Healthcare at Home Ltd

Annual report and financial statements

For the year ended 31 October 2019

Registered number 02759609

Contents

Company information

Directors	J Asbridge J Bradshaw D Gibson J S Sheridan G Williams
Company Secretary	J Bradshaw
Registered Office	107 Station Street Burton-on-Trent Staffordshire United Kingdom DE14 1SZ
Auditor	KPMG LLP Chartered Accountants and Statutory Auditor St Nicholas House 31 Park Row Nottingham United Kingdom NG1 6FQ
Company Number	02759609 Registered in England and Wales

Other Information

These Financial Statements are presented for the year ended 31 October 2019 for Healthcare at Home Ltd ("the Company"). Comparatives are presented for the year ended 31 October 2018.

Strategic report

The Directors present their Strategic Report for the year ended 31 October 2019.

The Directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

Principal Activities

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

Healthcare at Home is the UK's leading full service, clinical provider of healthcare out-of-hospital, at home, at work and in communities.

Business Model

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

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

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

The Company works with its partners to:

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

The Company partners with approximately 50 pharmaceutical companies, managing over 186,000 patients.

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

Strategy and Objectives

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

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

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

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

Strategic report *(continued)*

Strategy and Objectives *(continued)*

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

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

Business Review

The financial year ended 31 October 2019 has been another exciting and strong year for the business. Our specialists continually strive for excellent patient care and enable the Company to continue to deliver inspirational healthcare for patients. The Directors would like to thank all of our colleagues for their continued dedication and support.

Financial Review

Our financial results are presented from page 11 onwards.

The Company has performed strongly in the year, despite challenging market conditions. In 2019 the Company continued to grow its range of services and the number of patients receiving service, through growth in existing contracts and by winning new contracts.

Turnover for the year was £1,350.4m, a 25.8% decrease compared to the prior year turnover of £1,819.7m, reflecting the impact of selling (and cost) price reductions on products following the expiry of patents. Gross Profit of £101.1m represented a £6.2m (6.5%) increase against the prior year of £94.9m reflecting improved trading and benefits of the switch to non-patent products.

Operating profit grew by 16.1% to £10.8m (2018: £9.3m) as the increase in Gross Profit more than offset increased Distribution and Administrative costs. Distribution costs were £27.2m, an increase of 6.8% (2018: £25.4m) reflecting higher deliveries and nursing activities to support the Gross Profit increase. Administrative expenses increased by 4.8% to £63.0m (2018: £60.1m) primarily due to the inclusion of a bonus provision for the year.

A significant improvement in cash generation during the year enabled the Company to repay £22.7m towards its bank borrowings and as a result reduced its interest payable on bank borrowing (further details in note 7).

The Company has incurred adjustments which had a profit before tax impact of £1.3m (2018: £2.3m) with further details provided in note 3. These predominantly included restructuring costs, impairments of goodwill and investments following an entity simplification across the Halycon Topco group of companies and a profit on disposal of a trademark to a fellow group undertaking.

The total profit for the financial year after taxation is £13.5m (2018: £10.1m), which has been transferred to consolidated reserves.

A focus area for the Company has been working capital management. Trade and other debtors have decreased significantly in the year, as shown in note 14, reflecting the reduction in revenue noted above and significant improvement in both the ageing profile and debt collections during the year.

Stock has reduced by £3.8m and Trade creditors have decreased by 17.1% against the prior year reflecting a combination of a focus on lower stock holdings and the reductions in product costs noted above.

The Company's investment in its digital agenda is progressing well, with significant investment during the year in the Company's major transformation programme. Costs incurred in the year are included as additions to Assets Under Construction within Tangible Fixed Assets. The programme will become live in 2020 at which point a transfer to intangible software will be made.

Additions to Tangible Fixed Assets include £3.3m in respect of the purchase of a new fleet of commercial vehicles, financed via a Finance Leasing arrangement.

Strategic report *(continued)*

Financial Review *(continued)*

Principal Risks and Uncertainties

The impact of uncertainties due to the UK exiting the European Union Brexit poses a risk to the Company as it does to the majority of businesses in the UK that trade with the EU in some form. As a consequence, the Company has had a dedicated team in place for some time to review and monitor the risks to the business and to ensure the required mitigating actions and business continuity plans are in place, so far as possible regardless of how Brexit falls from 31 January 2020. The major risk identified is the potential delay on the importation of medicines to the UK due to imports being held up at ports in EU countries although this has been mitigated by UK Government guidelines issued to suppliers which have required increased inventory levels to be held in the UK. We are working closely with our suppliers, and our partners in both the NHS and Pharmaceutical companies, to understand the actions being taken to address the key risks and ensure continuity of supply, through increased inventory levels on selected products.

