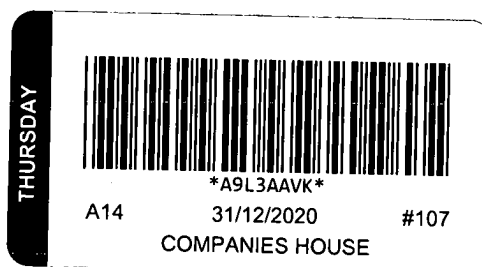


**Tanglewood (Lincolnshire) Limited**

**Annual Report and Financial Statements**

**For the period from 1 February 2019 to 31 December 2019**

Company Number: 02293803



**Tanglewood (Lincolnshire) Limited**  
**Annual Report and Financial Statements**  
**For the period from 1 February 2019 to 31 December 2019**

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# **Tanglewood (Lincolnshire) Limited**

## **Company Information**

### **Directors**

Zoe Amy Rizzuto  
Helen Jayne Wetherall  
Amanda Marie Robinson

### **Registered Office**

8<sup>th</sup> Floor, 1 Fleet Place  
London  
EC4M 7RA

### **Company Secretary**

LHJ Secretaries Limited  
3rd Floor, Liberation House  
Castle Street  
St. Helier  
Jersey  
JE1 2LH  
Channel Islands

### **Solicitors**

Pinsent Masons LLP  
30 Crown Place  
Earl Street  
London  
EC2A 4ES  
United Kingdom

### **Administrator**

Langham Hall Fund Management (Jersey) Limited  
3rd Floor, Liberation House  
Castle Street  
St. Helier  
Jersey  
JE1 2LH  
Channel Islands

### **Auditor**

BDO LLP  
55 Baker Street  
London  
W1U 7EU  
United Kingdom

# **Tanglewood (Lincolnshire) Limited**

## **Strategic Report**

### **For the period from 1 February 2019 to 31 December 2019**

#### **Principal activity**

The principal activity of the Tanglewood (Lincolnshire) Limited (the "Company") is to own, and rent out on a long lease, care homes with the view to delivering rental income and achieving long term capital growth.

#### **Review of business**

The Company transferred three UK properties it held to a connected company, Tanglewood (Propco) Limited on 4 December 2019.

The Company transferred all of its operations to Tanglewood Care Services Limited on 30 September 2019. The Company's parent, Tanglewood Care Homes Limited, was acquired by EHP BottomCo II Limited on 4th December 2019 and the Company is a member of the EHP Partners I LP group (the "Group").

#### **Key performance indicators on which performance is measured**

A key performance indicator is turnover, as it is linked directly to the performance of the Company's three care homes.

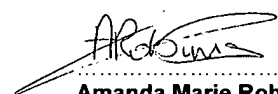
#### **Principal risks and uncertainties**

From the perspective of the Company the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately.

#### **Governance**

The company recognizes the importance of a high standard of corporate governance. The Company has adopted a robust corporate governance policy and strict compliance guidelines that are integral to all aspects of its business.

The report was approved by the board on 30 September 2020 and signed on its behalf by:



**Amanda Marie Robinson**  
Director

# **Tanglewood (Lincolnshire) Limited**

## **Directors' Report**

**For the period from 1 February 2019 to 31 December 2019**

The Directors present the report together with the audited financial statements of Tanglewood (Lincolnshire) Limited (the "Company") for the period from 1 February 2019 to 31 December 2019 and the comparative year from 1 February 2018 to 31 January 2019. The accounting period for the year has been shortened in order to be in line with the parent company, Tanglewood Care Homes Limited's year-end.

### **Principal activities**

The Company was incorporated as a company limited by shares in England and Wales on 7 September 1988.

The Company's registration number is 02293803.

The principal activity of the Company is to own, and rent out on a long lease, care homes with the view to delivering rental income and achieving long term capital growth.

### **Results and dividends**

The total comprehensive income for the period amounted to £11,562,972 (31 January 2019: £913,920). The Directors have not paid a dividend in respect of the period (31 January 2019: £300,000).

