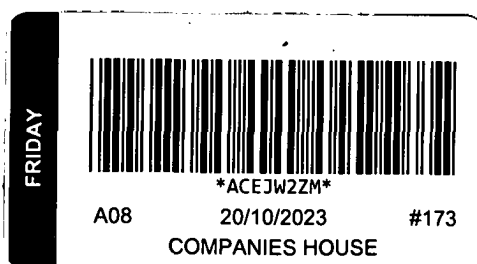


Royale Midco Limited

Annual report and financial statements

Year ended 31 December 2022

Registered number 10885661



Contents

Page	
2	Strategic report
3	Directors' report
5	Independent auditors' report to the members of Royale Midco Limited
11	Income Statement
12	Statement of Financial Position
13	Statement of Changes in Equity
14	Notes to the financial statements

Strategic Report

The directors present their strategic report on the Company for the year ended 31 December 2022, with comparatives for the year ended 31 December 2021.

Review of the business

The results of the Company for the year are set out on page 11 and show a loss before taxation of £125,000 (2021: £101,000). The net assets of the Company as at 31 December 2022 were £36,793,000 (2021: £36,883,000).

Key performance indicators

Given the nature of the business is that of a holding company, the Company's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business. This is achieved instead through its operating subsidiaries, the performance of which is measured through the analysis of adjusted EBITDA and sales in these companies.

A more detailed business review is also included in the financial statements of the company's parent undertaking, Royale Topco Limited, which prepares consolidated financial statements, and which does not form part of this report.

Future developments

See the Directors' report for further information.

Risks

The principal risks to which the Company is exposed are liquidity and credit risk.

Liquidity risks exist as a result of a loan made to the Company by another entity within the ultimate controlling party's group. The Company manages this risk by entering into long term loan note agreements which will not be settled until the agreed repayment date in 2027.

Credit risk arises as a result of the Company's intercompany debtors balance with Royale JVC Limited. Having reviewed budgets and forecasts for Royale JVC Limited, which is supported by the cashflows from its subsidiary undertakings, the directors are satisfied that the risk associated with this balance is appropriately managed.

Section 172 statement

This statement sets out how the directors have approached and met their responsibilities under section 172 of the Companies Act 2006. The Company's values are consistent with the requirements under section 172 of the Companies Act. The directors will consider all relevant factors when taking any decision. The examples below illustrate some of the key items under section 172 that were considered by the directors during the year.

Likely consequence of any decision in the long term

There have been no major changes in the Company in the financial year. However, the long-term impacts of any decision are discussed in detail by the directors, especially when considering the Company's strategy.

The need to act fairly between members of the Group

Communications with shareholders are given high priority. Advisory board meetings take place every month. These are attended by members of the executive team and the Bridgepoint representative. The monthly and year to date performance of the Group are presented and discussed, as well as the Group's strategy and long-term impact of any decision.

On behalf of the board



AD Murdoch
Director
12 October 2023

Directors' report

The directors present their annual report and the audited financial statements of Royale Midco Limited ("the Company") for the year ended 31 December 2022.

Principal activities

The principal activity of the Company is that of a holding company which incurs costs on behalf of the underlying group and then recharges these, as well as being a financing company for the group. On 16 November 2017, the Company entered into a £100,000,000 11% unsecured redeemable series A loan note agreement with Bridgepoint Funds, a shareholder in the immediate parent company. On 16 November 2017, £44,750,000 was withdrawn and the proceeds were lent to Royale JVC Limited by entering into a £100,000,000 unsecured redeemable series A loan note agreement with Royale JVC Limited. On 28 September 2018, the £44,750,000 11% unsecured redeemable series A loan note was listed on The International Stock Exchange by Royale Midco Limited. On 13 May 2021, additional £25,000,000 was withdrawn and the proceeds were lent to Royale JVC Limited and subsequently listed on The International Stock Exchange on 13 July 2021. The maturity date of the loan notes is 30 September 2027.

Future developments

The directors expect the Company to act as a holding company which incurs costs on behalf of the underlying group and then recharges these, as well as being a financing company for the group, for the foreseeable future. The directors have considered the financial position of the Company and concluded that it is appropriate to prepare the financial statements on a going concern basis. See note 3.2 for further assessment.