In addition, the Company has modelled the financial impacts of Brexit in relation to increased inventories to cover a temporary supply disruption. Taking these impacts into account, the Company's cash flow projections have confirmed that it is able to manage the short term timing issue that could present itself and continue trading within its current banking facilities.

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

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

The COVID-19 virus poses a risk to the Company as it does to the majority of businesses in the UK and beyond. The Company has put a dedicated team in place to review and monitor the risks to the business and ensure that mitigating actions and business continuity plans are in place. The major risk identified is the inability to deliver medicines to our customer base, who depend on a scheduled delivery service. We are working to secure additional delivery resources including the use of alternative delivery routes in order to secure those services. We are also working closely with our suppliers to ensure that we have inventory at appropriate levels to maintain our delivery service.

Taking these impacts into account, the Company's cash flow projections indicate that it is able to manage the short-term timing issue that could present itself and continue trading within its current banking facilities.

Financial Risk Management

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

- Liquidity risk
- Credit risk
- Market risk

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

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

Strategic report *(continued)*

Principal Risks and Uncertainties *(continued)*

Liquidity risk

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

Credit risk

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

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

Market risk

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

Corporate Social Responsibility

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

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

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

Strategic report *(continued)*

Colleagues

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

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

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

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

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

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

The Strategic Report was approved and authorised for issue by the Board and was signed on its behalf on 20 April 2020.

D Gibson
Director

Directors' report

The Directors present their Annual Report on the affairs of the Company, together with the Financial Statements and independent auditor's report for the year ended 31 October 2019. Under the terms of the Companies Act 2006, the Directors' report is required to contain certain statutory and other information. The Directors have incorporated the business review by cross-reference, as permitted by the Companies Act 2006.

Directors

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

D Gibson
J S Sheridan
J Asbridge
J Bradshaw
G Williams

Results and Dividends

The results of the Company for the year ended 31 October 2019 are set out on page 11 and discussed in the Strategic Report on pages 2 to 6.

The Company has not paid any dividends during the year *(2018: £nil).* The Directors do not recommend the payment of a final dividend.

Political and Charitable Donations

The Company made no political contributions during the *year (2018: £nil).* Donations to UK charities amounted to £9,381 *(2018: £7,775).*

Financial Risk Management

Information on risk objectives and policies and exposure to market, credit, liquidity and market risk can be found on pages 4 and 5 of the Strategic Report.

Going Concern

The Company's principal risks and uncertainties are set out in the Strategic Report on pages 4 to 6. The Company's forecasts and projections, taking into account reasonably possible changes in trading performance (including COVID-19 and Brexit) show that the Company should be able to operate with its current available facilities, detailed in note 17 and that the Company have sufficient financial resources including unused loan facilities and assets that are expected to generate cash flow in the normal course of business.

Subsequent to the end of the financial year the Company has agreed an extension of the Asset backed lending facility to May 2022 on the same terms to the existing facility.

As a consequence, the Directors have a reasonable expectation that the Company is well placed to manage its business risks and to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing these Financial Statements, as detailed in Note 1.

Auditor

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

Disclosure of Information to the Auditor

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

The Directors' Report was approved and authorised for issue by the Board and was signed on its behalf on 20 April 2020.

D Gibson
Director

Statement of directors' responsibilities

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

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

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

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

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

KPMG

Independent auditor's report to the members of Healthcare at Home Ltd

Opinion

We have audited the financial statements of Healthcare at Home Ltd ("the company") for the year ended 31 October 2019 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

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

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

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

KPMG

Independent auditor's report to the members of Healthcare at Home Ltd *(continued)*

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

Anthony Hambleton

Anthony Hambleton (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Nicholas House
31 Park Row
Nottingham
NG1 6FQ