### **Directors**

The following persons served as directors during the period to date of signing:

Zoe Amy Rizzuto (appointed on 4 December 2019)  
Helen Jayne Wetherall (appointed on 4 December 2019)  
Amanda Marie Robinson (appointed on 4 December 2019)  
Jonathan Charles Griffin (resigned on 4 December 2019)  
Martin Shelbourn (resigned on 4 December 2019)  
Tracy Ann Shelbourn (resigned on 4 December 2019)

Directors fees of £nil (31 January 2019: £nil) were paid during the period to Langham Hall Fund Management (Jersey) Ltd in respect of Zoe Amy Rizzuto, Helen Jane Wetherall and Amanda Marie Robinson.

### **Subsequent events**

On 23 March 2020 the UK Government announced a national lockdown in response to the COVID-19 virus outbreak. Whilst this post balance sheet event does not impact the amounts reported in the financial statements for the period from 1 February 2019 to 31 December 2019, the Directors has considered the likely impact on the Company and, as explained in Note 3, have concluded that the Company remains a going concern.

### **Auditor**

The Directors have appointed BDO LLP (the "Auditor") as auditor of the Company.

Each of the persons who is a Director at the date of approval of the financial statements confirms that:

- (1) So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (2) The Director has taken all steps he ought to have taken as Director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### **Statement of Directors' responsibilities**

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 period. 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 Statement of Comprehensive Income of the Company for that year.

# **Tanglewood (Lincolnshire) Limited**

## **Directors' Report**

**For the period from 1 February 2019 to 31 December 2019**

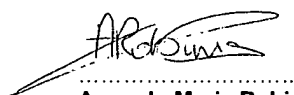
### **Statement of Directors' responsibilities (continued)**

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume 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 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.

This report was approved by the Board of Directors and signed on its behalf by:



**Amanda Marie Robinson**

Director

Date: 30 September 2020

# **Tanglewood (Lincolnshire) Limited**

## **Independent Auditors' Report**

### **For the period from 1 February 2019 to 31 December 2019**

#### **Opinion**

We have audited the financial statements of Tanglewood (Lincolnshire) Limited ("the Company") for the period ended 31 December 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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

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

#### **Other information**

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

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

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Directors' report for the financial period 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.

# **Tanglewood (Lincolnshire) Limited**

## **Independent Auditors' Report**

### **For the period from 1 February 2019 to 31 December 2019**

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's 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.

#### **Responsibilities of Directors**

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

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

#### **Auditor's responsibilities for the audit of the financial statements**

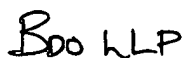
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

<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.

 BDO LLP

Geraint Jones (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

London

Date 30 September 2020

# Tanglewood (Lincolnshire) Limited

## Statement of Comprehensive Income

For the period from 1 February 2019 to 31 December 2019

	Note	1 Feb 2019 to 31 Dec 2019 Continuing operations £	1 Feb 2019 to 31 Dec 2019 Discontinued operations £	1 Feb 2019 to 31 Dec 2019 Total £	Year ended 31 Jan 2019 Continuing operations £	Year ended 31 Jan 2019 Discontinued operations £	Year ended 31 Jan 2019 Total £
Income	6	46,085	9,143,336	9,189,421	-	11,737,902	11,737,902
Cost of sales		-	(4,537,285)	(4,537,285)	-	(6,048,633)	(6,048,633)
<b>Gross profit</b>		<b>46,085</b>	<b>4,606,051</b>	<b>4,652,136</b>	<b>-</b>	<b>5,689,269</b>	<b>5,689,269</b>
<b>Expenses</b>							
Administrative and other expenses		-	(3,756,055)	(3,756,055)	-	(4,218,351)	(4,218,351)
<b>Operating profit/(loss) before changes in fair value</b>		<b>-</b>	<b>(3,756,055)</b>	<b>(3,756,055)</b>	<b>-</b>	<b>1,470,918</b>	<b>1,470,918</b>
Changes in fair value of investment property	9	(2,070,000)	-	(2,070,000)	-	-	-
Loss on disposal of operations		(1,331,017)	-	(1,331,017)	-	-	-
<b>Operating profit/(loss)</b>		<b>(3,354,932)</b>	<b>849,996</b>	<b>(2,504,936)</b>	<b>-</b>	<b>1,470,918</b>	<b>1,470,918</b>
Finance costs	7	-	-	-	-	(232,053)	(232,053)
<b>Profit/(loss) for the period/year before tax</b>		<b>(3,354,932)</b>	<b>849,996</b>	<b>(2,504,936)</b>	<b>-</b>	<b>1,238,865</b>	<b>1,238,865</b>
Taxation credit/(charge)	8	1,592,767	-	1,592,767	-	(324,945)	(324,945)
<b>Profit/(loss) for the period/year</b>		<b>(1,762,165)</b>	<b>849,996</b>	<b>(912,169)</b>	<b>-</b>	<b>913,920</b>	<b>913,920</b>
<b>Other comprehensive income for the period/year</b>							
Unrealised surplus on revaluation on property, plant and equipment	10	12,475,141	-	12,475,141	-	-	-
<b>Total comprehensive income for the period/year</b>		<b>10,712,976</b>	<b>849,996</b>	<b>11,562,972</b>	<b>-</b>	<b>913,920</b>	<b>913,920</b>