Dividend

No dividends were declared or paid during the year (2021: nil).

Directors

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

TJ Doubleday
AD Murdoch

Directors' indemnity

The Company maintains liability insurance for directors and officers of Royale Midco Limited. This is a qualifying third-party indemnity provision for the purpose of the Companies Act 2006 and was in place during the financial year and as at the date of approval of the financial statements.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulation. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all 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.

Directors' report (continued)

Employees

It is Company policy that there shall be no discrimination in respect of sex, colour, race, religion or nationality and that equal opportunity shall be given to all employees.

The policy of giving full and fair consideration to applications for employment from disabled persons and where practical to continue the employment of anyone who may become disabled during their employment has continued. Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees (wherever appropriate).

Every effort is made to ensure good communication. In particular, the Company recognises the crucial roles that its managers and supervisors play in ensuring that employees are made aware of developments within the Company.

Financial instruments

The directors consider that the Company's key financial instruments are shareholder loan notes and amounts due to and from group companies. Interest on shareholder loans and loans receivable from other group companies is fixed at 11 per cent per annum and is therefore not exposed to movements in interest rates. The directors will revisit the appropriateness of this policy should the Company's operations change in size or nature.

The Company's exposure to the price risk of financial instruments is therefore minimal. The directors do not consider any other risks in regard to the use of financial instruments to be material to an assessment of its financial position or trading results.

Going concern

The company is in a net current asset position of £562,000 (2021: £432,000) and a net asset position of £36,793,000 (2021: £36,883,000), of which £105,861,000 included in creditors relate to shareholder loan notes (2021: £95,276,000). These loan notes do not mature until 2027. The directors have also considered the financial position of the Company alongside the three year forecast for the Royale Topco Limited Group, which include the cashflows of its trading subsidiaries. The directors have received a letter of support from Royale Topco Limited confirming its intention to support the Company for a period of at least 12 months from the date of approval of these financial statements. Despite the ongoing risk posed by the war in Ukraine and the general economic environment and their potential impact on the future profitability on the group, the directors have prepared various sensitivity scenarios and have concluded that based on the forecast profitability and cashflows generated, and having considered the net asset position of the Company and the forecast liquidity position of the wider Royale Topco Group, the directors are satisfied that the Company has sufficient resources for a period of at least 12 months from the date of approval of these financial statements. The directors therefore consider it appropriate to prepare the financial statements on a going concern basis.

Risk Management

The Company is conscious of the importance of providing a safe working environment for both its employees and its customers, of ensuring compliance with all statutory and mandatory requirements and of minimising the environmental impact of its operations whenever possible. Careful attention is given to the promotion of risk management procedures.

For principal risks and uncertainties, see Strategic report.

Donations

The Company did not make any political donations or incur any political expenditure during the year (2021: nil).

Post balance sheet events

In the period to 4 October 2023, the Company made two further drawdowns totalling £35,000,000 of 11% unsecured redeemable series A loan notes from its ultimate shareholder, Bridgepoint Funds.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have been appointed by the directors. PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Audit Committee meeting following the signing of these financial statements.

On behalf of the board



AD Murdoch

Director

12 October 2023

Independent auditors' report
to the members of Royale Midco Limited

Independent auditors' report to the members of Royale Midco Limited

Report on the audit of the financial statements

Opinion

In our opinion, Royale Midco Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2022; Income statement and statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Audit scope

- We identified all material financial statement line items and disclosures, including those that were considered qualitatively material. The procedures performed provided sufficient evidence over all material classes of transactions, account balances and disclosures in the financial statements.
- The company engagement team performed all audit procedures.

Key audit matters

- Carrying value of investments
- Recoverability of the amounts owed by group undertakings

