

SARAH MIDCO 1 LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

SARAH MIDCO 1 LIMITED

COMPANY INFORMATION

| | |
|-----------------------------|---|
| Directors | D Cumming A Mainwaring A Majumdar (resigned 10 February 2023) N Nicolson G O'Neil |
| Registered number | 13220082 |
| Registered office | 47 Queen Anne Street Marylebone London United Kingdom W1G 9JG |
| Independent auditors | Anderson Anderson & Brown Audit LLP 133 Finnieston Street Glasgow G3 8HB |

CONTENTS

| | Page |
|-----------------------------------|---------|
| Strategic report | 1 |
| Directors' report | 2 - 3 |
| Independent auditors' report | 4 - 7 |
| Statement of comprehensive income | 8 |
| Balance sheet | 9 |
| Statement of changes in equity | 10 |
| Notes to the financial statements | 11 - 17 |

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

Introduction

The Directors present their strategic report for the year ended 31 December 2023.

Business review

Significant growth in 2023 has been driven by demand for Systal's class leading portfolio of managed and transformation services. This organic trend will continue in 2024, underpinned by extended commitments from Systal long term customer relationships and new global service success stories together with Systal US and Systal APAC.

Principal risks and uncertainties

The main risks and uncertainties affecting the company continue to be competition within the IT industry, shortages of skilled staff and settlement of accounts.

Financial key performance indicators

The directors have concluded that analysis using key performance indicators to gain an understanding of the development, performance or position of the company's business is not required due to the detail given in the financial statements.

Financial risk management

The company's financial instruments comprise cash at bank, invoice discounting facility, bank loans and hire purchase facilities. The main purpose of these instruments is to raise adequate finance for the company's operations.

The main risks arising from the company's financial instruments are interest rate fluctuations and liquidity risk. It is the company's policy to finance its operations through a mixture of cash and borrowing and to review periodically the mixture of these instruments with regard to the projected cash flow requirements of the company at an acceptable level of exposure.

Future developments

The company is continuing to develop its worldwide customer base. The company continues to look for further development opportunities.

This report was approved by the board and signed on its behalf.

N Nicolson
Director

Date: 1 July 2024

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

The Directors present their report and the financial statements for the year ended 31 December 2023.

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Directors

The Directors who served during the year were:

D Cumming
A Mainwaring
A Majumdar (resigned 10 February 2023)
N Nicolson
G O'Neil

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Anderson Anderson & Brown Audit LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

SARAH MIDCO 1 LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

This report was approved by the board and signed on its behalf.

N Nicolson

Director

Date: 1 July 2024

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SARAH MIDCO 1 LIMITED

Opinion

We have audited the financial statements of Sarah Midco 1 Limited (the 'Company') for the year ended 31 December 2023, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, 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 31 December 2023 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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

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

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.

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The Directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SARAH MIDCO 1 LIMITED (CONTINUED)

Opinion on other matters 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 the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the 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 the 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 or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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 Directors' responsibilities statement set out on page 2, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SARAH MIDCO 1 LIMITED (CONTINUED)

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:

- completing a risk-assessment process during our planning for this audit that specifically considered the risk of

fraud;

- enquiry of management about the company's policies, procedures and related controls regarding compliance

with laws and regulations and if there are any known instances of non-compliance;

- examining supporting documents for all material balances, transactions and disclosures;

- enquiry of management, about litigations and claims and inspection of relevant correspondence

- evaluation of the selection and application of accounting policies related to subjective measurements and

complex transactions;

- analytical procedures to identify any unusual or unexpected relationships;

- specific audit testing on and review of areas that could be subject to management override of controls and

potential bias;

- considering management override of controls outside of the normal operating cycles including testing the

appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation

of the financial statements including evaluating the business rationale of significant transactions, outside the

normal course of business.

We design our procedures so as to obtain sufficient appropriate audit evidence that the financial statements are

not materially misstated due to non-compliance with laws and regulations or due to fraud or error.