The accompanying notes on pages 10 to 18 form part of the financial statements.

# Tanglewood (Lincolnshire) Limited

Company Number: 02293803

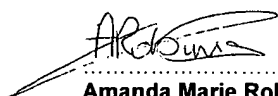
## Statement of Financial Position

As at 31 December 2019

	Note	As at 31 Dec 2019 £	As at 31 Jan 2019 £
<b>Assets</b>			
<b>Non-current assets</b>			
Investment property	9	7,800,000	-
Property, plant & equipment	10	-	32,989,161
<b>Total non-current assets</b>		<b>7,800,000</b>	<b>32,989,161</b>
<b>Current assets</b>			
Stocks	11	-	47,135
Trade and other receivables	12	26,121,307	3,441,963
Cash and cash equivalent		-	2,043,507
<b>Total current assets</b>		<b>26,121,307</b>	<b>5,532,605</b>
<b>Total assets</b>		<b>33,921,307</b>	<b>38,521,766</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Current tax liability	8	170,255	54,205
Trade and other payables	13	50,917	1,119,186
Bank borrowings	14	-	487,156
<b>Total current liabilities</b>		<b>221,172</b>	<b>1,660,547</b>
<b>Non-current liabilities</b>			
Trade and other payables	13	-	45,771
Bank borrowings	14	-	12,725,036
Deferred tax liability	8	128,086	2,081,335
<b>Total non-current liabilities</b>		<b>128,086</b>	<b>14,852,142</b>
<b>Total net assets</b>		<b>33,572,049</b>	<b>22,009,077</b>
<b>Equity</b>			
Share capital	16	455,010	455,010
Revaluation reserve	18	-	16,034,847
Capital redemption reserve	17	100	100
Retained earnings		33,116,939	5,519,120
<b>Total equity</b>		<b>33,572,049</b>	<b>22,009,077</b>

These financial statements have been prepared and delivered in accordance with FRS 102 'The Financial Reporting Standards applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on 30/09/2020 and are signed on behalf of the board by:



**Amanda Marie Robinson**  
Director

The accompanying notes on pages 10 to 18 form part of the financial statements.

# Tanglewood (Lincolnshire) Limited

## Statement of Changes in Equity

For the period from 1 February 2019 to 31 December 2019

	Share capital	Capital redemption reserve	Revaluation reserve	Retained earnings	Total equity
	£	£	£	£	£
<b>Balance as at 1 February 2018</b>	455,010	100	16,345,917	4,594,130	21,395,157
Total comprehensive income	-	-	-	913,920	913,920
Transfer of excess depreciation on revalued amounts	-	-	(311,070)	311,070	-
Dividends paid	-	-	-	(300,000)	(300,000)
<b>Balance as at 31 January 2019</b>	<b>455,010</b>	<b>100</b>	<b>16,034,847</b>	<b>5,519,120</b>	<b>22,009,077</b>
<b>Balance as at 1 February 2019</b>	455,010	100	16,034,847	5,519,120	22,009,077
<b>Comprehensive income for the period</b>					
<b>Loss for the period</b>	-	-	-	(912,169)	(912,169)
Surplus on revaluation of property, plant and equipment	-	-	12,475,141	-	12,475,141
<b>Other comprehensive income for the period</b>	-	-	12,475,141	-	12,475,141
<b>Total comprehensive income for the period</b>	-	-	12,475,141	(912,169)	11,562,972
Transfer of revaluation reserve to retained earnings	-	-	(28,509,988)	28,509,988	-
<b>Balance as at 31 December 2019</b>	<b>455,010</b>	<b>100</b>	<b>-</b>	<b>33,116,939</b>	<b>33,572,049</b>

