	<b>2,059,615</b>	<b>2,058,894</b>

On incorporation, 8,750,000 'A' and 1,100,000 'B' ordinary shares each with a nominal value of 0.1p were authorised. One ordinary share was allotted and fully paid. On 1 February 2012, the authorised share capital was amended to that shown above. The shares were purchased at a premium of £291,250 for the 'A' ordinary shares, £92,900 for the 'B' ordinary shares and £5,850 for the 'C' ordinary shares. In June 2012, a further 150,000 'C' ordinary shares with a nominal value of 0.01p were allocated and fully paid.

On 4 August 2016 the rights attaching to 1,100,000 issued 'B' shares of nominal value 0.1p were varied by the re-designation of these shares as 1,100,000 deferred shares of 0.1p each. These shares do not allow the holder to vote or to receive dividends or distributions. The deferred shares are liable to be redeemed at the option of the Company.

On 17 August 2016 the Company allotted 800,306 'B' ordinary shares at a nominal value of 0.1p and 10,061 'C' ordinary shares at a nominal value of 0.1p.

On 14 September 2017 and 22 December 2017, the Company allotted 80,031 and 640,243 'B' ordinary shares respectively at a nominal value of 0.1p.

#### Reconciliation of shares classified as liabilities to creditors due after more than one year:

	2018 £000	2017 £000
Nominal value of preference shares	2,048	2,048
Interest accrued	3,301	2,592
Unamortised finance charges	(20)	(26)
<b>Included as creditors due after more than one year (note 15)</b>	<b>5,329</b>	<b>4,614</b>

#### Preference shares

The non-equity cumulative preference shares have been presented as liabilities. The classification as a liability was on the basis that the cumulative preference shares had a contracted right to a fixed cumulative dividend at a rate of 15.25% per annum. The fixed dividend is rolled up and compounded annually to be paid on the earlier of redemption or an exit event.

# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Notes to the Financial Statements (continued)

### 19 Capital and Reserves (continued)

#### Share Premium Account

The balance classified as share premium relates to the aggregate net proceeds less nominal value of shares on issue of the Company's equity share capital.

### 20 Financial instruments

The carrying amounts of the financial assets and liabilities include:

	2018 £000	2017 £000
Assets measured at amortised cost	14,146	17,010
Assets measured at cost less impairment	214,779	256,126
Liabilities measured at amortised cost	663,279	684,202

### 21 Operating leases

Non-cancellable operating lease rentals are payable as follows:

Group	2018		2017	
	Land and Buildings £000	Other £000	Land and Buildings £000	Other £000
<b>Operating leases which expire:</b>				
Within one year	1,392	2,432	1,512	2,763
In the second to fifth years inclusive	4,790	2,257	4,397	1,901
Over five years	9,879	-	9,870	-
	<b>16,061</b>	<b>4,689</b>	<b>15,779</b>	<b>4,664</b>

During the year £4,992,000 (2017: £5,307,000) was recognised as a charge in the Profit and Loss Account in respect of operating leases.

### 22 Employee benefits

The Group operates a number of defined contribution pension schemes. The pension cost charged in the Profit and Loss Account represents contributions payable by the Group to the schemes and amounted to £1,761,000 (2017: £1,481,000).

# Halcyon Topco Limited

Annual Report and Consolidated Financial Statements for the year ended 31 October 2018

## Notes to the Financial Statements (continued)

### 23 Related party transactions

#### Transactions with key management personnel

Total compensation of key management personnel (including the Directors) in the year amounted to £1,461,000 (2017: £657,000).

Included in the Financial Statements are the following costs for services provided by key management, Group shareholders and their affiliates:

Directors' services	2018 £000	2017 £000
Vitruvian Partners LLP	73	102
Hutton Collins Partners LLP	14	36
Fram Investment Partners Limited	21	-
Estera Trust (Jersey) Limited	7	6
Appleby Trust (Jersey) Limited	-	1
	<b>115</b>	<b>145</b>

On 31 December 2018, Hutton Collins Partners LLP sold their investment in Halcyon Topco Limited to Erebus Holdings LLP. The services of D Oppenheim are provided by Fram Investment Partners Limited.

### 24 Commitments

Cross-guarantees in respect of the Group's bank borrowings, which amounted to £44,713,000 at 31 October 2018 (2017: £54,536,000) have been provided by a number of companies within the Group. The Group's bank borrowings are secured against certain trade debtors of the Group. The bank borrowings are further secured by a fixed and floating charge over the assets of the companies providing the cross-guarantee.

### 25 Ultimate control

The Company is the ultimate Parent Company of the Group, and is incorporated in England and Wales. The majority of the issued share capital of the Company is ultimately held by VIP I Nominees Limited on behalf of investors in the Vitruvian Investment Partnership I. The Vitruvian Investment Partnership I is managed by Vitruvian Partners LLP and is deemed to be the ultimate controlling party. No other Group Financial Statements include the results of the Company.