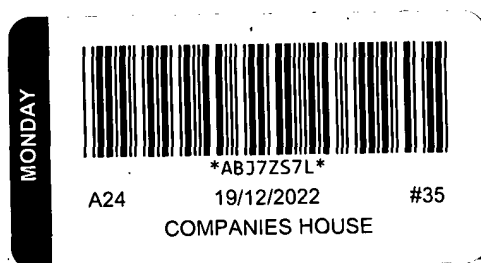


Verulam Health Care Limited

Annual Report and Financial Statements

For the year ended 31 March 2022



Company Registration No. 02927338 (England and Wales)

Verulam Health Care Limited

Company Information

Directors	D P Tominey B Tominey
Secretary	P McCarthy
Company number	02927338
Registered office	Verulam House Verulam Road St Albans Hertfordshire AL3 4DH
Auditors	Moore Kingston Smith LLP 4 Victoria Square St Albans Hertfordshire AL1 3TF
Business address	Verulam House Verulam Road St Albans Hertfordshire AL3 4DH

Verulam Health Care Limited

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Verulam Health Care Limited

Strategic Report

For the year ended 31 March 2022

The directors present the strategic report for the year ended 31 March 2022.

Fair review of the business

The results for the year and the financial position as at 31 March 2022 were considered good by the directors. The company's turnover remained constant during the year with gross and net margins remaining largely consistent as shown on page 9.

The post-tax profit, excluding deferred tax relating to the property, as disclosed in the financial statements is £300,725 (2021: £257,220). The key variances are an increase in staffing costs due to using agency staff to cover temporary shortages created by the on-going covid-19 pandemic and offset by a large R&D claim.

Principal risks and uncertainties

Covid-19 continues to be a significant risk to the Company although Enhanced Infection Control measures and booster vaccinations for Staff and Residents helps to mitigate that risk. Staff shortages are a continuing problem made worse by COVID.

Staff testing positive must isolate until negative and must be replaced by staff at overtime rates or by Agency Staff which is even more costly. Two or more positive cases of COVID are considered an outbreak by Public Health England and this results in the Home testing all staff and residents which is labour intensive. There are therefore consequential increased costs of both testing and PPE. One method undertaken to mitigate the staffing risk is to reintroduce The Home Office Sponsorship Scheme.

Inflation is a significant risk to the Business. The cost of supplies across the board have increased which adversely affects the Home. The rise in both energy prices and interest rates at the same time seriously challenges the Business. The Government's Energy Bill Relief Scheme limits the cost per kWh until March 2023 so there is some certainty over the quantum of cost increases. The Company is currently reviewing our suppliers and costs, making savings wherever possible.

Residents' fees have had to rise to meet the overall costs as outlined above. The Company has invested in an Electronic Care Planning System which is now live. The system replaces the paper-based system and includes a major upgrade to our Wi-Fi. The recording of Residents' Care will now be improved as The Electronic system prompts Carers and Nurses to record all events and care thereby reducing the element of human error. The Directors have continued to invest with a comprehensive maintenance programme including external redecoration and two new energy efficient Main Boilers. There have been significant improvements to Fire Safety in the Kitchen area. The Directors are fully engaged in protecting The Care Home from future uncertainties and are using new technologies to improve the lives of both Residents and Staff.

Key performance indicators

The main key performance indicators are:

	2022	2021
Turnover	£3,008,021	£2,857,950
Average occupancy	40	37

The directors are actively monitoring income through regular management information to ensure that they are able to effectively manage the position.

For the 2022/23 year average occupancy rates have recovered to approximately 42.

Verulam Health Care Limited

Strategic Report (Continued)

For the year ended 31 March 2022

Treasury Operation and Financial Instructions

The company operates a treasury function which is responsible for managing the liquidity and inherent risks associated with the company's activities. The company's principal financial instruments include bank loans, the main purpose of which is to raise finance for the company's operations. In addition, the company has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from operations.

Liquidity Risks

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Interest Rate Risk

The company manages debt so as to reduce its exposure to changes in interest rates

Credit Risk

Investments of cash surpluses and borrowings are made through banks and companies which fulfil credit rating criteria approved by the board.

Competitive Pressures

This is a continuing risk to the company. The company manages this risk by continuing to provide excellent standards of nursing and personal care to its residents.

On behalf of the board



D P Tominey

Director 2.11.22

Verulam Health Care Limited

Directors' Report

For the year ended 31 March 2022

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

Principal activities

The principal activity of the company continued to be that of the provision of nursing care.

Results and dividends

The results for the year are set out on page 9.