Dated: 20 April 2020

Profit and loss account
for the year ended 31 October 2019

	Note	2019 Adjusted £000	2019 Adjustments £000	2019 Total £000	2018 Adjusted £000	2018 Adjustments £000	2018 Total £000
Turnover	2	**1,350,354**	**-**	**1,350,354**	1,819,673	-	1,819,673
Cost of sales		**(1,249,297)**	**-**	**(1,249,297)**	(1,724,770)	-	(1,724,770)
Gross profit		**101,057**	**-**	**101,057**	94,903	-	94,903
Distribution costs		**(27,170)**	**-**	**(27,170)**	(25,449)	-	(25,449)
Administrative charges		**(61,731)**	**(1,318)**	**(63,049)**	(57,812)	(2,309)	(60,121)
Operating profit		**12,156**	**(1,318)**	**10,838**	11,642	(2,309)	9,333
Income from shares in group undertakings		**776**	**-**	**776**	-	-	-
Interest receivable and similar income	6	**7,230**	**-**	**7,230**	6,088	-	6,088
Interest payable and similar expenses	7	**(1,926)**	**-**	**(1,926)**	(2,526)	-	(2,526)
Profit before tax		**18,236**	**(1,318)**	**16,918**	15,204	(2,309)	12,895
Tax on profit	9	**(3,685)**	**250**	**(3,435)**	(3,267)	439	(2,828)
Profit after tax		**14,551**	**(1,068)**	**13,483**	11,937	(1,870)	10,067

Further information in respect of Adjustments is contained in note 3 to the Financial Statements.

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

There were no recognised gains or losses in either the current or preceding year other than those disclosed in the Profit and Loss Account, and therefore a separate Statement of Other Comprehensive Income has not been presented.

The attached notes form an integral part of the Financial Statements.

Balance sheet
as at 31 October 2019

	Note	2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Intangible fixed assets	*10*		**13,839**		11,359
Tangible fixed assets	*11*		**10,080**		8,739
Investments	*12*		**2,258**		1,596
Total fixed assets			**26,177**		21,694
Current assets					
Stock	*13*	**52,248**		56,067	
Debtors (including amounts falling due after more than one year of £183,982,000 *(2018: £192,665,000)*	*14*	**365,280**		440,766	
Cash at bank and in hand		**8,936**		4,835	
Total current assets		**426,464**		501,668	
Creditors: amounts falling due within one year	*15*	**(278,411)**		(342,518)	
Net current assets			**148,053**		159,150
Total assets less current liabilities			**174,230**		180,844
Creditors: amounts falling due after more than one year	*16*		**(24,590)**		(45,813)
Provisions for liabilities and charges	*18*		**(572)**		(546)
Net assets			**149,068**		134,485
Capital and reserves					
Called up share capital	*20*		**1**		1
Share premium account	*20*		**-**		5,336
Profit and loss account			**149,067**		129,148
Shareholders' funds			**149,068**		134,485

The attached notes form an integral part of the Financial Statements.

These Financial Statements were approved and authorised for issue by the Board of Directors on 20 April 2020 and were signed on its behalf by:

J S Sheridan
Director

Registered number: 02759609

Statement of changes in equity

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total £000
Balance at 1 November 2017	1	5,336	119,081	124,418
Profit for the year	-	-	10,067	10,067
Total comprehensive income for the year	-	-	10,067	10,067
Balance at 31 October 2018	**1**	**5,336**	**129,148**	**134,485**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total £000
Balance at 1 November 2018	1	5,336	129,148	134,485
Profit for the year	-	-	13,483	13,483
Total comprehensive income for the year	-	-	13,483	13,483
Cancellation of Preference shares (note 20)	-	-	1,100	1,100
Transfer of Share premium to distributable reserves (note 20)	-	(5,336)	5,336	-
Balance at 31 October 2019	**1**	**-**	**149,067**	**149,068**

The attached notes form an integral part of the Financial Statements.

Notes
(forming part of the financial statements)

1 Accounting policies

(A) Corporate Information

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

The Financial Statements for the year ended 31 October 2019 were approved for issue by the Board on 20 April 2020.

(B) Basis of preparation

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

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

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

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare Group Financial Statements. These Financial Statements present information about the Company as an individual undertaking and not about its Group.

The Company's ultimate parent undertaking, Halcyon Topco Limited includes the Company in its Consolidated Financial Statements. The Consolidated Financial Statements of Halcyon Topco Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from the address given in note 25. In these Financial Statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the Consolidated Financial Statements of Halcyon Topco Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Accounting Policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Financial Statements.

(C) Going concern

The Company's principal risks and uncertainties are set out, under the heading 'Principal Risks and Uncertainties' on pages 4 – 6 of the Strategic Report. The Company's forecasts and projections, for the 12 months from the date of signing these financial statements, and taking into account reasonably possible changes in trading performance (including COVID-19 and Brexit, see below), show that the Company should be able to operate with its current available facilities, as detailed in note 17, and that the Company has sufficient financial resources, including unused loan facilities and assets that are expected to generate cash flow in the normal course of business to manage the reported net current liabilities position of £35,929,000 at 31 October 2019, which is driven by normal trading working capital movements.

Subsequent to the end of the financial year the Company has agreed an extension of the Asset backed lending facility to May 2022 on the same terms to the existing facility (as detailed in note 17).

