

**PICNIC MIDCO LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2020**

Hazlewoods LLP
Windsor House
Bayshill Road
Cheltenham
GL50 3AT

PICNIC MIDCO LIMITED

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PICNIC MIDCO LIMITED

Company Information

Directors	K T Justice C Kashyap
Registered office	Suites 1 & 5 Riverside Business Centre Foundry Lane Milford Belper DE56 0RN
Auditors	Hazlewoods LLP Windsor House Bayshill Road Cheltenham GL50 3AT

PICNIC MIDCO LIMITED

Directors' Report for the Year Ended 30 November 2020

The directors present their report and the financial statements for the year ended 30 November 2020.

Directors of the company

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

K T Justice

C Kashyap (appointed 22 January 2020)

L Sim (ceased 4 February 2020)

Financial instruments

Objectives and policies

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

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

The company's loan notes are subject to price and liquidity risk as disclosed in note 7 to the financial statements.

The financial statements have been prepared on a going concern basis on the assumption that support from fellow group companies and its financiers will continue to be forthcoming for the foreseeable future. The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing financial statements.

Disclosure of information to the auditors

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

Reappointment of auditors

Hazlewoods LLP have expressed their willingness to continue in office.

Approved by the Board on 13 April 2021 and signed on its behalf by:

K T Justice
Director

PICNIC MIDCO LIMITED

Strategic Report for the Year Ended 30 November 2020

The directors present their strategic report for the year ended 30 November 2020.

Principal activity

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

Fair review of the business

The results for the year, which are set out in the profit and loss account, show an operating loss of £1,845 (2019 - £17,550). At 30 November 2020, the company had net liabilities of £3,706,722 (2019 - £1,200,046). The directors consider the performance for the period and the financial position at the period end to be satisfactory.

Details of future development, financial instruments, principal risks and uncertainties and key performance indicators are disclosed in the group financial statements of the company's parent company, Picnic Topco Limited.

Approved by the Board on 13 April 2021 and signed on its behalf by:

K T Justice
Director

PICNIC MIDCO LIMITED

Statement of Directors' Responsibilities

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

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

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

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

PICNIC MIDCO LIMITED

Independent Auditor's Report to the Members of Picnic Midco Limited

Opinion

We have audited the financial statements of Picnic Midco Limited (the 'company') for the year ended 30 November 2020, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

PICNIC MIDCO LIMITED

Independent Auditor's Report to the Members of Picnic Midco Limited

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

PICNIC MIDCO LIMITED

Independent Auditor's Report to the Members of Picnic Midco Limited

Use of our report

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

Simon Worsley (Senior Statutory Auditor)

For and on behalf of Hazlewoods LLP, Statutory Auditor

Windsor House

Bayshill Road

Cheltenham

GL50 3AT

13 April 2021

PICNIC MIDCO LIMITED

Profit and Loss Account for the Year Ended 30 November 2020

	Note	Year ended 30 November 2020 £	18 December 2018 to 30 November 2019 £
Turnover		-	-
Administrative expenses		<u>(1,845)</u>	<u>(17,550)</u>
Operating loss		(1,845)	(17,550)
Interest payable and similar charges	<u>3</u>	<u>(2,504,831)</u>	<u>(1,633,194)</u>
Loss before tax		(2,506,676)	(1,650,744)
Taxation	<u>6</u>	<u>-</u>	<u>-</u>
Loss for the financial year		<u><u>(2,506,676)</u></u>	<u><u>(1,650,744)</u></u>

The above results were derived from continuing operations.

The company has no other comprehensive income for the year.

PICNIC MIDCO LIMITED

(Registration number: 11732964)

Balance Sheet as at 30 November 2020

	Note	30 November 2020 £	30 November 2019 £
Fixed assets			
Investments	<u>7</u>	<u>450,698</u>	<u>450,698</u>
Current assets			
Debtors	<u>8</u>	21,620,001	15,319,500
Creditors: Amounts falling due within one year	<u>9</u>	<u>(188,738)</u>	<u>(83,118)</u>
Net current assets		<u>21,431,263</u>	<u>15,236,382</u>
Total assets less current liabilities		21,881,961	15,687,080
Creditors: Amounts falling due after more than one year	<u>9</u>	<u>(25,588,683)</u>	<u>(16,887,126)</u>
Net liabilities		<u><u>(3,706,722)</u></u>	<u><u>(1,200,046)</u></u>
Capital and reserves			
Called up share capital	<u>11</u>	450,698	450,698
Profit and loss account		<u>(4,157,420)</u>	<u>(1,650,744)</u>
Total equity		<u><u>(3,706,722)</u></u>	<u><u>(1,200,046)</u></u>

Approved and authorised by the Board on 13 April 2021 and signed on its behalf by:

K T Justice
Director

The notes on pages 11 to 16 form an integral part of these financial statements.

PICNIC MIDCO LIMITED**Statement of Changes in Equity for the Year Ended 30 November 2020**

	Share capital £	Profit and loss account £	Total £
At 1 December 2019	450,698	(1,650,744)	(1,200,046)
Loss for the year	-	(2,506,676)	(2,506,676)
At 30 November 2020	<u>450,698</u>	<u>(4,157,420)</u>	<u>(3,706,722)</u>

	Share capital £	Profit and loss account £	Total £
Loss for the year	-	(1,650,744)	(1,650,744)
New share capital subscribed	450,698	-	450,698
At 30 November 2019	<u>450,698</u>	<u>(1,650,744)</u>	<u>(1,200,046)</u>

The notes on pages 11 to 16 form an integral part of these financial statements.