Materiality

- Overall materiality: £1,432,000 (2021: £1,350,000) based on 1% of total assets.
- Performance materiality: £1,074,000 (2021: £1,012,500).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Independent auditors' report

to the members of Royale Midco Limited

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<p><i>Carrying value of investments</i></p> <p>The Company has an investment balance of £37.5 million (note 10), relating to Royale JVC Limited, which is material to the financial statements. Impairment assessments of these assets requires significant judgment and there is a risk that the calculation of the recoverable amount of the asset is incorrect and therefore the carrying value of the assets may be misstated. We focussed on this area due to significant inherent judgement in the impairment review itself and the fact that any changes in the assumptions would have a direct impact on the impairment assessment.</p>	<p>We obtained an understanding of the Company's procedures to identify impairment indicators and performed the following procedures in relation to management's assessment: - Due to the difficult trading conditions experienced by the Royale Topco Group during the year, primarily driven by the impact of inflation and resultant cost pressures experienced by the industry the Company's investments operate in, it was concluded by management that an impairment indicator existed and they have therefore prepared an impairment model. We evaluated the internal and external sources of information to identify whether there were any impairment indicators as set out in ISA36 and agreed with managements conclusion that impairment indicators did exist; - We evaluated the methodology applied in determining the recoverable amount and checked the integrity and mathematical accuracy of managements model - We assessed the reasonableness of the key assumptions in managements board-approved forecasts such as revenue growth rates, gross margin growth, and EBITDA exit multiples determining the fair value less costs to dispose, also taking into account any potential impact of climate change on the business; - Given the extensive headroom between recoverable amount and carrying value of the investment in Royale JVC Limited, sensitivity analysis were not performed over assumptions Based on our audit work performed we concur with management's assessment and conclusion that there is no impairment in the carrying value of the investment and the associated disclosures made.</p>
<p><i>Recoverability of the amounts owed by group undertakings</i></p> <p>The amounts owed by group undertakings balance (£105.5 million; note 11) represents funding provided by the company to its subsidiary undertaking, Royale JVC Limited, to finance the acquisition of trading subsidiaries within the wider Royale JVC Group and is held at amortised cost. There is an increased risk of credit loss on this financial asset, due to the trading performance of the group. Given this impairment trigger identified, management has completed an impairment assessment of the credit loss risk of the intercompany receivable, based on expected repayment timeline and taking into account possible downside scenarios. Future forecasts of this nature are inherently judgmental and include a number of estimates about future performance and other assumptions.</p>	<p>We obtained an understanding of the Company's procedures to identify impairment indicators and performed the following audit procedures over managements impairment assessment: - We obtained the intercompany loan agreement and agreed amounts loaned and associated interest rates to the Company's records.- We have assessed the recoverability of the intercompany receivables held by the company, as well as reviewed Management's assessment of the recoverability of the intercompany receivables.- We have reviewed the financial position and forecast performance of Royale JVC limited and its subsidiaries to assess their ability to repay the amounts due to the company as they fall due. Based on the procedures performed we concluded that there is no indication that the intercompany balances are not recoverable in full.</p>

Independent auditors' report

to the members of Royale Midco Limited

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

Royale Midco Limited is a holding company which is a direct subsidiary of the parent company, Royale Topco Limited, and the entity holds listed debt (Royale Topco Limited heads the Royale Topco Group (hereafter referred to as "the Group"). We performed a full scope audit of the entity to the materiality set out below.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on Royale Midco Limited's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the company's financial statements. However, consideration has been made to the potential impact to future forecast cash flows as part of the Company's going concern assessments and impairment assessments, such as any cost of transitioning to renewable energy sources.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<i>Overall company materiality</i>	£1,432,000 (2021: £1,350,000).
<i>How we determined it</i>	1% of total assets
<i>Rationale for benchmark applied</i>	Royale Midco Limited was established as a holding company, funded largely by debt, and it would follow that users may focus their attention on total assets. It is therefore considered appropriate that overall materiality be calculated at 1% of total assets.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to £1,074,000 (2021: £1,012,500) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount in the middle of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £71,600 (2021: £67,500) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the members' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Obtained and inspected the letter of support issued to Royale Midco Limited by Royale Topco Limited and evaluated the directors' assessment of the ability of the company to place reliance upon this letter.

Independent auditors' report

to the members of Royale Midco Limited

- We have assessed the group's ability to provide support to Royale Midco Limited, on demand and as required, by critically assessing and challenging the key assumptions within the forecast provided by management, including inspecting and reviewing management's severe, but plausible, downside scenarios and reverse stress test scenarios for reasonableness.
- Where applicable, assumptions within the forecast model of the group have been agreed to supporting evidence.

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

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 year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the members for the financial statements

As explained more fully in the statement of directors' responsibilities in respect of the financial statements, the members are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The members are also 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.

