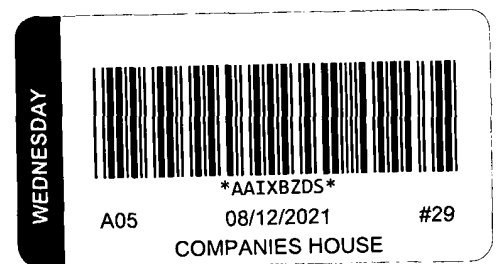


Verulam Health Care Limited

Annual Report and Financial Statements

For the year ended 31 March 2021



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 2021

The directors present the strategic report for the year ended 31 March 2021.

Fair review of the business

The results for the year and the financial position as at 31 March 2021 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 8.

During the year the company acquired a flat from a resident in lieu of fees. There were significant one off legal and stamp duty costs in relation to this acquisition as well as repair costs to be able to market the property. The sale of the lease of the flat by the company was eventually completed successfully in November 2020.

The pre-tax profit as disclosed in the financial statements is £344,562. This includes a number of one off costs. The directors believe the normalised profit for the business could be approximately £700,000.

The balance sheet on page 9 shows that the company has a very positive financial base for the future.

Principal risks and uncertainties

The main significant risk for the company is in relation to Covid-19. The directors took the decision to lock down the Home before the official UK Government announcements in late March 2020. The Directors enhanced Infection Control Measures with extra training and precautions and stopped all visitors, except for end of life reasons.

To further mitigate the risk to the Home regular testing of staff and residents was implemented once this became available. On the 5 and 6 of January 2021 the staff and residents received their first vaccination. The company has also taken advantage of the Government furlough scheme and the various government grants available as the pandemic progressed in 2020 and into 2021.

A major problem for the Home for several months after the beginning of the pandemic was the acquisition of PPE (personal protection equipment). The normal suppliers were unable to provide PPE as their supplies were being diverted to the NHS. The situation caused considerable problems in obtaining supplies from alternative sources and was accompanied by greatly increased costs. However despite these problems, and help by the induction of enhanced infection control measures, Verulam House residents and staff were only impacted to a very limited extent by COVID-19 infections. The main impact of COVID-19 has been the reduction in occupancy of the home. Hospitals discharged patients untested to care homes resulting in the deaths of many residents. Although this did not happen at Verulam House the effect was that due to this bad publicity, admissions of residents to the Home from the community ceased. This negative effect on occupancy was enhanced by the fact that if a resident was admitted to the home during the pandemic relatives were unable to visit them. As residents and staff have received their second vaccinations the expectation is that the occupancy will return to normal levels.

Key performance indicators

The main key performance indicators are:

	2021	2020
Turnover	£2,857,950	£3,124,984
Average occupancy	37.12	40.83

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

For the 2022 year average occupancy rates have recovered to approximately 40.

Verulam Health Care Limited

Strategic Report (Continued)

For the year ended 31 March 2021

Treasury Operation and Financial Instructions

The company operates a treasury 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. The company renegotiated the loan terms after the year end and received a government backed CBILS loan. 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.

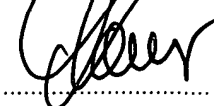
Competitive Pressures

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. During the year, the company increased its ability to deliver a Highly Professional Service with its team of Registered Nurses and Carers by continued and focussed training with both internal and external training covering a wide range of subjects including safeguarding. Such training was in addition to Mandatory Training.

Impact of Covid-19

Covid-19 has had a devastating impact on social care and in particular on the care home sector during 2020 and 2021. The directors are delighted that the company has achieved financial results largely consistent with those of the previous year 2019 to 2020. This is considered a remarkable achievement given the challenges faced. The results are a testament to the dedication and hard work of the whole team at the company who have worked so hard on the front line of care for the residents. However the directors are full aware that Covid-19 is by no means over and will remain diligent in 2021. Enhanced infection control methods remain firmly in place and the signs that occupancy is getting back to pre Covid-19 levels.

On behalf of the board



.....
D P Tominey

Director

31/12/21.....

Verulam Health Care Limited

Directors' Report

For the year ended 31 March 2021

The directors present their annual report and financial statements for the year ended 31 March 2021.

Principal activities

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

Directors

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

P S Jackson	(Deceased 13 April 2021)
D P Tominey	
P M Jackson	(Deceased 26 April 2021)
B Tominey	

Results and dividends

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

Dividends totalling £290,000 (2020: £110,000) will be distributed for the year ended 31 March 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: 3/12/21

Verulam Health Care Limited

Directors' Responsibilities Statement

For the year ended 31 March 2021

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;
- 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 2021 set out on pages 9 to 25. 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 2021 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 directors are responsible for the other information. The other information comprises the information included in the annual 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.

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 set out on page 4, 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.

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.

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

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.

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

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 for no purpose other than to draw to the attention of the company's members those matters we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and the company's members as a body, for our 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

03/12/2021
.....