We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all

laws and regulations - this responsibility lies with management with the oversight of the directors.

Based on our understanding of the company and industry, discussions with management and directors we

identified financial reporting standards and Companies Act 2006 as having a direct effect on the amounts and

disclosures in the financial statements.

As part of the engagement team discussion about how and where the company's financial statements may be

materially misstated due to fraud, we did not identify any areas with an increased risk of fraud.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of

the financial statements may not be detected, even though the audit is properly planned and performed in

accordance with the ISAs (UK).

The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organized schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

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 Auditors' report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SARAH MIDCO 1 LIMITED (CONTINUED)

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 Auditors' 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.

Angus McCuaig (Senior statutory auditor)

for and on behalf of

Anderson Anderson & Brown Audit LLP

Statutory Auditors

133 Finnieston Street

Glasgow

G3 8HB

2 July 2024

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

| | Note | 2023 £ | 2022 £ |
|---------------------------------------|------|---------------------------|---------------------------|
| Administrative expenses | | (10,273) | (27,122) |
| Operating loss | | <u>(10,273)</u> | <u>(27,122)</u> |
| Interest payable and similar expenses | 4 | (5,675,424) | (5,447,411) |
| Loss before tax | | <u>(5,685,697)</u> | <u>(5,474,533)</u> |
| Tax on loss | 5 | (97) | - |
| Loss for the financial year | | <u><u>(5,685,794)</u></u> | <u><u>(5,474,533)</u></u> |

There were no recognised gains and losses for 2023 or 2022 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2023 (2022:£NIL).

The notes on pages 11 to 17 form part of these financial statements.

SARAH MIDCO 1 LIMITED**REGISTERED NUMBER:13220082****BALANCE SHEET
AS AT 31 DECEMBER 2023**

| | Note | 2023 £ | 2022 £ |
|---|------|---------------------|---------------------|
| Fixed assets | | | |
| Investments | 6 | 1 | 1 |
| | | <u>1</u> | <u>1</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 7 | 55,076,422 | 55,084,744 |
| Cash at bank and in hand | | 28 | - |
| | | <u>55,076,450</u> | <u>55,084,744</u> |
| Creditors: amounts falling due within one year | 8 | (7,547) | (5,472) |
| | | <u>55,068,903</u> | <u>55,079,272</u> |
| Net current assets | | | |
| | | <u>55,068,904</u> | <u>55,079,273</u> |
| Total assets less current liabilities | | | |
| Creditors: amounts falling due after more than one year | 9 | (70,833,249) | (65,157,824) |
| | | <u>(15,764,345)</u> | <u>(10,078,551)</u> |
| Net liabilities | | | |
| Capital and reserves | | | |
| Called up share capital | 10 | 1 | 1 |
| Profit and loss account | | (15,764,346) | (10,078,552) |
| | | <u>(15,764,345)</u> | <u>(10,078,551)</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 July 2024.

N Nicolson

Director

The notes on pages 11 to 17 form part of these financial statements.

SARAH MIDCO 1 LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

| | Called up share capital £ | Profit and loss account £ | Total equity £ |
|----------------------------|---------------------------------|---------------------------------|---------------------|
| At 1 January 2023 | 1 | (10,078,552) | (10,078,551) |
| Loss for the year | - | (5,685,794) | (5,685,794) |
| At 31 December 2023 | <u>1</u> | <u>(15,764,346)</u> | <u>(15,764,345)</u> |

The notes on pages 11 to 17 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

1. General information

Sarah Midco 1 Limited is a private company, limited by shares, registered in England and Wales. The company's registered number is 13220082 and its registered address is 47 Queen Anne Street, Marylebone, London, W1G 9JG.

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

The financial statements are presented in Sterling, which is also the functional currency of the company.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Sarah Topco Limited as at 31 December 2023 and these financial statements may be obtained from 47 Queen Anne Street, Marylebone, London, United Kingdom, W1G 9JG.