PICNIC MIDCO LIMITED

Notes to the Financial Statements for the Year Ended 30 November 2020

1 General information

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

The address of its registered office is:
Suites 1 & 5 Riverside Business Centre
Foundry Lane
Milford
Belper
DE56 0RN

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

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

Basis of preparation

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

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

Name of parent of group

These financial statements are consolidated in the financial statements of Picnic Topco Limited.

The financial statements of Picnic Topco Limited may be obtained from Companies House.

Group accounts not prepared

The company has taken advantage of the exemption in section 398 of the Companies Act 2006 from the requirement to prepare consolidated financial statements, on the grounds that it is consolidated in the above parent undertaking.

Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Judgements and estimation uncertainty

These financial statements do not contain any significant judgements or estimation uncertainty.

Investments

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

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

PICNIC MIDCO LIMITED

Notes to the Financial Statements for the Year Ended 30 November 2020

Borrowings

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

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

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

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Financial instruments

Classification

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

Recognition and measurement

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

PICNIC MIDCO LIMITED

Notes to the Financial Statements for the Year Ended 30 November 2020

Financial instruments (continued)

Impairment

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

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

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

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

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

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

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

3 Interest payable and similar expenses

	2020	2019
	£	£
Interest expenses on loan notes	2,504,831	1,633,194

4 Staff costs

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

	Year ended 30 November 2020	18 December 2018 to 30 November 2019
	No.	No.
Directors	2	2

5 Auditors' remuneration

Auditors remuneration has been borne by a fellow group undertaking.

PICNIC MIDCO LIMITED

Notes to the Financial Statements for the Year Ended 30 November 2020

6 Taxation

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

The differences are reconciled below:

	2020 £	2019 £
Loss before tax	<u>(2,506,676)</u>	<u>(1,650,744)</u>
Corporation tax at standard rate	(476,268)	(313,641)
Effect of expense not deductible in determining taxable profit (tax loss)	<u>476,268</u>	<u>313,641</u>
Total tax charge/(credit)	<u>-</u>	<u>-</u>

PICNIC MIDCO LIMITED

Notes to the Financial Statements for the Year Ended 30 November 2020

7 Investments in subsidiaries

	2020	2019
	£	£
Investments in subsidiaries	<u>450,698</u>	<u>450,698</u>
Subsidiaries		£
Cost and carrying amount		
At 1 December 2019 and at 30 November 2020		<u>450,698</u>

Details of undertakings

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

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2020	2019
Subsidiary undertakings				
Picnic Finco Limited	England and Wales	Ordinary	100%	100%
Picnic Bidco Limited	England and Wales	Ordinary	100%	100%
The Esland Group Holdings Limited	England and Wales	Ordinary	100%	100%
The Esland Group Limited	England and Wales	Ordinary	100%	100%
Esland North Limited	England and Wales	Ordinary	100%	100%
Esland South Limited	England and Wales	Ordinary	100%	100%
Mappleton House Care Homes Limited	England and Wales	Ordinary	100%	100%
Oracle Care and Education Holdings Limited	England and Wales	Ordinary	100%	0%
Oracle Care Limited	England and Wales	Ordinary	100%	0%

The principal activity of Picnic Finco Limited is that of a holding company.

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

The principal activity of The Esland Group Holdings Limited is that of a holding company.

The principal activity of The Esland Group Limited is that of a holding company.

The principal activity of Esland North Limited is the provision of residential care for young people.

The principal activity of Esland South Limited is the provision of residential care for young people.

The principal activity of Mappleton House Care Homes Limited is as a dormant company.

The principal activity of Oracle Care and Education Holdings Limited is that of a dormant holding company.

The principal activity of Oracle Care Limited is the provision of integrated, specialist education, therapeutic and care services designed to support young people aged between ten and eighteen.

PICNIC MIDCO LIMITED

Notes to the Financial Statements for the Year Ended 30 November 2020

8 Debtors

	30 November 2020 £	30 November 2019 £
Amounts owed by group undertakings	21,619,500	15,319,500
Prepayments	501	-
	<u>21,620,001</u>	<u>15,319,500</u>

9 Creditors

	Note	30 November 2020 £	30 November 2019 £
Due within one year			
Amounts due to group undertakings	12	<u>188,738</u>	83,118
Due after one year			
Loans and borrowings	10	<u>25,588,683</u>	<u>16,887,126</u>

10 Loans and borrowings

	2020 £	2019 £
Non-current loans and borrowings		
Loan notes	<u>25,588,683</u>	<u>16,887,126</u>

Loan notes outstanding of £25,588,683 (2019 - £16,887,126) include accrued interest of £4,133,204 (2019 - £1,628,372). Total loan notes excluding accrued interest were £21,455,479 (2019 - £15,258,754) as at 30 November 2020.

The loan notes are repayable in full on 5 February 2026. Interest is charged at 12.5% per annum.

11 Share capital

Allotted, called up and fully paid shares

	30 November 2020		30 November 2019	
	No.	£	No.	£
Ordinary shares of £1 each	450,698	450,698	450,698	450,698

12 Related party transactions

During the year, the company's ultimate controlling party lent the company £6,300,000 (2019 - £13,050,552) in the form of loan notes. At 30 November 2020, £22,951,431 (2019 - £14,443,023) is outstanding which includes accrued interest of £2,208,408 (2019 - £1,392,471).

Also during the year, £103,275 was repaid to key management. At the period end loan notes of £116,348 (2019 - £208,202) plus accrued interest of £17,586 (2019 - £22,505) is payable to key management.

13 Parent and ultimate parent undertaking

The company's immediate parent is Picnic Topco Limited, incorporated in England and Wales.

The ultimate controlling party is August Equity IV GP LLP, a company registered in Scotland, which is considered to have no single ultimate controlling party.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.