
RETIREMENT CARE (BH) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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RETIREMENT CARE (BH) LIMITED

COMPANY INFORMATION

Directors

W K Procter
C C McGill
P Hallam
M D Watson

Company secretary

D Lau

Registered number

01784060

Registered office

Berkeley House
304 Regents Park Road
London
N3 2JX

Independent auditor

BDO LLP
Arcadia House
Maritime Walk
Ocean Village
Southampton
SO14 3TL

RETIREMENT CARE (BH) LIMITED

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RETIREMENT CARE (BH) LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their report and the financial statements for the year ended 31 December 2022.

Directors

The directors who served during the year were:

W K Procter
C C McGill
P Hallam
M D Watson

Directors' responsibilities statement

The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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.

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Insurance of company officers

The company has maintained insurance throughout the year for its directors and officers against the consequences of actions which may be brought against them in relation to their duties for the company.


RETIREMENT CARE (BH) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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

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P Hallam
Director

Date: 28 June 2023

RETIREMENT CARE (BH) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RETIREMENT CARE (BH) LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Retirement Care (BH) Limited ("the Company") for the year ended 31 December 2022 which comprise the Statement of Comprehensive income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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

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.

RETIREMENT CARE (BH) LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RETIREMENT CARE (BH) LIMITED
(CONTINUED)**

Other information

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

Other Companies Act 2006 reporting

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

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

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 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

RETIREMENT CARE (BH) LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RETIREMENT CARE (BH) LIMITED
(CONTINUED)**

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

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:

Procedures performed by the audit team included:

- Discussions with management regarding known or suspected instances of non-compliance with laws and regulations; and
- Obtaining an understanding of control designed to prevent and detect irregularities, including specific consideration of controls and group accounting policies relating to significant accounting estimates;
- Obtaining an understanding of the significant laws and regulations impacting the Company;
- Communicating relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- Assessing journal entries as part of our planned approach, with particular focus on journal entries to key financial statement areas such as revenue;
- Consideration of significant management judgment and estimates, particularly in respect to the underlying assumptions in estimating the value of investment properties.

RETIREMENT CARE (BH) LIMITED

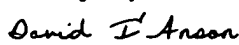
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RETIREMENT CARE (BH) LIMITED
(CONTINUED)**

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:

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David I'Anson (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Southampton

Date: 29 June 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

RETIREMENT CARE (BH) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Turnover		1,338,988	1,459,737
Gross profit		1,338,988	1,459,737
Administrative expenses		(250,677)	(237,932)
Loss on sale of investment property		(42,557)	(5,021)
Fair value movements on investment properties	6	(53,179,197)	(11,298,479)
Operating loss	3	(52,133,443)	(10,081,695)
Interest payable and similar expenses		21,742	(16,788)
Loss before tax		(52,111,701)	(10,098,483)
Tax on loss	5	13,219,846	(3,723,397)
Loss for the financial year		(38,891,855)	(13,821,880)

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 10 to 19 form part of these financial statements.

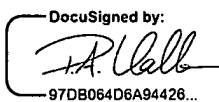
RETIREMENT CARE (BH) LIMITED
REGISTERED NUMBER: 01784060

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Investment property	6	90,961,000	144,234,000
Current assets			
Debtors: amounts falling due after more than one year	7	1,753,319	581,169
Debtors: amounts falling due within one year	7	21,064	25,775
Creditors: amounts falling due within one year	8	(328,101)	(223,807)
Net current assets		<u>1,446,282</u>	<u>383,137</u>
Total assets less current liabilities		<u>92,407,282</u>	<u>144,617,137</u>
Provisions for liabilities			
Deferred tax	9	(10,413,000)	(23,731,000)
		<u>(10,413,000)</u>	<u>(23,731,000)</u>
Net assets		<u><u>81,994,282</u></u>	<u><u>120,886,137</u></u>
Capital and reserves			
Called up share capital		50,378,950	50,378,950
Profit and loss account		31,615,332	70,507,187
		<u><u>81,994,282</u></u>	<u><u>120,886,137</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

DocuSigned by:

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P Hallam
Director

Date: 28 June 2023

The notes on pages 10 to 19 form part of these financial statements.

RETIREMENT CARE (BH) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2021	50,378,950	84,329,067	134,708,017
Loss for the year	-	(13,821,880)	(13,821,880)
At 1 January 2022	50,378,950	70,507,187	120,886,137
Loss for the year	-	(38,891,855)	(38,891,855)
At 31 December 2022	50,378,950	31,615,332	81,994,282

The notes on pages 10 to 19 form part of these financial statements.