2.3 Going concern

The directors note the net liabilities position of the company as at 31 December 2023. This is as a result of the interest accruing on long term finance. The interest and corresponding loan notes are not due for repayment until 3 March 2027.

The group depends on its existing bank facilities to meet its day to day working capital requirements. The group expects to be able to operate within these facilities for the whole of the foreseeable future. Additionally, whilst these facilities are reviewed annually, the Directors are not aware of any circumstances that may adversely affect them being renewed.

The Directors have considered their budgets and cashflow forecasts for the next 12 months from the date of signing the financial statements. Having reviewed the projections, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, the Directors believe it is appropriate to prepare the financial statements on a going concern basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2. Accounting policies (continued)

2.4 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.5 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.7 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash on hand and cash at bank with a short term of maturity, being twelve months or less.

2.9 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.10 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2. Accounting policies (continued)

2.10 Financial instruments (continued)

at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.11 Critical accounting judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors consider there to be no significant judgements or estimates within the financial statements.

3. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors:

| | 2023 £ | 2022 £ |
|--|--------------|--------------|
| Fees payable to the Company's auditors for the audit of the Company's financial statements | <u>3,500</u> | <u>2,500</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

4. Interest payable and similar expenses

| | 2023 £ | 2022 £ |
|--|------------------|------------------|
| Intercompany loan interest | 150,255 | 156,509 |
| Bridging and A and B Loan notes interest | 5,525,169 | 5,290,902 |
| | <u>5,675,424</u> | <u>5,447,411</u> |

5. Taxation

| | 2023 £ | 2022 £ |
|-------------------------------------|-----------|-----------|
| Corporation tax | | |
| Current tax on profits for the year | 97 | - |
| Total current tax | <u>97</u> | <u>-</u> |

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022 - lower than) the standard rate of corporation tax in the UK of 23.52% (2022 - 19%). The differences are explained below:

| | 2023 £ | 2022 £ |
|---|--------------------|--------------------|
| Loss on ordinary activities before tax | <u>(5,685,697)</u> | <u>(5,474,533)</u> |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.52% (2022 - 19%) | (1,337,276) | (1,040,161) |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 1,337,373 | 722,122 |
| Changes in provisions leading to an increase (decrease) in the tax charge | - | (91,643) |
| Movement in deferred tax not recognised | - | 381,845 |
| Group relief surrendered | - | 27,837 |
| Total tax charge for the year | <u>97</u> | <u>-</u> |

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

6. Fixed asset investments

| | Investments in subsidiary companies £ |
|--------------------------|--|
| Cost or valuation | |
| At 1 January 2023 | 1 |
| | <hr/> |
| At 31 December 2023 | <u>1</u> |

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

| Name | Registered office | Principal activity | Class of shares | Holding |
|-------------------|--|---------------------------|------------------------|----------------|
| Sarah Midco 2 Ltd | 47 Queen Anne Street, Marylebone, London, United Kingdom, W1G 9JG. | Holding Company | Ordinary Shares | 100% |

The aggregate of the share capital and reserves as at 31 December 2023 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

| Name | Aggregate of share capital and reserves | Profit/(Loss) |
|-------------------|---|---------------|
| Sarah Midco 2 Ltd | 1 | - |

7. Debtors

| | 2023 £ | 2022 £ |
|------------------------------------|-------------------|-------------------|
| Amounts owed by group undertakings | 55,073,222 | 55,082,344 |
| VAT debtor | 3,200 | 2,400 |
| | <hr/> | <hr/> |
| | <u>55,076,422</u> | <u>55,084,744</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

8. Creditors: Amounts falling due within one year

| | 2023 £ | 2022 £ |
|------------------------------|--------------|--------------|
| Trade creditors | 2,450 | 5,472 |
| Corporation tax | 97 | - |
| Accruals and deferred income | 5,000 | - |
| | <u>7,547</u> | <u>5,472</u> |