Independent auditors' report

to the members of Royale Midco Limited

In preparing the financial statements, the members 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 members either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment laws and health and safety legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and tax regulation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journals to increase revenue or reduce expenditure, and management bias in accounting estimate. Audit procedures performed by the engagement team included:

- Enquiry with management and those charged with governance regarding any litigation or claims arising from non-compliance with laws and regulations and whether there was any alleged or suspected fraud;
- Review of minutes of management and board meetings during the year;
- Review of the disclosures in the Annual report and financial statements against specific legal requirements and assessing the compliance of disclosures against relevant legislation;
- Auditing the risk of management override of controls, through testing journal entries and other adjustments for appropriateness and challenging the assumptions used in management's accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report. In our engagement letter, we also agreed to describe our audit approach, including communicating key audit matters.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report
to the members of Royale Midco Limited

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Simon Bailey (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
13 October 2023

Income Statement

for the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Revenue	5	2,032	2,180
Administrative expenses		(1,937)	(2,076)
Operating profit	6	95	104
Finance income	8	10,365	8,459
Finance costs	8	(10,585)	(8,664)
Loss before tax		(125)	(101)
Tax on loss	9	35	(35)
Profit/(loss) for the financial year		(90)	(136)

All results arise from continuing activities.

There was no other comprehensive income for the year ended 31 December 2022 (2021: nil).

The notes on pages 14 to 23 form part of the financial statements.

Statement of Financial Position

as at 31 December 2022

	Note	31 December 2022 £'000	31 December 2021 £'000
ASSETS			
Non-current assets			
Investments	10	37,500	37,500
Non-current receivables	11	104,592	94,227
Total non-current assets		142,092	131,727
Current assets			
Trade and other receivables	11	902	4,044
Cash and cash equivalents		134	13
Total current assets		1,036	4,057
Total assets		143,128	135,784
LIABILITIES			
Non-current liabilities			
Loans and borrowings	12	(105,861)	(95,276)
Total non-current liabilities		(105,861)	(95,276)
Current liabilities			
Trade and other payables	13	(474)	(3,590)
Corporation tax liability	9	-	(35)
Total current liabilities		(474)	(3,625)
Total liabilities		(106,335)	(98,901)
Net assets		36,793	36,883
EQUITY			
Capital and reserves			
Called-up share capital	15	37,500	37,500
Accumulated losses		(707)	(617)
Total equity		36,793	36,883

The notes on pages 14 to 23 form part of the financial statements.

The financial statements on pages 11 to 23 were approved by the board of directors on 12 October 2023 and were signed on its behalf by:

TJ Doubleday
Director
12 October 2023



Royale Midco Limited
Registered no. 10885661

Statement of Changes in Equity

for the year ended 31 December 2022

	Called-up share capital £'000	Accumulated losses £'000	Total equity £'000
At 1 January 2021	37,500	(481)	37,019
Loss for the financial year	-	(136)	(136)
Total comprehensive expense for the year	-	(136)	(136)
At 31 December 2021	37,500	(617)	36,883
At 1 January 2022	37,500	(617)	36,883
Loss for the financial year	-	(90)	(90)
Total comprehensive expense for the year	-	(90)	(90)
At 31 December 2022	37,500	(707)	36,793

The notes on pages 14 to 23 form part of the financial statements.

Notes to the financial statements

Year ended 31 December 2022

1 General information

The principal activity of Royale Midco Limited (the "Company") is a holding company.

The Company is a private company limited by shares and incorporated and domiciled in the UK. The company registered number is 10885661 and the registered address is 5 New Street Square, London, EC4A 3TW.

2 Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101), in accordance with applicable accounting standards and the Companies Act 2006. The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These have been applied consistently in both financial years.

3.1 Basis of preparation

These financial statements have been prepared in accordance with The Companies Act 2006 as applicable to companies using FRS 101.

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value. The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The financial statements have been prepared for the year ended 31 December 2022, with comparatives for the year ended 31 December 2021.