RETIREMENT CARE (BH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

Retirement Care (BH) Limited ("the company") is a private company limited by shares, domiciled and incorporated in England. The address of the company's registered office and principal place of business is Berkeley House, 304 Regents Park Road, London, N3 2JX. The principal activity of the company during the year was that of property investment.

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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

2.2 Going concern

The company is party to a group cross collateralised funding structure along with its fellow subsidiaries in the group headed by Beta Centauri Limited. The directors have assessed the operation of the structure and have determined that the company has, or can expect to have, sufficient working capital for its needs for at least 12 months from the date of approval of these financial statements. In view of this the directors consider it appropriate for the financial statements to be prepared on a going concern basis. The company is party to cross collateralised loans totalling £808.6m as at 31 December 2022 (2021: £769.8m). The cross collateralised loan balance is due for repayment in January 2080.

The facility is a 65 year fully amortising facility and there are reserves in place to ensure that the necessary liquidity is retained in the structure so that funds are available to meet liabilities as they fall due for the foreseeable future.

In addition to the matters described above, in arriving at their conclusion the Directors have also considered leasehold reform and Building Safety legislation:

Leasehold reform

Parliament has enacted legislation, the Leasehold Reform (Ground Rent) Act 2022, which prevents the inclusion of a ground rent in excess of a peppercorn on new residential long leases. The Act came into force on 30 June 2022 for leases on non-retirement properties and on 1 April 2023 for leases on retirement properties. This legislation does not apply retrospectively although it does restrict the ability of the group to generate rental income beyond the existing term of current leases.

As such, the impact of preventing the creation of future ground rents under the Act is not expected, on its own, to have a material effect on the ability of the group, of which this company is a member, to meet its liabilities as they fall due for a reasonably foreseeable period.

RETIREMENT CARE (BH) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.2 Going concern (continued)***Building Safety legislation*

The Building Safety Act was given Royal Assent on 28 April 2022. The Act introduced the responsibility on the freeholder to fund the remediation of certain defects on relevant buildings should the original developer or other responsible party not be available to provide funding.

On buildings over 11 metres or 5 storeys in height the developer is expected to be primarily responsible for funding the necessary remediation. Where the original developer is not available to meet this funding requirement the Government will provide funding to ensure the needed remediation of the external wall systems on any affected buildings. In these cases the freeholder may now be primarily responsible for funding remediation outside the scope of the Government funding with limited recourse to cost recovery from leaseholders.

It is not yet possible to establish the level of contribution that may be required by the group across its portfolio. However it is expected that a risk based phasing of works will be required to ensure that both financial and non-financial resource will be available to successfully manage a programme of works. Should this new requirement on the freeholder to fund the remediation of building defects create financial hardship for the group and other freeholders, it will prevent the achievement of the Government's policy objectives to resolve the building safety crisis and further Governmental measures will be needed.

The directors, having given consideration to the provisions of the Act and their potential impact on the company do not believe that the Act will have a material effect on the company's ability.

2.3 Functional and presentational currencies

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

2.4 Turnover

Turnover comprises of rent receivable and other income arising from investment properties.

Rental income is recognised in accordance with the terms of the lease and is recognised at the fair value of the consideration received or receivable for rental income charged to external customers in the ordinary nature of the business.

RETIREMENT CARE (BH) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.5 Investment properties**

The group's holding of freehold reversionary interests is classified as investment properties and is initially measured at cost and subsequently measured at fair value where a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in the statement of comprehensive income.

These assets represent interests held in the freehold land on which third party developers have built and sold long leasehold properties. As such these assets generate income in the form of annual ground rents along with other ancillary income streams.

Recognising the nature of these investment properties and the lack of a regular market for significant portfolios of such assets, the directors are of the opinion that the best approximation to fair value for these properties is provided by a discounted cash flow valuation of the income streams generated by these assets.

The entire freehold reversionary interest portfolio has been valued based on an actuarial valuation carried out by a leading firm of third-party actuarial consultants.

The directors also recognise, given the lack of a regular market for significant portfolios of such assets, that these values may not be realised in full should the company seek to dispose of any or all of the investment properties in a short period of time.

Further details are given in note 6.

2.6 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. 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 reporting date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

RETIREMENT CARE (BH) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.7 Critical accounting estimates and areas of judgement**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

In preparing these financial statements, the directors have made estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Valuation of investment properties

A key accounting estimate in preparing these financial statements relates to the carrying value of the investment properties. In the current year an external professional actuarial valuation has been used as the basis for the fair value of the investment property. However, the valuation of the company's investment properties is inherently subjective, as it is made on the basis of valuation assumptions which may in future prove not to be accurate. The risk of which is heightened due to the enacted and further potential legislative changes noted below.