The accompanying notes on pages 10 to 18 form part of the financial statements

# Tanglewood (Lincolnshire) Limited

## Notes to the Financial Statements

### 1. Corporate information

The financial statements of Tanglewood (Lincolnshire) Limited (the "Company") for the period ended 31 December 2019 were authorised for issue by the Board of Directors on ..... 2020.

The Company is a registered private company incorporated in the England and Wales with registration number 02293803. The address for the registered office is 8th Floor, 1 Fleet Place, London, England, EC4M 7RA. The Company's principal activity is to own, and rent out on a long lease, care homes with the view to delivering rental income and achieving long term capital growth.

These financial statements are contained within the group consolidated financial statements of Tanglewood Care Homes Limited. The group consolidated financial statements may be obtained from the Company Secretary at 3rd Floor, Liberation House, Castle Street, St. Helier, Jersey, Channel Islands, JE1 2LH. The Company is a member of the EHP Partners LP group (the "Group") following acquisition on 4 December 2019. Consequently, the year end date has been changed to be coterminous with the Group.

These financial statements represent the separate financial statements of the Company.

### 2. Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements ("FRS 100") and Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and derivative financial instruments, which have been measured at fair value through the Statement of Comprehensive Income, and in accordance with the Companies Act 2006.

The financial statements are prepared on a going concern basis.

As permitted by FRS 102 Section 1.12, the Company has taken advantage of the disclosure exemptions available under the standard in relation to presentation of a statement of cash flow and the aggregate remuneration of key management personnel. Where required, equivalent disclosures are given in the consolidated accounts of Tanglewood Care Homes Limited. The consolidated accounts of Tanglewood Care Homes Limited are publicly available.

As the Company is a wholly owned subsidiary of a company whose consolidated accounts that include the results of the subsidiary and are publicly available, the Company has taken advantage of FRS 102 Section 33.1A exemption from disclosing transactions with group undertakings.

### 3. Statement of going concern

The main risk from Covid-19 for the Company is that the tenants of the properties do not pay their rent. Under the terms of the leases there is good visibility on the current trading of the tenant businesses and see increasing occupancy driven by new residents seeking a safer environment in which to be cared for and increased demand for beds from NHS / local authorities for patients that need to be discharged from hospitals to free up beds. With this increased occupancy the Company are seeing increasing profitability and the Company would therefore expect tenants to remain in a strong position to continue to pay their rent on time, as they have done to date.

The Directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation of the Company having adequate resources to continue in operational existence for the foreseeable future as they are currently in a net asset position and there is an expectation that finance will remain available to pay the current liabilities of £221,172 (31 January 2019: £1,660,547). The Directors have prepared the financial statements on a going concern basis.

### 4. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future years.

# **Tanglewood (Lincolnshire) Limited**

## **Notes to the Financial Statements**

### **4. Significant accounting judgements, estimates and assumptions (continued)**

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial information:

- Fair valuation of investment properties

The Company uses the valuation carried out by its Independent Valuer as the fair value of its property portfolio. The valuation is based upon assumptions including future rental income and appropriate capitalisation rate. The Independent Valuer makes reference to market evidence of transaction prices for similar properties.

The Company's properties have been independently valued by Knight Frank LLP (the "Independent Valuer") in accordance with definitions published by the Royal Institute of Chartered Surveyors' ("RICS") Valuation - Professional Standards, July 2017, Global and UK Editions (commonly known as the "Red Book").

- Revaluation of property, plant and equipment

The Directors adopt a policy of revaluing its property portfolio. The valuation is re-assessed annually and external valuers are used as management's experts on a periodic basis. The valuation techniques used to value these properties are based upon historical financial performance as well as management's projections and plan going forward. The valuation is also based upon the expected movement in the property market as well as the occupancy levels at each individual home. External market factors may impact future valuations.