Dividends totalling £nil (2021: £290,000) will be distributed for the year ended 31 March 2022.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

D P Tominey

B Tominey

Mr P Jackson

(Resigned 13 April 2021)

Mrs P Jackson

(Resigned 26 April 2021)

Future developments

The directors intend to continue to improve the facilities that it offers its residents by providing three assisted care units in the grounds of the home.

Auditor

In accordance with the company's articles, a resolution proposing that Moore Kingston Smith LLP be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



.....
D P Tominey

Director

Date: 2.11.22

Verulam Health Care Limited

Directors' Responsibilities Statement

For the year ended 31 March 2022

The directors are responsible for preparing the annual 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 and then apply them consistently;
- make judgements and accounting 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;
- 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 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.

Verulam Health Care Limited

Independent Auditor's Report

To the Members of Verulam Health Care Limited

Opinion

We have audited the financial statements of Verulam Health Care Limited (the 'company') for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *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

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

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

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

Other information

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

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

We have nothing to report in this regard.

Verulam Health Care Limited

Independent Auditor's Report (Continued)

To the Members of Verulam Health Care Limited

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, 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.

Verulam Health Care Limited

Independent Auditor's Report (Continued)

To the Members of Verulam Health Care Limited

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.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Verulam Health Care Limited

Independent Auditor's Report (Continued)

To the Members of Verulam Health Care Limited

Explanation as to what extent the audit was considered 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.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

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

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.



Silvia Vitiello (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

Date: 2.11.22

Chartered Accountants
Statutory Auditor

4 Victoria Square
St Albans
Hertfordshire
AL1 3TF

Verulam Health Care Limited

Statement of Comprehensive Income

For the year ended 31 March 2022

	Notes	2022 £	2021 £
Turnover	3	3,008,021	2,857,950
Cost of sales		(106,191)	(109,545)
Gross profit		2,901,830	2,748,405
Administrative expenses		(2,735,544)	(2,660,358)
Other operating income		164,796	320,844
Operating profit		331,082	408,891
Interest receivable and similar income	6	-	33
Interest payable and similar expenses	7	(87,195)	(89,218)
Gain on sale of investment property		-	24,856
Profit before taxation		243,887	344,562
Taxation	8	(114,933)	(87,342)
Profit for the financial year		128,954	257,220

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations.

Verulam Health Care Limited

Balance Sheet

As at 31 March 2022

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Tangible assets	10		6,991,100		7,063,367
Current assets					
Stock	11	10,500		6,500	
Debtors	12	476,884		347,801	
Cash at bank and in hand		320,631		406,620	
		808,015		760,921	
Creditors: amounts falling due within one year	13	(489,546)		(555,682)	
Net current assets			318,469		205,239
Total assets less current liabilities			7,309,569		7,268,606
Creditors: amounts falling due after more than one year	14		(3,271,478)		(3,523,995)
Provisions for liabilities					
Deferred tax liability	19	(712,430)		(547,904)	
			(712,430)		(547,904)
Net assets			3,325,661		3,196,707
Capital and reserves					
Called up share capital	18		500,000		500,000
Revaluation reserve	20		2,028,757		2,200,528
Capital redemption reserve			100		100
Profit and loss reserves			796,804		496,079
Total equity			3,325,661		3,196,707

The financial statements were approved by the board of directors and authorised for issue on 2/11/22 and are signed on its behalf by:


D P Tominey
Director

Company Registration No. 02927338

Verulam Health Care Limited

Statement of Changes in Equity

For the year ended 31 March 2022

	Notes	Share capital £	Revaluation reserve £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 April 2020		500,000	2,200,528	100	528,859	3,229,487
Year ended 31 March 2021:						
Profit and total comprehensive income for the year		-	-	-	257,220	257,220
Dividends	9	-	-	-	(290,000)	(290,000)
Balance at 31 March 2021		500,000	2,200,528	100	496,079	3,196,707
Year ended 31 March 2022:						
Profit and total comprehensive income for the year		-	(171,771)	-	300,725	128,954
Balance at 31 March 2022		500,000	2,028,757	100	796,804	3,325,661

Verulam Health Care Limited

Statement of Cash Flows

For the year ended 31 March 2022

	Notes	2022		2021	
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	24	340,763		255,597	
Interest paid		(87,195)		(89,218)	
Income taxes paid		(83,086)		(86,445)	
Net cash inflow from operating activities		170,482		79,934	
Investing activities					
Purchase of tangible fixed assets		-		(298)	
Proceeds on disposal of investment property		24,856		304,500	
Proceeds from other investments and loans		(22,369)		24,060	
Interest received		-		33	
Net cash generated from investing activities		2,487		328,295	
Financing activities					
Repayment of bank loans		(258,958)		207,471	
Dividends paid		-		(290,000)	
Net cash used in financing activities		(258,958)		(82,529)	
Net (decrease)/increase in cash and cash equivalents		(85,989)		325,700	
Cash and cash equivalents at beginning of year		406,620		80,920	
Cash and cash equivalents at end of year		320,631		406,620	