Parliament has enacted legislation, the Leasehold Reform (Ground Rent) Act 2022, which prevents the inclusion of a ground rent in excess of a peppercorn on new residential long leases. The Act came into force on 30 June 2022 for leases on non-retirement properties and on 1 April 2023 for leases on retirement properties. This legislation does not apply retrospectively although it does restrict the ability of the company to generate rental income beyond the existing term of current leases as it impairs the ability of the freeholder and leaseholder to agree for the continuation of ground rent in the extension period when extending the lease beyond the current lease term. Due to the lack of data available it is not possible at this time to assess how this change in law will impact the proportion of leases that retain rent beyond a lease extension.

In addition to the enacted legislation the Government is expected to introduce further legislation that will affect the law governing leasehold enfranchisement and lease extensions. These changes, if enacted, are likely to reduce the company's future income arising from the premium received at the point of lease extension or enfranchisement. It could also increase incidence rates of enfranchisements and lease extensions and negatively impact the ongoing rental income. It is unclear at this time to what extent these changes could reduce the future cash flows of the company but it could have a material impact. These factors create uncertainty surrounding the calculation of the Fair Value of the assets.

The directors are of the view that the proposed changes, if introduced in total, would be very damaging to the residential property market and against the interests of consumers and other property owners. The directors have engaged, and continue to engage, actively in consultations with Government, other stakeholders and interested parties in order to convey the company's opposition to the current reform agenda. Public announcements by government and in the Law Commission's report have recognised that any proposals to make wholesale reforms pose real problems with respect to the contravention of human rights legislation.

In addition, there is a potential impact arising from the Building Safety legislation enacted in 2022, see note 10 for further details.

RETIREMENT CARE (BH) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

An intrinsic element of the long-term forecasts is the continuing rental income and lease extension premiums generated by the property assets held by the company. The potential legislative changes raised above may affect these forecasts to the extent that the underlying assumption is no longer valid.

Similarly, the group's debt service requirements are primarily dependent upon this continuing rental income and these potential legislative changes, if introduced in their current form, could affect the group's ability to meet its obligations in the long term.

The financial consequences of these enacted and potential changes are too uncertain to enable the directors to reasonably estimate the impact of such changes on their forecasts, further details of which are given in note 6. It is assumed that the current methodology continues to represent a fair value of these assets.

Deferred taxation

Deferred tax liabilities are assessed on the basis of assumptions regarding the future, the likelihood that assets will be realised and liabilities will be settled and estimates as to the timing of those future events and as to the future tax rates that will be applicable.

3. Operating loss

The operating loss is stated after charging:

	2022	2021
	£	£
Auditor's remuneration	14,369	9,396

4. Employees

The average monthly number of employees, including directors, during the year was 0 (2021 - 0).

RETIREMENT CARE (BH) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

5. Taxation

	2022	2021
	£	£
Corporation tax		
Current tax on profits for the year	98,154	110,514
Adjustments in respect of previous periods	-	74,883
	98,154	185,397
	98,154	185,397
Total current tax	98,154	185,397
Deferred tax		
Movement on potential chargeable gain liability	(10,104,048)	(2,825,000)
Impact of future tax rate increase	(3,213,952)	6,363,000
Total deferred tax	(13,318,000)	3,538,000
Taxation (credit) / charge on loss on ordinary activities	(13,219,846)	3,723,397

RETIREMENT CARE (BH) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

5. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2021 - *higher than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Loss on ordinary activities before tax	(52,111,701)	(10,098,483)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(9,901,223)	(1,918,712)
Effects of:		
Impact of future tax rate increase	(3,213,952)	6,363,000
Adjustments to tax charge in respect of prior periods	-	74,883
Chargeable gains adjustment	8,086	(677,334)
Tax losses utilised	(102,285)	(110,514)
Group relief received without charge	(6,466)	(3,040)
Other timing differences, incl. capital allowances	(4,006)	(4,886)
Total tax (credit) / charge for the year	(13,219,846)	3,723,397

Factors that may affect future tax charges

The company has estimated tax losses of £6,819,650 (2021: £7,357,990) available to carry forward against future profits. No deferred tax asset has been recognised in respect of these losses due to uncertainty of recovery.