### **5. Summary of significant accounting policies**

#### **• Investment property**

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially measured at cost, being the fair value of the consideration given, including expenditure that is directly attributable to the acquisition of the investment property. After initial recognition, investment property is stated at its fair value at the balance sheet date. Gains and losses arising from changes in the fair value of investment property are included in the period in which they arise in the consolidated statement of comprehensive income.

Subsequent expenditure is capitalised only when it is probable that future economic benefits are associated with the expenditure. Ongoing repairs and maintenance are expensed as incurred.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is incurred in profit or loss in the period in which the property is derecognised.

Significant accounting judgements, estimates and assumptions made in the valuation of investment properties are discussed in Note 4.

#### **• Property, plant and equipment**

Property, plant and equipment are stated at historical cost, as modified by the revaluation of freehold property, less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date, the Company assess whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Company adds to the carry amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of Comprehensive income during the period in which they are incurred.

# **Tanglewood (Lincolnshire) Limited**

## **Notes to the Financial Statements**

### **5. Summary of significant accounting policies (continued)**

- **Property, plant and equipment (continued)**

Depreciation is provided on the following basis:

- Freehold property – Over the useful economic life of 50 years
- Motor vehicles – 25% reducing balance
- Fixtures and fittings – 20% reducing balance

Depreciation is not charged on freehold land and assets in the course of construction.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

At each balance sheet date, the Directors review the carrying amount of its property, plant and equipment to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of the asset, the Directors estimate the recoverable amount of the cash generating unit to which the asset belongs.

Individual freehold and leasehold properties are carried at their fair value from the date of the last revaluation undertaken less any accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Statement of Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised within the Statement of Comprehensive Income for the financial year.

- **Rental income**

Rental income from investment property is recognised on a straight-line basis over the expected term of ongoing leases. Lease incentives and step rents with minimum or fixed uplifts are spread evenly over the expected lease term.

- **Currency**

The Company financial information is presented in Sterling (£) which is also the Company's functional currency and values are rounded to the nearest £ except where indicated otherwise.

- **Trade and other receivables**

Trade and other receivables are amounts due in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are initially recognised at fair value, and subsequently where necessary re-measured at amortised cost less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence the Company will not be able to collect all amounts due in accordance with the original terms of the receivables. Balances are written off to the Statement of Comprehensive Income when the probability of recovery is assessed as being remote.

- **Trade and other payables**

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

# Tanglewood (Lincolnshire) Limited

## Notes to the Financial Statements

### 5. Summary of significant accounting policies (continued)

- Leases - The Company as Lessor**

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company has determined that it retains all the significant risks and rewards of ownership of the properties and accounts for the contracts as operating leases.

- Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand.

- Taxation**

Taxation on the profit or loss for the period comprises of current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised as direct movement in equity, in which case it is recognised as a direct movement in equity. Current tax is expected tax payable on any taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax that is provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

- Bank borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Borrowing costs are amortised over the lifetime of the facilities through profit or loss.

### 6. Income

	Period ended 31 Dec 2019 £	Year ended 31 Jan 2019 £
Rental income from investment property	46,085	-
Other income (discontinued)	9,143,336	11,737,902
	<b>9,189,421</b>	<b>11,737,902</b>

Other income relates to income derived from the operations of social care homes. The Company transferred this business outside of the Company prior to 4 December 2019 when the parent company was acquired by EHP BottomCo II Limited and has been treated as discontinued operations in these financial statements.