Verulam Health Care Limited

Notes to the Financial Statements

For the year ended 31 March 2022

1 Accounting policies

Company information

Verulam Health Care Limited is a private company limited by shares incorporated in England and Wales. The registered office is Verulam House, Verulam Road, St Albans, Hertfordshire, AL3 4DH.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the Balance Sheet date, the company had net assets of £3,325,661 and a cash balance of £320,631. The directors have considered the ongoing impact of the Coronavirus pandemic and measures taken in the UK to contain it. As described in the Strategic Report, the company was impacted by falling resident numbers at the beginning of the pandemic but has taken measures to mitigate the impact and as such have recovered to pre-pandemic levels. The company has strong cash and reserves position at the time of approval of these financial statements. Having made enquiries and formulated forecasts, the directors concluded that there is a reasonable expectation that the company has adequate resources to continue in operational existence for at least 12 months from the date of the audit report of these financial statements. The company therefore continues to adopt the going concern basis in preparing its financial statements.

1.3 Turnover

Turnover represents amounts receivable for care services and non-refundable deposits. Services are exempt from VAT.

During the year the company received grants under the Coronavirus Job Retention Scheme. Grants are recognised in Other Income in the same period as the related costs.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings freehold	Annual impairment review
Additional property costs	2% straight line
Plant and machinery	15% straight line
Fixtures, fittings & equipment	15% straight line
Motor vehicles	20% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Verulam Health Care Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

1 Accounting policies

(Continued)

1.5 Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the 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 an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stock

Stocks are valued at the lower of cost and net realisable value.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Verulam Health Care Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Verulam Health Care Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Verulam Health Care Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable. The assets of the pension scheme are administered separately.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Verulam Health Care Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

1 Accounting policies

(Continued)

1.15 Employee benefit trust

The company had previously established a trust for the benefit of employees. An entitlement to part of the value of the asset held in this trust has been sold at market value by the trustees to the company. The liability arising on the purchase of this asset will be paid by instalments. Both the asset and the related liability are recognised in the financial statements in accordance with the agreement.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2022 £	2021 £
Turnover analysed by class of business		
Care Home Fees	3,008,021	2,857,950
	<u> </u>	<u> </u>
	2022 £	2021 £
Other significant revenue		
Interest income	-	33
Government grants	164,796	320,844
	<u> </u>	<u> </u>
Turnover analysed by geographical market		
UK	3,008,021	2,857,950
	<u> </u>	<u> </u>

Verulam Health Care Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

4 Employees

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

	2022 Number	2021 Number
Directors	2	4
Administration and healthcare	95	95
Total	97	99

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	1,970,476	1,932,216
Social security costs	165,158	166,326
Pension costs	51,738	50,623
	2,187,372	2,149,165

5 Directors' remuneration

	2022 £	2021 £
Benefits in kind	10,496	20,312

The directors are the key management personnel of the business, their total remuneration for the year was £61,454 (2021: £70,251).

6 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	-	33

7 Interest payable and similar expenses

	2022 £	2021 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	87,195	89,218

Verulam Health Care Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

8 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	(49,593)	85,406
Deferred tax		
Origination and reversal of timing differences	164,526	1,936
Total tax charge	114,933	87,342

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	243,887	344,562
<i>Expected tax charge based on a corporation tax rate of 19.00.00% (2021 - 19.00.00%)</i>	46,339	65,467
Tax effect of expenses that are not deductible in determining taxable profit	778	3,794
Depreciation on assets not qualifying for tax allowances	13,731	13,336
Research and development tax credit	(102,521)	-
Under/(over) provided in the year	488	2,809
Deferred tax charge/(credit)	164,526	1,936
Reversal of provisions	(8,408)	-
Tax charge for the year	114,933	87,342

9 Dividends

	2022 £	2021 £
Interim paid	-	290,000

Verulam Health Care Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

10 Tangible fixed assets

	Land and buildings freehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 April 2021 and 31 March 2022	7,200,000	266,792	561,965	11,558	8,040,315
Depreciation and impairment					
At 1 April 2021	180,000	226,188	559,802	10,958	976,948
Depreciation charged in the year	60,000	11,101	966	200	72,267
At 31 March 2022	240,000	237,289	560,768	11,158	1,049,215
Carrying amount					
At 31 March 2022	6,960,000	29,503	1,197	400	6,991,100
At 31 March 2021	7,020,000	40,604	2,163	600	7,063,367

11 Stock

	2022 £	2021 £
Consumables	10,500	6,500

12 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	93,409	50,763
Corporation tax recoverable	102,501	-
Other debtors	264,161	280,098
Prepayments and accrued income	16,813	16,940
	476,884	347,801

Trade debtors disclosed above are measured at amortised cost.