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 2021

		2021 £	2020 £
	Notes		
Turnover	3	2,857,950	3,124,984
Cost of sales		(109,545)	(108,624)
Gross profit		<u>2,748,405</u>	<u>3,016,360</u>
Administrative expenses		(2,660,358)	(2,547,715)
Other operating income		320,844	-
Operating profit		<u>408,891</u>	<u>468,645</u>
Interest receivable and similar income	6	33	222
Interest payable and similar expenses	7	(89,218)	(113,488)
Gain on sale of investment property		24,856	-
Profit before taxation		<u>344,562</u>	<u>355,379</u>
Taxation	8	(87,342)	(81,195)
Profit for the financial year		<u><u>257,220</u></u>	<u><u>274,184</u></u>

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 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	10	7,063,367		7,135,374	
Investment properties	11	-		304,500	
		<u>7,063,367</u>		<u>7,439,874</u>	
Current assets					
Stock	13	6,500		6,500	
Debtors	14	347,801		322,985	
Cash at bank and in hand		406,620		80,920	
		<u>760,921</u>		<u>410,405</u>	
Creditors: amounts falling due within one year	15	(555,682)		(754,133)	
Net current assets/(liabilities)		<u>205,239</u>		<u>(343,728)</u>	
Total assets less current liabilities		<u>7,268,606</u>		<u>7,096,146</u>	
Creditors: amounts falling due after more than one year	16	(3,523,995)		(3,320,691)	
Provisions for liabilities	18	(547,904)		(545,968)	
Net assets		<u><u>3,196,707</u></u>		<u><u>3,229,487</u></u>	
Capital and reserves					
Called up share capital	20	500,000		500,000	
Revaluation reserve		2,200,528		2,200,528	
Capital redemption reserve		100		100	
Profit and loss reserves		496,079		528,859	
Total equity		<u><u>3,196,707</u></u>		<u><u>3,229,487</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 3/12/21 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 2021

		Share capital	Revaluation reserve	Capital redemption reserve	Profit and loss reserves	Total
	Notes	£	£	£	£	£
Balance at 1 April 2019		500,000	2,200,528	100	364,675	3,065,303
Year ended 31 March 2020:						
Profit and total comprehensive income for the year		-	-	-	274,184	274,184
Dividends	9	-	-	-	(110,000)	(110,000)
Balance at 31 March 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

Verulam Health Care Limited

Statement of Cash Flows

For the year ended 31 March 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	24	255,597		705,641	
Interest paid		(89,218)		(113,488)	
Income taxes paid		(86,445)		(91,571)	
Net cash inflow from operating activities		79,934		500,582	
Investing activities					
Purchase of tangible fixed assets		(298)		(1,095)	
Purchase of investment property		-		(304,500)	
Proceeds on disposal of investment property		329,356		-	
Proceeds from other investments and loans		(796)		(1,691)	
Interest received		33		222	
Net cash generated from/(used in) investing activities		328,295		(307,064)	
Financing activities					
Repayment of bank loans		207,471		(42,529)	
Dividends paid		(290,000)		(110,000)	
Net cash used in financing activities		(82,529)		(152,529)	
Net increase in cash and cash equivalents		325,700		40,989	
Cash and cash equivalents at beginning of year		80,920		39,931	
Cash and cash equivalents at end of year		406,620		80,920	

Verulam Health Care Limited

Notes to the Financial Statements

For the year ended 31 March 2021

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 pound.

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 £3,196,707 and cash balance of £406,620 as a result of sale of investment property for proceeds of £340,000. 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 such as the use of relevant Government support schemes 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 and expects resident numbers to return to normal levels in due course. 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

Verulam Health Care Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

1 Accounting policies

(Continued)

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.

1.5 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

1.6 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.

1.7 Stock

Stock 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.

1.8 Cash and cash equivalents

Cash at bank and in hand 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.

Verulam Health Care Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

1 Accounting policies

(Continued)

1.9 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.

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.

Verulam Health Care Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

1 Accounting policies

(Continued)

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.

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.

1.10 Equity instruments

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

Verulam Health Care Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

1 Accounting policies

(Continued)

1.11 Taxation

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

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.

1.12 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.

1.13 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.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income 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 lease asset are consumed.

Verulam Health Care Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

1 Accounting policies

(Continued)

1.15 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.

1.16 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:

	2021 £	2020 £
Turnover analysed by class of business		
Care Home Fees	2,857,950	3,124,984
	<u> </u>	<u> </u>
	2021 £	2020 £
Other significant revenue		
Interest income	33	222
	<u> </u>	<u> </u>
Turnover analysed by geographical market		
UK	2,857,950	3,124,984
	<u> </u>	<u> </u>

Verulam Health Care Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

4 Employees

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

	2021 Number	2020 Number
Directors	4	4
Administration and healthcare	95	108
	<u>99</u>	<u>112</u>

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	1,932,216	1,794,599
Social security costs	166,326	143,705
Pension costs	50,623	44,401
	<u>2,149,165</u>	<u>1,982,705</u>

5 Directors' remuneration

	2021 £	2020 £
Benefits in kind	<u>20,312</u>	<u>21,479</u>

The directors are the key management personnel of the business, their total remuneration for the year was £70,251 (2020: £70,439).