### 7. Finance costs

	Period ended 31 Dec 2019 £	Year ended 31 Jan 2019 £
Bank loan interest expense	-	226,973
Hire purchase contracts	-	5,080
	<b>-</b>	<b>232,053</b>

# Tanglewood (Lincolnshire) Limited

## Notes to the Financial Statements

### 8. Taxation

	Period ended 31 Dec 2019 £	Year ended 31 Jan 2019 £
<b>Current tax charge</b>		
Corporation tax on profits for the period/year	170,255	243,038
Adjustments in respect of prior periods	-	(8,953)
Total current tax	170,255	234,085
<b>Deferred tax charge/(credit)</b>		
Origination and reversal of timing differences	(1,763,022)	84,808
Adjustments in respect of prior periods	-	6,052
Total deferred tax	(1,763,022)	90,860
<b>Total tax charge/(credit)</b>	<b>(1,592,767)</b>	<b>324,945</b>

The reasons for the difference between the actual tax charge for the year and the standard rate of income tax in the UK applied to profits for the year are as follows:

	Period ended 31 Dec 2019 £	Year ended 31 Jan 2019 £
Profit/(loss) for the year/period before tax	(2,504,936)	1,238,865
UK corporation tax at 19%	(475,938)	235,384
Effects of:		
Unrealised gain on valuation of investment property	(1,369,722)	-
Changes in fair value of financial instruments	252,893	-
Expenses not deductible for tax purposes	-	1,513
Fixed asset differences	-	100,926
Adjustment to tax charge in respect of prior periods – corporation tax	-	(8,953)
Adjustment to tax charge in respect of prior periods – deferred tax	-	6,052
Adjust opening/closing deferred tax to average rate of 19%	-	(9,977)
Total tax charge/(credit)	<b>(1,592,767)</b>	<b>324,945</b>

#### Deferred tax

	Period ended 31 Dec 2019 £	Year ended 31 Jan 2019 £
Deferred tax liability/(asset) brought forward	2,081,335	1,990,475
Origination and reversal of timing differences	(1,763,022)	-
Tax adjustment on disposal of operations	(190,277)	-
Accelerated capital allowances	-	90,860
Deferred tax liability/(asset) carried forward	128,086	2,081,335

# Tanglewood (Lincolnshire) Limited

## Notes to the Financial Statements

### 9. Investment property

	As at 31 Dec 2019 £	As at 31 Jan 2019 £
Opening balance	-	-
Acquisitions in the period/year	-	-
Transfer of properties from Property, Plant and Equipment (Note 10)	44,074,081	-
Properties transferred to related company	(34,204,081)	-
Changes in fair value during the period	(2,070,000)	-
Closing balance	<u>7,800,000</u>	<u>-</u>

The investment property has been independently valued at fair value by Knight Frank LLP, (the "Independent Valuer"), an accredited external valuer with recognised and relevant professional qualifications and recent experience of the location and category of the investment property being valued. The valuations are the ultimate responsibility of the Directors.

The assets of the Company are held as security for a loan held by a parent company.

The Independent Valuer valued the entire property portfolio at £7,800,000 as at 31 December 2019.

### 10. Property, plant and equipment

	As at 31 Dec 2019 £	As at 31 Jan 2019 £
Opening balance	32,989,161	30,839,147
Additions during the period/year	2,340,494	5,993,317
Disposals during the period/year	(2,993,190)	(80,900)
Depreciation	(737,525)	(3,762,403)
Changes in fair value during the period	12,475,141	-
Transfer of buildings to investment property (Note 9)	(44,074,081)	-
Closing balance	<u>-</u>	<u>32,989,161</u>

All property, plant and equipment were disposed of by the Company during the period apart from the properties, which have been reclassified to investment property (Note 9).

### 11. Stocks

	As at 31 Dec 2019 £	As at 31 Jan 2019 £
Finished goods	-	47,135
	<u>-</u>	<u>47,135</u>

### 12. Trade and other receivables

	As at 31 Dec 2019 £	As at 31 Jan 2019 £
Trade receivables	-	564,769
Amounts due from group undertakings	26,121,307	2,789,252
Prepayments and accrued income	-	86,942
Other receivables	-	1,000
	<u>26,121,307</u>	<u>3,441,963</u>

# Tanglewood (Lincolnshire) Limited

## Notes to the Financial Statements

### 13. Trade and other payables

#### Current

	As at 31 Dec 2019 £	As at 31 Jan 2019 £
Trade payables	-	395,893
Bank overdraft	-	265,562
Other taxation and social security	-	60,394
Obligations under hire purchase contracts	-	48,023
Accruals and deferred income	-	333,869
Other payables	50,917	15,445
	<u>50,917</u>	<u>1,119,186</u>