Notes *(continued)*

1 Accounting policies *(continued)*

(C) Going concern *(continued)*

COVID-19

The COVID-19 virus poses a risk to the Company as it does to the majority of businesses in the UK and beyond. The Company has put a dedicated team in place to review and monitor the risks to the business and ensure that mitigating actions and business continuity plans are in place. The major risk identified is the inability to deliver medicines to our patients, who depend on a scheduled delivery service. As a critical service provider we are working to secure additional delivery resources including the use of alternative delivery routes in order to secure those services. We are also working closely with our suppliers to ensure that we have inventory at appropriate levels to maintain our delivery service.

The Company has modelled the severe but plausible impact of short-term operational disruption from COVID-19 (see Principal Risks and Uncertainties within the Strategic Report on Page 4) potential examples of which include staff absenteeism, changes to delivery scheduling and reduced nurse service provision to patients.

Brexit

The Company has modelled the financial impacts of Brexit in relation to increased inventories to cover a temporary supply disruption.

Evaluation of COVID-19 and Brexit

Taking the impact of COVID-19 and Brexit into account, the Company's cash flow projections indicate that it is able to manage the short-term timing issue that could present itself and continue trading within its current banking facilities.

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

(D) Foreign currency

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

(E) Classification of financial instruments issued by the Company

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

(i) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

(ii)where the instrument will or may be settled in the entity's own equity instruments, it is either a non- derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

(F) Basic financial instruments

Trade and other debtors/ creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial

Notes *(continued)*

1 Accounting policies *(continued)*

(F) Basic financial instruments *(continued)*

recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

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

Cash and cash equivalents

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

Investments in subsidiaries

These are separate Financial Statements of the Company. Investments in subsidiaries are carried at cost less impairment.

(G) Tangible fixed assets

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

Impairment of tangible fixed assets is reviewed (including those leased under a finance lease) at each reporting date.

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

• Leasehold improvements	Life of lease
• Fixtures, fittings and equipment	5 years
• Medical equipment	5 years
• Motor vehicles (leased)	Over period of the lease

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

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

(H) Intangible assets and goodwill

Goodwill

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

Other intangible assets

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

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

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

Notes *(continued)*

1 Accounting policies *(continued)*

(H) Intangible assets and goodwill *(continued)*

Amortisation

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

- Goodwill 10 years
- Software 5 years

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

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

(I) Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

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

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

Non-financial assets

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

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

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

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

Notes *(continued)*

1 Accounting policies *(continued)*

(J) Stocks

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

(K) Employee benefits Defined contribution plans

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

(L) Provisions

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

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

(M) Turnover

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

(N) Leased assets

Finance lease costs

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Operating lease costs

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

(O) Interest receivable and interest payable

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

(P) Taxation

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

Current tax

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

Notes _(continued)_

1 Accounting policies _(continued)_

(P) Taxation _(continued)_

Deferred tax

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

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

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

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

(Q) Adjusted items

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

(R) Accounting estimates and judgements

Key sources of estimation uncertainty

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

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

- Notes 10 and 11 – Estimation of useful lives of assets and impairments; and
- Note 18 – Provisions

Estimation is required in allocation of useful economic lives to both tangible and intangible assets, and the assessment of any indicators of impairment. Provisions are inherently subjective and require management judgement in their calculation.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; or in the period and future periods if the revision affects both current and future periods.

Critical accounting judgements in applying the Company's Accounting Policies

Revenue Recognition

The key judgement made by the Directors is that the Company acts as principal within its sales contracts since it procures and holds stock, takes the risk of stock loss and is responsible entirely for order fulfilment and invoicing, while taking on full credit risk. Turnover is therefore recognised on a gross basis in the financial statements.

Notes *(continued)*

2 Turnover

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

	2019 £000	2018 £000
United Kingdom	**1,220,912**	1,590,087
Rest of Europe	**128,775**	229,586
Rest of World	**667**	-
	1,350,354	1,819,673

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

3 Adjustments

	2019 £000	2018 £000
Administrative (income)/ charges:		
Profit on disposal of trademark	**(460)**	-
GDPR	**-**	439
Restructuring of support functions	**397**	1,275
Impairment of investment	**1,203**	400
Impairment of goodwill	**127**	-
Business transformation	**51**	-
Other	**-**	195
Taxation credit relating to non-recurring items	**(250)**	(439)
	1,068	1,870

On 14 August 2019, the Company disposed of a trademark recognising a profit on disposal of £460,000 (2018: nil).