3.2 Going concern

The company is in a net current asset position of £562,000 (2021: £432,000) and a net asset position of £36,793,000 (2021: £36,883,000), of which £105,861,000 included in creditors relate to shareholder loan notes (2021: £95,276,000). These loan notes do not mature until 2027. The directors have also considered the financial position of the Company alongside the three year forecast for the Royale Topco Limited Group, which include the cashflows of its trading subsidiaries. The directors have received a letter of support from Royale Topco Limited confirming its intention to support the Company for a period of at least 12 months from the date of approval of these financial statements. Despite the ongoing risk posed by the war in Ukraine and the general economic environment and their potential impact on the future profitability on the group, the directors have prepared various sensitivity scenarios and have concluded that based on the forecast profitability and cashflows generated, and having considered the net asset position of the Company and the forecast liquidity position of the wider Royale Topco Group, the directors are satisfied that the Company has sufficient resources for a period of at least 12 months from the date of approval of these financial statements. The directors therefore consider it appropriate to prepare the financial statements on a going concern basis.

3.3 Exemptions for qualifying entities under FRS 101

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. FRS 101 allows a qualifying entity certain disclosure exemptions, subject to certain conditions. The Company has taken advantage of the following exemptions in its financial statements:

- (a) IAS 7 - 'Statement of Cash Flows'
- (b) Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- (c) Paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36, 'Impairment of assets' (assumptions involved in estimating recoverable amounts of cash generating units containing goodwill or intangible assets with indefinite useful lives and management's approach to determining these amounts)
- (d) The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64U) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- (e) the requirements of IFRS 7 Financial Instruments: Disclosures
- (f) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement

Notes to the financial statements

Year ended 31 December 2022

3 Summary of significant accounting policies (continued)

3.3 Exemptions for qualifying entities under FRS 101 (continued)

- (g) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- (h) The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- (i) The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (Statement of Cash Flows),
 - 10(f) (a Statement of Financial Position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements,
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 40A-D (requirements for a third Statement of Financial Position),
 - 111 (cash flow statement information) and
 - 134-136 (capital management disclosures).

The information is included in the consolidated financial statements of Royale Topco Limited as at 31 December 2022 and these financial statements may be obtained from UK Companies House.

3.4 Consolidated financial statements

The Company is a wholly owned subsidiary of Royale Topco Limited. It is included in the consolidated financial statements of Royale Topco Limited which are publicly available. The company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The address of the parent's registered office is 5 New Street Square, London, EC4A 3TW.

3.5 Foreign currency

The financial statements are presented in pound sterling and rounded to thousands. The Company's functional and presentation currency is the pound sterling.

3.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the provision of director services to BKUK Group Limited.

The Company recognises revenue when:

- the amount of revenue can be reliably measured; and
- it is probable that the future economic benefits will flow to the entity.

3.7 Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements and paid holiday arrangements.

i. Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

ii. Annual bonus plan

The Company operates an annual bonus plan for employees. An expense is recognised in the Income Statement when the Company has a legal or constructive obligation to make payments as a result of past events and a reliable estimate of the obligation can be made.

Notes to the financial statements

Year ended 31 December 2022

3 Summary of significant accounting policies (continued)

3.8 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

i. Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end. Current or deferred taxation assets and liabilities are not discounted.

ii. Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in 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 expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

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.

3.9 Borrowing costs

The costs associated with setting up the shareholder loans have been capitalised and will be amortised over the term of the loan. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.10 Investments

Fixed asset investments are included at cost less provision for permanent impairment in value. Fixed asset investments are stated at the lower of cost and net realisable value. Investments in subsidiary undertakings are initially recorded at cost. The carrying value of investments in subsidiary undertakings is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise cash balances held with banks.

3.12 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.

Interest-bearing borrowings

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.

Notes to the financial statements

Year ended 31 December 2022

4 Key accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates or assumptions that, in the opinion of the directors, have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. However in preparing the financial statements, the directors have made estimates in respect of the following which they do not consider to carry a significant risk of material adjustment in future years.

i. Carrying value of investment in Royale JVC Limited

Investments in subsidiary undertakings are stated at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

ii. Recoverability of intercompany debtors

The directors have considered the financial position and three year forecast for the Royale JVC Limited Group, which include the cashflows of its trading subsidiaries BKUK Group Limited, BKUK Devco Limited, Caspian Food Retailers Limited, Caspian Food Services Limited, BKUK Bristol Limited, BKUK Flame Limited, Zing Leisure Limited, BKUK Crown Limited, BKUK Crown Leisure Limited and Teresina Limited. Based upon these forecasts, the directors are satisfied that the intercompany debtors are recoverable.