9. Creditors: Amounts falling due after more than one year

| | 2023 £ | 2022 £ |
|------------------------------------|-------------------|-------------------|
| Amounts owed to group undertakings | 2,598,868 | 2,448,613 |
| Loan notes | 68,234,381 | 62,709,211 |
| | <u>70,833,249</u> | <u>65,157,824</u> |

Loan notes analysis

| | 2023 £ | 2022 £ |
|--|-------------------|-------------------|
| Amounts falling due after more than 1 year | | |
| A Loan Notes | 32,964,216 | 32,964,216 |
| Bridging Loan Notes | 20,000,000 | 20,000,000 |
| Accrued interest | <u>15,270,165</u> | <u>9,744,995</u> |
| Total loan notes | <u>68,234,381</u> | <u>62,709,211</u> |

The loan notes recognised comprise of three loan note instruments, where each of them are secured and did carry a coupon of 10% of compounded interest per annum. The A loan notes continue to accrue compounded interest at 10% whilst the bridging loan notes accrue compounded interest at 6% per annum. The loan notes were initially recognised at cost (£5,000,000, £32,964,216 and £20,000,000 which amounts to £57,964,216) and the accumulated interest charge to date (£15,270,168) has been put through the profit and loss. The total value after repayments amounts to £68,234,381. The loans are secured over certain assets of the Group. Inflexion Private Equity Ltd held fixed charges over all land and intellectual property and floating charges covering property.

One loan note of £5,000,000 was repaid in March 2022. The remaining balance represents two further loan notes, A loan notes and Bridging loan notes, and are considered non-qualifying corporate bonds in the hands of the relevant note holders. The company will have the option to settle rolled up interest via the issue of payment in kind ("PIK") notes with investor consent. The redemption date on both of these loan notes is 03 March 2027.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

Amounts owed to group undertakings analysis

| | 2023 | 2022 |
|-----------------------------|------------------|------------------|
| | £ | £ |
| Rollover loan notes | 2,075,180 | 2,075,180 |
| Intercompany loan | 35,783 | 35,783 |
| Accrued interest receivable | 487,905 | 337,650 |
| Total | <u>2,598,868</u> | <u>2,448,613</u> |

The rollover loan notes and intercompany loan were initially recognised at cost (£2,075,180 and £35,783 giving a total of £2,110,963) and the accumulated interest charge to date of £487,905 has been put through the profit and loss. The total value amounts to £2,598,868.

The rollover loan notes are part of call options issued by management to Sarah Topco Ltd and Sarah Topco Ltd grants put options to management as a £2,075,180 rollover loan note. These rollover loan notes will incur 6% compound interest per annum coupon rate and are recognised between Sarah Topco Ltd and Sarah Midco 1 Ltd.

The intercompany loan for £35,783 represents a share subscription and is advanced down from Sarah Topco Ltd (Parent company) to Sarah Midco 1 Ltd (direct subsidiary company) and will incur a 6% compound interest per annum coupon rate.

10. Share capital

| | 2023 | 2022 |
|---|----------|----------|
| | £ | £ |
| Authorised, allotted, called up and fully paid | | |
| 1 (2022 - 1) Ordinary share of £1.00 | <u>1</u> | <u>1</u> |

11. Capital management

Capital comprises of share capital and reserves stated on the balance sheet. The group's objective when managing capital is to safeguard the group's ability to continue as a going concern.

The company manages capital by regularly monitoring its current and expected liquidity requirements rather than using debt/equity ratio analyses. No changes were made in the objective, policies and processes during the year.

The group is subject to externally imposed capital requirements as part of its bank facility arrangements.

12. Related party transactions

The company has not entered into any related party transactions during the year.

13. Controlling party

The ultimate parent company of the group is Sarah Topco Limited, a company incorporated in Great Britain and registered in England and Wales.

Copies of the consolidated financial statements of the group are available to the public from its registered

office at 47 Queen Anne Street, Marylebone, London, United Kingdom, W1G 9JG.

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.