Restructuring costs of £397,000 (2018: £1,275,000) were incurred following a restructure of the business operations and a reduction of hierarchy within the organisation. The Halcyon Topco group of companies has rationalised its group structure in the year, resulting in impairment of goodwill and investments totalling £1,330,000 (2018: £400,000). The Group has embarked on a business transformation journey incurring non-capital costs of £51,000. The General Data Protection Regulation ("GDPR") came into effect in May 2018, the one-off implementation costs of this legislation were £nil (2018: £439,000). Other non-recurring costs incurred in 2018 related to contractual termination payment following the decision to bring the procurement function in-house and irrecoverable balances held in overseas subsidiaries.

4 Remuneration of directors

	2019 £000	2018 £000
Directors' emoluments	**1,323**	1,177
Directors' compensation for loss of office	**-**	251
Group contributions to money purchase pension schemes	**28**	33
	1,351	1,461

The aggregate emoluments of the highest paid Director were £362,558 *(2018: £277,815)* and Group pension contributions of £nil *(2018: £nil)* were made to a money purchase scheme on their behalf. Retirement benefits are accruing to 2 *(2018: 4)* Directors under money purchase schemes.

Notes *(continued)*

5 Staff numbers and costs

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

	2019 Number	2018 Number
Distribution and nursing	**805**	770
Administration	**598**	563
	1,403	1,333

The aggregate payroll costs of these persons were as follows:

	2019 £000	2018 £000
Wages and salaries	**45,856**	41,919
Social security costs	**4,801**	4,868
Other pension costs (note 22)	**1,644**	1,533
	52,301	48,320

6 Interest receivable and similar income

	2019 £000	2018 £000
Interest receivable from Group undertakings	**7,230**	6,017
Interest receivable for other creditors	**-**	71
	7,230	6,088

7 Interest payable and similar expenses

	2019 £000	2018 £000
Interest on bank loans	**1,558**	1,915
Interest on finance leases	**54**	-
Interest payable to Group undertakings	**-**	9
Amortisation of debt issue costs	**209**	282
Interest on unwinding of discounted provision	**54**	45
Other	**51**	275
	1,926	2,526

Notes *(continued)*

8 Profit before tax

	2019 £000	2018 £000
Profit before tax is stated after charging:		
Loss on disposal of tangible fixed assets	**259**	207
Loss on foreign exchange	**375**	386
Auditor's remuneration		
Audit of these financial statements	**102**	77

9 Taxation

	2019 £000	2018 £000
Current tax:		
Current tax on income for the period	**3,058**	1,298
Adjustment in respect of prior periods	**(83)**	-
	2,975	1,298
Deferred tax:		
Current year	**464**	1,421
Adjustments in respect of prior periods	**(4)**	109
	460	1,530
	3,435	2,828

Factors affecting the tax charge for the current year

The current tax charge for the year is higher *(2018: higher)* than the standard rate of corporation tax in the UK of 19% *(2018: 19%)*. The differences are explained below:

	2019 £000	2018 £000
Profit after tax	**13,483**	10,067
Tax on profit	**3,435**	2,828
Profit before tax	**16,918**	12,895
Current tax at 19% *(2018: 19%)*	**3,214**	2,450
Effects of:		
Non-deductible charges for tax purposes	**509**	436
Income not subject to tax	**(147)**	-
Adjustments to opening deferred tax asset	**(83)**	-
Adjustments to deferred tax asset due to tax rate change	**(54)**	(167)
Adjustment in respect of prior periods – current tax	**(4)**	-
Adjustment in respect of prior periods – deferred tax	-	109
	3,435	2,828

Notes *(continued)*

9 Taxation *(continued)*

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 18% (effective from 1 April 2020) and to 18% was substantively enacted on 26 October 2016, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2017. This will reduce the Company's future current tax charge accordingly. The deferred tax asset at 31 October 2019 has been calculated based on these rates.

10 Intangible fixed assets

	Software	Goodwill	Assets Under Construction	Total
	£000	£000	£000	£000
Cost				
At 1 November 2018	18,304	7,075	0	25,379
Additions	-	-	5,717	5,717
Disposals	(769)	-	-	(769)
Reclassification from tangible fixed assets	918	-	-	918
Inter group transfers	(539)	-	-	(539)
At 31 October 2019	17,914	7,075	**5,717**	**30,706**
Accumulated amortisation				
At 1 November 2018	10,306	3,714	-	14,020
Charge for the year	2,784	623	-	3,407
Impairment	-	127	-	127
Disposals	(550)	-	-	(550)
Inter group transfers	(137)	-	-	(137)
At 31 October 2019	12,403	4,464	-	16,867
Net book value				
At 31 October 2019	**5,511**	**2,611**	5,717	**13,839**
At 31 October 2018	7,998	3,361	-	11,359

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

On 25 March 2019, the software assets relating to the operation of the European Wholesale Distribution contracts were transferred via an Inter group transfer to Healthcare at Home Netherlands BV.