5 Revenue

Revenue is derived from management fees earned from the management of BKUK Group Limited and is earned wholly within the United Kingdom.

	2022 £'000	2021 £'000
Management fees	2,032	2,180

6 Operating profit

Operating profit is stated after charging the following:

	2022 £'000	2021 £'000
Fees payable to the Company's auditors:		
- Audit of these financial statements	17	16
	17	16

Non-audit service fees incurred by subsidiaries are not presented here as they are presented within the consolidated accounts of Royale Topco Limited.

Notes to the financial statements

Year ended 31 December 2022

7 Staff Costs

The monthly average number of persons employed by the Company (including directors) during the year was as follows:

	2022 Number	2021 Number
Head office administration (including directors)	7	6

	2022 £'000	2021 £'000
The aggregate payroll costs of these persons are as follows:		
Wages and salaries	1,848	1,963
Social security costs	206	187
Other pensions costs	56	71
Total staff costs	2,110	2,221
Amounts capitalised within the subsidiary undertakings	(191)	(161)
Staff costs charged to profit and loss	1,919	2,060

The directors', who are the key management personnel of the Group, emoluments were as follows:

	2022 £'000	2021 £'000
Directors' emoluments	1,194	988
Other pension costs	30	30

No amounts were paid to third parties for directors' services, and no retirement benefits are accruing for any of the directors (2021: nil).

The aggregate emoluments of the highest paid director were £706,000 (2021: £593,000).

The emoluments paid to the directors relate to services provided both to this Company and subsidiary undertakings.

8 Finance income and finance costs

	2022 £'000	2021 £'000
Finance income		
Interest receivable from group companies	10,365	8,459
Total finance income	10,365	8,459
Finance expense		
Amortisation of debt issue costs	(64)	(63)
Interest payable on shareholder loan notes	(10,521)	(8,601)
Total finance expense	(10,585)	(8,664)

Notes to the financial statements

Year ended 31 December 2022

9 Taxation

	2022 £'000	2021 £'000
Current Tax		
Current tax on loss for the year	-	35
Adjustment in respect of prior years	(35)	-
Total current tax	(35)	35
Deferred tax		
Total deferred tax	-	-
Tax (credit)/charge	(35)	35

The tax assessed for the year can be reconciled to the loss per the Income Statement as follow:

	2022 £'000	2021 £'000
Loss before taxation	(125)	(101)
Loss before taxation multiplied by the UK corporation tax rate of 19% (2021: 19%)	(24)	(19)
Adjustments in respect of prior years	(35)	-
Expenses not deductible for tax purposes	1,573	1,150
Effects of group relief	(1,549)	(1,096)
Total tax charge	(35)	35

The following amounts are included in the Statement of Financial Position relating to current and deferred tax:

	31 December 2022 £'000	31 December 2021 £'000
Non-current assets		
Deferred tax assets	-	-
Current liabilities		
Corporation tax liability	-	(35)

The Company does not recognise the deferred tax asset arising on losses due to uncertainty associated with the availability of future taxable profits to utilise against these losses.

Factors affecting future tax changes

As announced in the Spring Budget 2022, legislation introduced in the Finance Bill 2021 to change the Corporation Tax main rate to 25% for the financial year beginning 1 April 2023 and became substantively enacted on 24 May 2021 and therefore its effects are included in these financial statements.

Notes to the financial statements

Year ended 31 December 2022

10 Investments

	£'000
Cost and net book value	
At 31 December 2021 and 2022	37,500

The Company acquired 87.25% of the ordinary share capital of its subsidiary, Royale JVC Limited, on 25 September 2017 for consideration of £18,750,000. On 16 November 2018, the Company subscribed for 18,750,000 ordinary shares in Royale JVC Limited at £1.00 per share. No dividends were received from Royale JVC Limited for the financial year. The address of the registered office of Royale JVC Limited is 5 New Street Square, London, EC4A 3TW.

The directors are satisfied that the carrying value of the investment is supported by the underlying trading of its subsidiary companies. A list of the subsidiary companies is provided in note 20.