6 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	<u>33</u>	<u>222</u>

7 Interest payable and similar expenses

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	<u>89,218</u>	<u>113,488</u>

Verulam Health Care Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

8 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	85,406	86,444
Deferred tax		
Origination and reversal of timing differences	1,936	(5,249)
Total tax charge	87,342	81,195

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:

	2021 £	2020 £
Profit before taxation	344,562	355,379
<i>Expected tax charge based on a corporation tax rate of 19.00.00% (2020 - 19.00.00%)</i>	65,467	67,522
Tax effect of expenses that are not deductible in determining taxable profit	3,794	-
Depreciation on assets not qualifying for tax allowances	13,336	6,150
Other permanent differences	-	2,274
Under/(over) provided in the year	2,809	-
Deferred tax charge/(credit)	1,936	5,249
Tax charge for the year	87,342	81,195

9 Dividends

	2021 £	2020 £
Interim paid	290,000	110,000

Verulam Health Care Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

10 Tangible fixed assets

	Land and buildings freehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 April 2020	7,200,000	266,792	561,667	11,558	8,040,017
Additions	-	-	298	-	298
At 31 March 2021	7,200,000	266,792	561,965	11,558	8,040,315
Depreciation and impairment					
At 1 April 2020	120,000	215,087	558,798	10,758	904,643
Depreciation charged in the year	60,000	11,101	1,004	200	72,305
At 31 March 2021	180,000	226,188	559,802	10,958	976,948
Carrying amount					
At 31 March 2021	7,020,000	40,604	2,163	600	7,063,367
At 31 March 2020	7,080,000	51,705	2,869	800	7,135,374

11 Investment property

	2021 £
Fair value	
At 1 April 2020	304,500
Disposals	(304,500)
At 31 March 2021	-

Investment property comprises a flat that was acquired by the company in lieu of nursing fees. The property was sold in November 2020 for £340,000.

12 Financial instruments

	2021 £	2020 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	330,861	311,877
Carrying amount of financial liabilities		
Measured at amortised cost	3,963,568	3,958,828

Verulam Health Care Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

13 Stock

	2021 £	2020 £
Finished goods	6,500	6,500

14 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	50,763	46,525
Other debtors	280,098	265,352
Prepayments and accrued income	16,940	11,108
	<u>347,801</u>	<u>322,985</u>

Trade debtors disclosed above are measured at amortised cost.

Included within Other debtors is an amount of £263,019 (2020: £263,019) falling due after more than one year. The amount is due from Dunleary Properties Limited, a company registered in Spain of which P S Jackson and D P Tominey are the controlling parties.

15 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Bank loans and overdrafts	17	46,696	42,529
Trade creditors		43,244	53,880
Corporation tax		82,597	83,636
Other taxation and social security		33,512	32,360
Other creditors		177,418	363,256
Accruals and deferred income		172,215	178,472
		<u>555,682</u>	<u>754,133</u>

16 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Bank loans and overdrafts	17	<u>3,523,995</u>	<u>3,320,691</u>

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

Payable by instalments	<u>(45,833)</u>	<u>(3,202,500)</u>
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Verulam Health Care Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

17 Loans and overdrafts

	2021 £	2020 £
Bank loans	3,570,691	3,363,220
Payable within one year	46,696	42,529
Payable after one year	3,523,995	3,320,691

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

£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.

18 Provisions for liabilities

		2021 £	2020 £
Deferred tax liabilities	21	547,904	545,968
		547,904	545,968

19 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	50,623	44,401

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 £63,413 (2020: £62,794).

Verulam Health Care Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

20 Share capital

	2021 £	2020 £
Ordinary share capital		
Issued and fully paid		
1,000,000 'A' Ordinary shares of 25p each	250,000	250,000
1,000,000 'B' Ordinary shares of 25p each	250,000	250,000
	<u>500,000</u>	<u>500,000</u>

21 Deferred taxation

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

	Liabilities 2021 £	Liabilities 2020 £
Balances:		
Accelerated capital allowances	10,111	7,948
Revaluations	549,994	549,994
Provisions	(12,201)	(11,974)
	<u>547,904</u>	<u>545,968</u>

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

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:

	2021 £	2020 £
Within one year	1,230	1,230
Between two and five years	3,479	3,479
In over five years	217	1,087
	<u>4,926</u>	<u>5,796</u>

23 Related party transactions

At the balance sheet date, amounts of £2,487 (2020: £1,691) was due from the Directors of the company. This amount is interest free and repayable upon demand.

Verulam Health Care Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

24 Cash generated from operations

	2021 £	2020 £
Profit for the year after tax	257,220	274,184
Adjustments for:		
Taxation charged	87,342	81,195
Finance costs	89,218	113,488
Investment income	(33)	(222)
Depreciation and impairment of tangible fixed assets	72,305	76,709
Gain on sale of investments	(24,856)	-
(Decrease) in provisions	-	(35,000)
Movements in working capital:		
(Increase) in debtors	(24,020)	(13,164)
(Decrease)/increase in creditors	(201,579)	208,451
Cash generated from operations	<u>255,597</u>	<u>705,641</u>