Notes *(continued)*

11 Tangible fixed assets

	Leasehold improvements £000	Fixtures, fittings and equipment £000	Medical equipment £000	Motor Vehicles £000	Assets under construction £000	Total £000
Cost						
At 1 November 2018 (restated)	6,784	11,983	3,536	8	496	22,807
Additions	-	104	-	3,286	2,336	5,726
Disposals	(330)	(1,097)	(26)	-	-	(1,453)
Reallocations	315	169	120	-	(604)	-
Reclassification to intangible fixed assets	-	-	-	-	(918)	(918)
Inter group transfers	-	-	-	-	(827)	(827)
At 31 October 2019	6,769	11,159	3,630	3,294	483	25,335
Accumulated depreciation						
At 1 November 2018 (restated)	2,439	9,200	2,421	8	-	14,068
Charge for the year	653	1,248	484	215	-	2,600
Disposals	(324)	(1,064)	(25)	-	-	(1,413)
Inter group transfers	-	-	-	-	-	-
At 31 October 2019	2,768	9,384	2,880	223	-	15,255
Net book value						
At 31 October 2019	**4,001**	**1,775**	**750**	**3,071**	**483**	**10,080**
At 31 October 2018	4,345	2,783	1,115	-	496	8,739

On 25 March 2019, the assets under construction relating to the operation of the European Wholesale Distribution contracts were transferred via an Inter group transfer to Healthcare at Home Netherlands BV.

The net carrying amount of assets held under finance leases included in motor vehicles is £3,071,000 *(2018: £nil)*. Depreciation charged on those leased assets was £214,481 (2018: £nil).

Notes *(continued)*

12 Investments

	Total £000
Cost	
At 1 November 2018	1,996
Additions	1,865
At 31 October 2019	3,861
Accumulated impairment	
At 1 November 2018	400
Charge for the year (see below)	1,203
At 31 October 2019	1,603
Net book value	
At 31 October 2019	**2,258**
At 31 October 2018	1,596

The companies in which the Company's interest at the year end is more than 20% are detailed below. The aggregate share capital and reserves and result for the year of these subsidiaries are disclosed in the financial statements of Halcyon Topco Limited.

Subsidiary	Country of incorporation	Principal activity	Class of shares held	Percentage of shares held
Direct subsidiaries				
Healthcare at Home (Netherlands) B.V. (formerly ABC Logistics B.V.)	Netherlands (B)	Distribution of medical supplies	Ordinary	100%
HAH Deutschland GmbH	Germany (C)	Provision of customer services	Ordinary	100%
Medihome Limited	England (A)	Provision of healthcare services	Ordinary	100%
Sciensus Ltd (formerly Sciensus2Limited)	England (A)	Dormant company	Ordinary	100%
Sciensus2 Limited (formerly Sciensus Ltd)	England (A)	Dormant company	Ordinary	100%
Intellimedica (formerlt IntelMed Limited)	England (A)	Dormant company	Ordinary	100%
Refer2Us Limited	England (A)	Dormant company	Ordinary	100%

(A) The registered office is located at 107 Station Street, Burton-On-Trent, Staffordshire, DE14 1SZ.
(B) The registered office is located at Bijsterhuizen 3142, 6604LV Wijchen.
(C) The registered office is located at Bergstraße 31, 69469 Weinheim, Germany.

On 8 March 2019, the Company acquired the entire share capital of Healthcare at Home (Netherlands) B.V. from a fellow group company for consideration of £15,000. A subsequent share issue by the acquiree increased the Company's investment by £1,808,000 to £1,823,000.

On 23 July 2019, the Company acquired the entire share capital of HAH Deutschland GmbH from a fellow group company for consideration of £20,000. A subsequent share issue by the acquiree increased the Company's investment by £22,000 to £42,000.

The Company also acquired 100% of Intellimedica Limited (formerly IntelMed Limited) on 10 October 2019 and Sciensus Ltd (formerly known as Sciensus2 Limited) on 28 October 2019. The Company impaired its investment in Medihome Limited by £428,000 to match the net asset value of that company and also fully impaired the investments in Sciensus Ltd and Refer2Us Limited by £106,000 and £669,000 respectively.

Notes *(continued)*

12 Investments *(continued)*

On 18 November 2019 Sciensus2 Limited (formerly Sciensus Ltd) and Refer2Us Limited were dissolved.