11 Trade and other receivables

	31 December 2022 £'000	31 December 2021 £'000
<i>Current assets</i>		
Amounts owed by group undertakings	902	4,044
Total current trade and other receivables	902	4,044
<i>Non-current assets</i>		
Amounts owed by group undertakings	104,592	94,227
Total non-current trade and other receivables	104,592	94,227
Total trade and other receivables	105,494	98,271

On 16 November 2017, the Company lent the proceeds of the unsecured redeemable loan note (see Note 12) to Royale JVC Limited by entering into a £100,000,000 unsecured redeemable series A loan note agreement with Royale JVC Limited. The amount drawn as at the balance sheet date is £68,825,000 (2021: £68,825,000). The maturity date of the loan notes is 30 September 2027. The loan notes accrue interest at a compound rate of 11% per annum. Cumulative interest capitalised into the principal of the loan notes at 31 December 2022 was £35,767,000 (2021: £25,402,000).

The remaining balance relates to trading balances with group undertakings. These amounts are unsecured, interest-free and repayable on demand.

Notes to the financial statements

Year ended 31 December 2022

12 Loans and borrowings

	31 December 2022 £'000	31 December 2021 £'000
Shareholder loan notes payable	105,861	95,276
Total non-current loans and borrowings	105,861	95,276

On 16 November 2017, the Company entered into a £100,000,000 11% unsecured redeemable series A loan note agreement with its shareholder, Bridgepoint Funds. On 16 November 2017, £44,750,000 was withdrawn and the proceeds were lent to Royale JVC Limited by entering into a £100,000,000 unsecured redeemable series A loan note agreement with Royale JVC Limited. On 13 May 2021, £25,000,000 was withdrawn and the proceeds were lent to Royale JVC Limited. The amount drawn as at the balance sheet date is £69,750,000 (2021: £69,750,000) and the maturity date of the loan notes is 30 September 2027, on which it will be repaid in full. The loan notes accrue interest at a compound rate of 11% per annum. Cumulative interest capitalised into the principal of the loan notes at 31 December 2022 was £36,485,000 (2021: £25,900,000).

The initial issue costs of the shareholder loan notes totalled £637,500, which is being amortised over the period from drawdown of the loan to the expected maturity date. At 31 December 2022, the unamortised cost was £311,000 (2021: £374,000).

On 28 September 2018, the £44,750,000 11% unsecured redeemable series A loan notes were listed on The International Stock Exchange by Royale Midco Limited. On 13 July 2022 additional £25,000,000 11% unsecured redeemable series A loan notes were listed on The International Stock Exchange by Royale Midco Limited.

13 Trade and other payables

	31 December 2022 £'000	31 December 2021 £'000
Amounts owed to group undertakings	2	2,803
Other taxation and social security	72	118
Accruals and deferred income	400	669
Total current trade and other payables	474	3,590

Amounts owed to group undertakings relate to balances incurred in the course of normal trading activity. Balances are unsecured, interest-free and repayable on demand.

14 Financial instruments

The carrying amounts of the financial assets and liabilities include:

	31 December 2022 £'000	31 December 2021 £'000
<i>Financial assets measured at amortised cost</i>		
Cash and cash equivalents	134	13
Amounts owed by group undertakings	105,494	98,271
Total financial assets held at amortised cost	105,628	98,284
<i>Financial liabilities measured at amortised cost</i>		
Accruals and other payables	(474)	(3,590)
Shareholder loan notes	(105,861)	(95,276)
Total financial liabilities held at amortised cost	(106,335)	(98,866)
Net financial liabilities	(707)	(582)

Notes to the financial statements

Year ended 31 December 2022

15 Called-up share capital

	31 December 2022 Number	31 December 2022 £'000	31 December 2021 Number	31 December 2021 £'000
Allotted, authorised, called up and fully paid:				
Ordinary shares of £1.00 each	37,500,000	37,500	37,500,000	37,500
	<u>37,500,000</u>	<u>37,500</u>	<u>37,500,000</u>	<u>37,500</u>

Dividends

No dividends were declared or paid for the year ended 31 December 2022 (2021: nil).

16 Contingent liabilities

There were no contingent liabilities at year-end (2021: nil).

17 Related party transactions

In accordance with the exemption under IAS 24 "Related Party Disclosures" transactions with other wholly owned undertakings within the Topco Group Limited have not been disclosed in these financial statements.