#### Non-current

	As at 31 Dec 2019 £	As at 31 Jan 2019 £
Net obligations under hire purchase contracts	-	45,771
	<u>-</u>	<u>45,771</u>

### 14. Bank borrowings

	As at 31 Dec 2019 £	As at 31 Jan 2019 £
Bank borrowings	-	13,212,192

#### Maturity of bank borrowings

	As at 31 Dec 2019 £	As at 31 Jan 2019 £
Repayable in less than 1 year	-	487,156
Repayable between 1 and 2 years	-	503,544
Repayable between 2 and 5 years	-	12,221,492
Repayable after 5 years	-	-
	<u>-</u>	<u>13,212,192</u>

### 15. Hire purchases

Minimum lease payments under hire purchase fall due as follows:

	As at 31 Dec 2019 £	As at 31 Jan 2019 £
Repayable in less than 1 year	-	48,023
Repayable between 1 and 2 years	-	35,449
Repayable between 2 and 5 years	-	10,322
Repayable after 5 years	-	-
	<u>-</u>	<u>93,794</u>

# Tanglewood (Lincolnshire) Limited

## Notes to the Financial Statements

### 16. Share capital

	As at 31 Dec 2019 £	As at 31 Dec 2018 £
Authorised		
455,010 Ordinary Shares of £1.00 each	455,010	455,010
Issued and fully paid:		
455,010 Ordinary Shares of £1.00 each	455,010	455,010

Share capital represents the nominal value of the capital subscribed for.

### 17. Capital redemption reserve

The capital redemption reserve represents shares purchased by the Company back from the shareholders.

### 18. Revaluation reserve

The revaluation reserve represents amounts revalued in relation to the freehold properties.

	As at 31 Dec 2019 £	As at 31 Jan 2019 £
Opening balance	16,034,847	16,345,917
Transfer of excess depreciation on revalued amounts	-	(311,070)
Transfer of revaluation reserve to retained earnings	(16,034,847)	-
Closing balance	-	16,034,847

The revaluation reserve was transferred to retained earnings as during the year, the freehold properties were derecognised as property, plant and equipment and recognised as investment property.

### 19. Operating leases - The Company as lessor

The future minimum lease receivable by the Company under operating leases as at 31 December 2019 are as follows:

As at 31 Dec 2019	< 1 year £	2-5 years £	> 5 years £	Total £
Rent receivable	625,663	2,624,983	7,483,080	10,733,726
 As at 31 Jan 2019	 < 1 year £	 2-5 years £	 > 5 years £	 Total £
Rent receivable	44,687	78,331	-	123,018

All of the Company's leases:

- Provide for fixed rents which are reviewed on an upward only annual basis. The rent reviews are directly linked to inflation or on a fixed basis;
- have long contractual terms, averaging 15 years to first break

## **Tanglewood (Lincolnshire) Limited**

### **Notes to the Financial Statements**

#### **20. Employees**

The average monthly number of employees, excluding the directors, during the period was as follows:

	<b>As at 31 Dec 2019 No.</b>	<b>As at 31 Jan 2019 No.</b>
Employees	325	440

The employee costs for the period was £4,167,782 (31 January 2019: £5,323,674).

The director's remuneration for the period was £nil (31 January 2019: £171,522).

#### **21. Post balance sheet events**

On 23 March 2020, the UK Government announced a national lockdown in response to the COVID-19 virus outbreak. Whilst this post balance sheet event does not impact the amounts reported in the financial statements for the period from 1 February 2019 to 31 December 2019, the Directors have considered the likely impact on the Company and, as explained in Note 3, have concluded that the Company remains a going concern.

#### **22. Contingencies and commitments**

There were no contingent liabilities as at 31 December 2019.

#### **23. Related party transactions**

The Company transferred three UK properties it held to a connected company, Tanglewood (Propco) Limited on 4 December 2019. Tanglewood (Propco) Limited is a company which is wholly owned by EHP BottomCo II Limited, a company which wholly owns Tanglewood Care Homes Limited.

#### **24. Ultimate controlling party**

The Company is wholly owned by its immediate parent Tanglewood Care Homes Limited, a company incorporated in England and Wales. There is no ultimate controlling party.