13 Stock

	2019 £000	2018 £000
Medical supplies and consumables	**52,248**	56,067

Medical supplies and consumables recognised as cost of sales in the year amounted to £1,254,880,000 *(2018: £1,751,845,000)*. The write-down of stocks to net realisable value amounted to £630,000 *(2018: £1,385,000)*. The reversal of write-downs amounted to £nil *(2018: £nil)*. The write-down and reversal are included in cost of sales.

14 Debtors

	2019 £000	2018 £000
Trade debtors	**131,015**	204,873
Amounts owed by Group undertakings	**183,982**	192,665
Deferred tax (note 19)	**663**	1,123
Other debtors	**45,145**	35,145
Prepayments and accrued income	**4,475**	6,960
	365,280	440,766

Included in Amounts owed by Group undertakings is £183,982,000 *(2018: £192,665,000)* which is repayable on demand but which is expected to be repaid after more than one year. Interest is charged at a rate of 3.587% on these balances *(2018: 3.281%)*.

15 Creditors: amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	**268,865**	324,136
Amounts owed under finance leases	**899**	-
Amounts owed to Group undertakings	**-**	10,343
Taxation and social security	**1,472**	1,268
Other creditors	**387**	389
Accruals and deferred income	**6,788**	6,382
	278,411	342,518

16 Creditors: amounts falling due after more than one year

	2019 £000	2018 £000
Secured bank loan (note 17)	**22,225**	44,713
Preference shares classed as debt (note 20)	**-**	1,100
Finance leases	**2,365**	-
	24,590	45,813

Notes *(continued)*

17 Interest bearing loans and borrowings

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

	2019 £000	2018 £000
Secured bank loan	**22,225**	44,713
Preference shares classified as debt	**-**	1,100
Amounts owed to group undertakings	**-**	10,343
Amounts owed under finance leases	**3,264**	-
	25,489	56,156

Terms and debt repayment schedule:

	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2019 £000	2018 £000
Secured bank loan	GBP/ EUR	LIBOR + 2.25% -2.75%	2021	Due at maturity	**22,225**	44,713
Preference shares classified as debt	GBP	15.25%	Earlier of redemption or exit event		**-**	1,100
Amounts due to Group undertakings	GBP/EUR	LIBOR + 8.5% -12%	Not fixed	Repayable on demand	**-**	10,343
Finance leases	GBP	7.5%	2022	Monthly instalments	**3,264**	-
					25,489	**56,156**

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

On 1 February 2012, the Group drew down against a multi-currency asset backed lending facility, which is secured against certain trade debtors of the Group. The facility expires in 2021 and interest is payable at a rate of 2.25% - 2.75% above LIBOR. Subsequent to the end of the financial year the Company has agreed an extension of the Asset backed lending facility to May 2022 on the same terms to the existing facility.

Preference shares

On 17 October 2019, the 1,100,000 preference shares were cancelled. In 2018, the preference shares were presented as liabilities as they had a contracted right to a fixed cumulative dividend. The shareholders waived their rights to the dividend in 2018.

Finance leases

The finance leases primarily relate to transportation equipment used in the Company's distribution operations and are secured against the assets subject to the agreement. There are no contingent rental, renewal or purchase option clauses. The future minimum finance lease payments are below:

	2019 £000	2018 £000
Group		
No later than one year	**1,057**	-
Later than one year and not later than five years	**2,473**	-
Deferred tax not recognised		
Total gross payments	**3,530**	-
Less: finance charges	**(266)**	-
Carrying amount of liability	**3,264**	-

Notes *(continued)*

18 Provisions for liabilities and charges

	Lease dilapidations £000
At 1 November 2018	546
Utilised	(36)
Charged in the year	8
Interest unwinding	54
At 31 October 2019	**572**

The provision for lease dilapidations represents the Directors' estimate of the cost of restoring leasehold properties to their original state at the end of the leases and is expected to be utilised between 2020 and 2036.

19 Deferred tax asset

The deferred tax asset comprises the following:

	2019 £000	2018 £000
Accelerated capital allowances	**595**	901
Other timing differences	**68**	58
Losses	**-**	164
Deferred tax asset	**663**	1,123

20 Capital and reserves

	2019 £	2018 £
75 'A' ordinary shares of £1 each	**75**	75
226 'B' ordinary shares of £1 each	**226**	226
200 'C' ordinary shares of £1 each	**200**	200
1,100,000 cumulative preference shares of £1 each	**-**	1,100,000
	501	1,100,501
Shares classified as Shareholders' Funds	**501**	501
Shares classified as Liabilities	**-**	1,100,000
	501	1,100,501

The preference shares were cancelled on 17 October 2019. In the previous year, the preference shares were classified as a liability on the basis that the cumulative preference shares have a contracted right to a dividend as set out below.