Bridgepoint Loan Notes

On 16 November 2017, the Group entered into a £100,000,000 11% unsecured redeemable series A loan note with Bridgepoint Funds. The amount drawn as at the balance sheet date is £69,750,000 (2021: £69,750,000). In addition, interest has been capitalised into the principal of the loan notes at 31 December 2022 of £36,485,000 (2021: £25,900,000).

Transactions with key management personnel

See note 7 for disclosure of the directors' remuneration and key management compensation.

18 Controlling party

The immediate parent company of Royale Midco Limited is Royale Topco Limited. Royale Topco Limited is a limited company incorporated in England and Wales and the largest and smallest group for which consolidated financial statements are prepared. The financial statements of Royale Topco Limited are available from the Company Secretary, 5 New Street Square, London, United Kingdom, EC4A 3TW.

Shares in Royale Topco Limited are held in the name of a nominee company, BEV Nominees II Limited, which holds the shares as nominee for the 12 limited partnerships that comprise the Bridgepoint Europe V Fund being Bridgepoint Europe V 'A1' LP, Bridgepoint Europe V 'A2' LP, Bridgepoint Europe V 'A3' LP, Bridgepoint Europe V 'B1' LP, Bridgepoint Europe V 'B2' LP, Bridgepoint Europe V 'B3' LP, Bridgepoint Europe V 'B4' LP, Bridgepoint Europe V 'B5' LP, Bridgepoint Europe V 'C' LP, Bridgepoint Europe V 'D' LP, Bridgepoint Europe V 'E' LP and Wigmore Street Co-Investment No.1 LP (the "Partnerships"). The Partnerships each act by their FCA authorised fund manager, Bridgepoint Advisers Limited.

BEV Nominees II Limited's and Bridgepoint Advisers Limited's ultimate parent company is Bridgepoint Group Plc. Accordingly, at 31 December 2022, the directors consider the Company's ultimate controlling party to be Bridgepoint Group Plc.

19 Events after the reporting period

In the period to 4 October 2023, the Company made two further drawdowns totalling £35,000,000 of 11% unsecured redeemable series A loan notes from its ultimate shareholder, Bridgepoint Funds.

Notes to the financial statements

Year ended 31 December 2022

20 Subsidiaries and related undertakings

The list of subsidiaries is as follows:

Name	Address of the registered office	Nature of business	Interest
Royale JVC Limited*	5 New Street Square, London, EC4A 3TW	Holding company	87.25% ordinary shares
Royale Interco Limited	5 New Street Square, London, EC4A 3TW	Holding company	87.25% ordinary shares
BKUK Group Limited	5 New Street Square, London, EC4A 3TW	Holding company	87.25% ordinary shares
BKUK Devco Limited	5 New Street Square, London, EC4A 3TW	Retailer	87.25% ordinary shares
Royale Bidco Limited	5 New Street Square, London, EC4A 3TW	Holding company	87.25% ordinary shares
Crown Bidco Limited**	5 New Street Square, London, EC4A 3TW	Holding company	100% ordinary shares
Caspian Food Retailers Limited	5 New Street Square, London, EC4A 3TW	Retailer	100% ordinary shares
Caspian Food Services Limited	5 New Street Square, London, EC4A 3TW	Retailer	100% ordinary shares
BKUK Bristol Limited	5 New Street Square, London, EC4A 3TW	Retailer	100% ordinary shares
BKUK Flame Limited	5 New Street Square, London, EC4A 3TW	Retailer	100% ordinary shares
Westside Express Limited	5 New Street Square, London, EC4A 3TW	Dormant	100% ordinary shares
Zing Leisure Limited	5 New Street Square, London, EC4A 3TW	Retailer	100% ordinary shares
BKUK Crown Limited**	5 New Street Square, London, EC4A 3TW	Retailer	100% ordinary shares
BKUK Crown Leisure Limited**	5 New Street Square, London, EC4A 3TW	Retailer	100% ordinary shares
Teresina Limited**	5 New Street Square, London, EC4A 3TW	Retailer	100% ordinary shares

* This entity is owned directly by Royale Midco Limited.

**New entities in the year. Interest in all other entities is unchanged from the prior period.

All other entities below Royale JVC Limited are indirect investments which are 100% owned.