In the prior period, the Finance Act 2021 was enacted and included legislation to increase the main rate of tax to 25% from 1 April 2023. As this change was substantively enacted at the balance sheet date deferred tax is recognised at 25% in the current period (2021: 25%).

RETIREMENT CARE (BH) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

6. Investment property

	Freehold investment property £
Valuation	
At 1 January 2022	144,234,000
Disposals	(93,803)
Loss on revaluation	(53,179,197)
At 31 December 2022	90,961,000

The investment properties represent a portfolio of freehold reversionary interests that generate ground rents as the principal income stream. The fair value of these properties is calculated based on a discounted cash flow methodology which is reliant on the assumptions used to estimate the future cash flows (see note 2.7).

Investment properties totalling £90,961,000 (2021: £144,234,000) are included in the financial statements at 31 December 2022 based on a valuation prepared by a firm of independent actuarial consultants at 31 December 2022 and taking account of the outcome of legislation substantively enacted at 31 December 2022. In the prior year, the investment properties were valued based on an actuarial valuation carried out at 6 October 2015 as updated by the actuaries at 31 December 2021.

The basis of the most recent independent valuation performed on an actuarial basis was to project risk adjusted income streams generated by the portfolio over 150 years discounted by a risk-free rate of return. The principal assumptions used in the independent actuarial valuation were:

- RPI basis for inflation assumptions - implied inflation vector taken from the Bank of England website;
- Residential property inflation - derived from market rental yields as found in propertydata.co.uk and the UK Government gilt curve;
- Discount rate - a series of rates reflecting the UK government gilt yield curve as applicable to each cash flow date up to 40 years, with a fixed forward rate after 40 years;
- Incidence rates for lease extensions and the price charged - historic rates and FTT valuation. *Proportion of ground rents retained post lease extension are based on recent experience. Where ground rents are retained post lease extension, ground rents are modelled over the original lease term only and assumed to be peppercorn thereafter; and*
- Taxation - no allowance has been made for taxation in projecting the future revenue flow.

The assumptions with the most significant impact on the valuation are the discount rate and RPI.

- A 1% increase or decrease in the discount rate will reduce or increase the valuation by 63% and 32% respectively.
- A 1% increase or decrease in RPI will increase or reduce the valuation by 39% and 19% respectively.

RETIREMENT CARE (BH) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

6. Investment property (continued)

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2022	2021
	£	£
Historic cost	48,409,125	48,465,009

The company's investment property is subject to a debenture and charge in connection with a guarantee provided by the company in respect of the indebtedness of the holding company and other related parties (see note 11).

7. Debtors

	2022	2021
	£	£
Due after more than one year		
Amounts owed by parent undertaking	1,753,319	581,169

The loan to the parent company is due for repayment in 2085. Interest is charged at the Barclays Bank Base Rate +2.5% (2021: 6 month Libor +2.35%).

	2022	2021
	£	£
Due within one year		
Trade debtors	20,380	25,009
Prepayments and accrued income	684	766
	21,064	25,775

8. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Corporation tax	208,668	110,514
Accruals and deferred income	119,433	113,293
	328,101	223,807

RETIREMENT CARE (BH) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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9. Deferred taxation

	2022 £
At beginning of year	23,731,000
Charged to profit or loss	(13,318,000)
At end of year	<u>10,413,000</u>

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Deferred tax on assets measured at fair value	<u>10,413,000</u>	<u>23,731,000</u>

The company has an unprovided deferred tax asset in respect of losses available to carry forward amounting to £1,704,913 (2021: £1,839,497).

10. Contingent liabilities*Building Safety Act 2022*

The directors are currently assessing the potential impact of the Building Safety Act 2022, which received Royal Assent on 28 April 2022. Given the nature of the legislation (see Going concern note) and the lack of clarity at this time as to the extent that specific buildings may require funding it is not currently clear what the likely probability or quantum of any potential liability to fund the remediation of building defects would be. Therefore, no provision has been included in these financial statements.

11. Guarantees

The company has given an unlimited guarantee in respect of some of the indebtedness of its holding company Betelgeuse Limited. The guarantee is supported by a debenture and a charge over the company's investment properties. At 31 December 2022 the total amount outstanding subject to that guarantee was £809.9m (2021: £769.8m).

12. Related party disclosures

Betelgeuse Limited is the parent company of the smallest group for which consolidated financial statements are prepared of which the company is a member. The registered office address of Betelgeuse Limited is Berkeley House, 304 Regents Park Road, London, N3 2JX. None of the Directors received any remuneration in respect of their services to the Company during the year.