'A' ordinary shares and 'B' ordinary shares rank pari passu in all respects. 'C' ordinary shares rank pari passu with 'A' and 'B' ordinary shares with respect to dividends and voting rights but rank in priority with regard to payment of the subscription price on liquidation, reduction of capital or otherwise. The holders of 'C' ordinary shares have the right to appoint two persons as Non-Executive Directors.

Share Premium Account

On 17 October 2019, the 1,100,000 preference shares were cancelled and the share premium associated with the preference shares transferred to distributable reserves.

Notes *(continued)*

21 Operating leases

Non-cancellable operating lease rentals payable as follows:

	2019		2018	
	Land and buildings	**Other**	Land and buildings	Other
	£000	**£000**	£000	£000
Operating leases which expire:				
Within one year	**1,411**	**1,519**	1,307	2,200
In the second to fifth years inclusive	**3,948**	**2,086**	4,633	2,072
Over five years	**4,128**	**-**	9,869	-
	9,487	**3,605**	15,809	4,272

During the year £4,698,000 *(2018: £4,814,000)* was recognised as a charge in the Profit and Loss Account in respect of operating leases.

22 Employee benefits

The Company operates a number of defined contribution schemes. The pension cost charged in the Profit and Loss Account represents contributions payable by the Company to the schemes and amounted to £1,644,000 *(2018: £1,533,000).*

23 Related party transactions

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

	2019	2018
Directors' services:	**£000**	£000
Vitruvian Partners LLP	**85**	73
Hutton Collins Partners LLP	**-**	14
Fram Investment Partners Limited	**-**	21
Estera Trust (Jersey) Limited	**11**	7
Palladian Investment Partners LLP	**37**	-
	133	115

During the year the company incurred management charges from the above Group shareholders and their affiliates At year-end £18,000 (2018: £8,000) was outstanding and included within Creditors.

24 Commitments

	2019	2018
Contracted but not provided:	**£000**	£000
Tangible fixed assets	**2,380**	-
Intangible fixed assets	**4,281**	-
Total capital commitments	**6,661**	-

The Company has provided a cross-guarantee in respect of the Group's bank borrowings, which amounted to £22,225,000 at 31 October 2019 *(2018: £44,713,000).* The Group's bank borrowings are secured against certain trade debtors of the Group. The bank borrowings are further secured by a fixed and floating charge over the assets of the Company.

Notes *(continued)*

24 Commitments *(continued)*

The Company has also provided support to fellow subsidiaries in the Halcyon Topco Limited group of companies in respect of its inter-company debtors and confirmed that it will not seek repayment for at least one year after the date of signing of these financial statements.

25 Ultimate control

The Company is a subsidiary undertaking of Halcyon Acquisitions Limited incorporated in the United Kingdom. The ultimate parent Company is Halcyon Topco Limited, a Company incorporated in the United Kingdom.

The largest and smallest group in which the results of the Company are consolidated is that headed by Halcyon Topco Limited. The consolidated financial statements of the Group are available to the public from Companies House, Crown Way, Cardiff, CF14 3UZ. No other financial statements include the results of the Company.

26 Post balance sheet event

Impact of Covid-19

The Financial Statements are prepared based on circumstances as at 31 October 2019, with recent developments as a result of COVID-19 considered a non-adjusting subsequent event.

The Company plays a significant role in the UK in the provision of medicines and nursing services to more than 190,000 patients.

The Company continues to monitor ongoing COVID-19 developments and the potential impact to the business. Whilst the timing and extent of the impact of the virus is uncertain, the Company has activated its Disaster Recovery and Business Continuity plans and a dedicated team is in place to review and monitor the risks to the business and ensure that mitigating actions are in place. The key requirement for the business is maintaining its delivery to patients, who otherwise would increase the burden on the NHS.

The Company remains committed to ensuring the ongoing service delivery to its patient base.

The financial impact of COVID-19 to the business is limited to date and there has been little impact on patient service delivery. The Company expects to incur additional costs in the short term to ensure that delivery but the level of those costs is not expected to impact the meeting of its banking covenants and liquidity is expected to remain above the levels required to support the Company's day to day activities.

The Directors have not made a formal evaluation of the impact of COVID-19 on the recoverability of assets held as reported in the Balance Sheet as at 31 October 2019, but as at the date of signing the financial statements do not expect an adverse effect on those assets to arise. However, further escalation of the COVID-19 pandemic has the potential to impact the carrying value of Intangible assets, Tangible assets and Investments in Subsidiary companies.