Included within Other debtors is an amount of £263,019 (2021: £263,019) falling due after more than one year. The amount is due from Dunleary Properties Limited, a company registered in Spain of which the estate of the late P S Jackson and D P Tominey are the controlling parties.

Verulam Health Care Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

13 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Bank loans	15	40,255	46,696
Trade creditors		57,818	43,244
Corporation tax		52,419	82,597
Other taxation and social security		29,299	33,512
Other creditors		106,616	177,418
Accruals and deferred income		203,139	172,215
		<u>489,546</u>	<u>555,682</u>

14 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Bank loans and overdrafts	15	<u>3,271,478</u>	<u>3,523,995</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	-	(45,833)
	<u>-</u>	<u>(45,833)</u>

15 Loans and overdrafts

	2022 £	2021 £
Bank loans	<u>3,311,733</u>	<u>3,570,691</u>
Payable within one year	40,255	46,696
Payable after one year	<u>3,271,478</u>	<u>3,523,995</u>

Verulam Health Care Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

15 Loans and overdrafts

(Continued)

The bank loan facility is secured by way of a fixed and floating charge over the company's property and assets.

Bank loans have the following terms and rates of interest:

£3,150,000 loan: facility is repayable in full on the maturity date and interest is charged at 2.25% over LIBOR.

£300,000 loan: facility is repayable over 5 years from the date of the first drawdown and interest is charged at 2.25% over LIBOR. Of this, £112,500 is outstanding at the balance sheet date and has since been repaid in full.

£250,000 loan: facility is repayable over 6 years from the date of the first drawdown and interest is charged at 2% over Bank of England base rate. Of this, £50,000 is outstanding at the balance sheet date and has since been repaid in full.

16 Provisions for liabilities

		2022 £	2021 £
Deferred tax liabilities	19	712,430	547,904
		<u>712,430</u>	<u>547,904</u>

17 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	51,738	50,623
	<u>51,738</u>	<u>50,623</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Included in other creditors are amounts payable to the defined benefit contribution scheme of £19,384 (2021: £63,413).

18 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital				
Issued and fully paid				
'A' Ordinary shares of 25p each	1,000,000	1,000,000	250,000	250,000
'B' Ordinary shares of 25p each	1,000,000	1,000,000	250,000	250,000
	<u>2,000,000</u>	<u>2,000,000</u>	<u>500,000</u>	<u>500,000</u>

Verulam Health Care Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2022 £	Liabilities 2021 £
Balances:		
Accelerated capital allowances	7,123	10,111
Revaluations	710,153	549,994
Provisions	(4,846)	(12,201)
	<u>712,430</u>	<u>547,904</u>

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so.

20 Revaluation reserve

	2022 £	2021 £
At the beginning of the year	2,200,528	2,200,528
Deferred tax adjustment as a result of change in rate	(171,771)	-
At the end of the year	<u>2,028,757</u>	<u>2,200,528</u>

21 Financial commitments, guarantees and contingent liabilities

During the year a Research & Development claim was made in respect of the years ended 31st March 2020 and 2021 resulting in a corporation tax refund of £102,501 which has been recognised in the year. Whilst no review has been initiated by HMRC since the processing of the claim, the specifics are open to consideration in line within the usual statutory time limits.

22 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2021 £
Within one year	1,230	1,230
Between two and five years	2,826	3,479
In over five years	-	217
	<u>4,056</u>	<u>4,926</u>

Verulam Health Care Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

23 Related party transactions

At the balance sheet date, amounts of £nil (2021: £2,487) was due from the Directors of the company. This amount is interest free and repayable upon demand.

24 Cash generated from operations

	2022 £	2021 £
Profit for the year after tax	128,954	257,220
Adjustments for:		
Taxation charged	114,933	87,342
Finance costs	87,195	89,218
Investment income	-	(33)
Depreciation and impairment of tangible fixed assets	72,267	72,305
Gain on sale of investments	-	(24,856)
Movements in working capital:		
Increase in stock	(4,000)	-
Increase in debtors	(29,069)	(24,020)
Decrease in creditors	(29,517)	(201,579)
Cash generated from operations	340,763	255,597

25 Analysis of changes in net debt

	1 April 2021 £	Cash flows £	31 March 2022 £
Cash at bank and in hand	406,620	(85,989)	320,631
Borrowings excluding overdrafts	(3,570,691)	258,958	(3,311,733)
	<u>(3,164,071)</u>	<u>172,969</u>	<u>(2,991,102)</u>