Company Registration No. 03320455 (England and Wales)

LONDON RESIDENTIAL HEALTHCARE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

LONDON RESIDENTIAL HEALTHCARE LIMITED

COMPANY INFORMATION

Directors	A Rubinstein L Golani
Company number	03320455
Registered office	12 - 14 Langley Avenue Surbiton Surrey KT6 6QL
Auditor	Harold Everett Wreford LLP 2nd Floor 38 Warren Street London W1T 6AE
Bankers	Barclays Bank PLC PO Box 299 Birmingham B1 3PF

LONDON RESIDENTIAL HEALTHCARE LIMITED

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LONDON RESIDENTIAL HEALTHCARE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report and financial statements for the year ended 31 December 2021.

Fair review of the business

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Despite the challenging market conditions, particularly in relation to the impact of Covid 19, the company has delivered satisfactory results in the year. In this environment the company focussed on maintaining the safety of the residents, while flexing staffing levels to required levels, with particular reference to reducing agency staffing levels.

The directors' policy is to continue to expand the business organically whilst endeavouring to maintain gross margins.

The company has actively sought to increase its client base by increasing capacity and standards in some of its existing homes.

Revenue

Fee income for the year ended 31 December 2020 has decreased by 3.1% in comparison with last year.

The reduction in fee income was primarily caused by the impact of Covid 19 leading to reductions in occupancy levels. This impact was partially offset by government initiatives during the first half of 2021 to increase fee levels.

Covid 19 has impacted occupancy levels in the early months of 2021 as the United Kingdom was hit by the second wave of Covid 19. Covid 19 vaccines have had a very positive effect on residents health and occupancy levels recovered through the remainder of 2021.

Profitability

Profitability remained broadly similar between 2021 and 2020 with both years recording gross profit percentages of circa 38%. Staffing levels were maintained at similar levels between 2021 and 2020 in order that the homes operate safe and effectively under the very challenging environment.

Principal risks and uncertainties

The company has a well-established process of identifying business risks, evaluating controls and establishing and executing action plans. In the directors' opinion the key risks are:

Human resources: It is essential the company continues to recruit, retain and motivate high calibre personnel, particularly those appointed to senior positions.

Management of operations: The company has made strides in bringing consistency to the management of its clinical and other services and continues a close dialogue with external stakeholders we work with.

Strategic Review of Operations: We are looking to re-organise our operations team in 2022. Dementia care services are offered throughout the homes. More development of the company's compliance and staff management systems is still required and planned for this year but ultimately the directors believe this will yield improved management of the company's care homes.

Key performance indicators
The position of the company at the balance sheet date can be summarised as follows:

Gross assets: £78.6 million (2020: £82.2 million)
Net current liabilities: £1.9 million (2020: -£8.9 million)
Total equity: £62 million (2020: £56.5 million).

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole. The key performance measures that the directors' use to monitor the progress of the company's objectives are:

Occupancy levels - These were slightly lower on average through 2021 from 2020 levels but have improved strongly over the second half of 2021. Occupancy levels are expected to improve further in 2022 as we move out of the Covid 19 pandemic and confidence returns for private sector residents.

Fee levels - These have not increased at levels expected pre Covid 19. Our expectation is for fee levels to improve through 2022.

Gross profit has increased from 37.6% in 2020 to 38.1% in 2021.

Engaging with our stakeholders (Section 172(1) statement)

The Board is responsible under section 172 of the Companies Act 2006 for promoting the long term success of the Company for the benefit of its shareholders, and acknowledges that its decisions have a long term impact on other stakeholders, the environment and the Company's reputation for high standards of business conduct. The Board appreciates that wider engagement with stakeholders is an important component of long term sustainability and success and believes that by engaging with all important stakeholders, the business is made stronger and more resilient.

On behalf of the board

A. Rubinstein
....
A Rubinstein
Director

Date: 16/03/2022..........................

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

Principal activities
The principal activities of the company continued to be those of proprietors and managers of nursing homes.

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

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

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

A Rubinstein
L Golani

Directors' insurance
The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the reporting date.

Supplier payment policy
The company's current policy concerning the payment of trade creditors is to:
- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Market value of land and buildings
In the opinion of the directors the current market value of the company's interests in land and buildings is not materially different from the net book value as shown in the financial statements.

Disabled persons
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement
The company's policy is to consult and discuss with employees, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to *achieve a common awareness on the part of all employees of the financial and economic factors affecting* the company's performance.

There is no employee share scheme at present.

Future developments
There are no plans for any significant changes during the next financial year.

Auditor
In accordance with the company's articles, a resolution proposing that Harold Everett Wreford LLP be reappointed as auditor of the company will be put at a General Meeting.

Statement of directors' responsibilities
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 International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. 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, International Accounting Standard 1 requires that directors:
- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

Statement of disclosure to auditor
Each director in office at the date of approval of this annual report confirms that:
- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the board

A. Rubinstein

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A Rubinstein
Director

Date: 16/03/2022

LONDON RESIDENTIAL HEALTHCARE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LONDON RESIDENTIAL HEALTHCARE LIMITED

Opinion

We have audited the financial statements of London Residential Healthcare Limited (the 'company') for the year ended 31 December 2021 which comprise the income statement, the statement of financial position, 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 International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the United Kingdom; 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.

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.

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:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- Enquiry of management, those charged with governance around actual and potential litigation and claims;
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing financial statements disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Performing audit work over the risk of management override on controls, including testing of journal entries and other adjustments for appropriateness and reviewing accounting estimates for bias.
- We performed analytical procedures to identify any unusual or unexpected relationships.
- Reading the minutes of meetings of those charged with governance.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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

J Sloneem (Senior Statutory Auditor)
For and on behalf of Harold Everett Wreford LLP

21 March 2022

Chartered Accountants
Statutory Auditor

2nd Floor
38 Warren Street
London
W1T 6AE

LONDON RESIDENTIAL HEALTHCARE LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Revenue	4	32,263,969	33,292,941
Cost of sales		(19,943,148)	(20,790,538)
Gross profit		12,320,821	12,502,403
Other operating income		1,465,427	911,593
Administrative expenses		(7,812,135)	(7,030,642)
Operating profit	5	5,974,113	6,383,354
Investment revenues	8	15,616	31,890
Finance costs	9	(378,528)	(600,057)
Other gains and losses		260,458	(260,458)
Profit before taxation		5,871,659	5,554,729
Income tax expense	10	(1,308,049)	(902,002)
Profit and total comprehensive income for the year		4,563,610	4,652,727

The income statement has been prepared on the basis that all operations are continuing operations.

LONDON RESIDENTIAL HEALTHCARE LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021 £	2020 £
Non-current assets			
Property, plant and equipment	11	61,465,954	66,624,824
Current assets			
Inventories	12	82,656	382,367
Trade and other receivables	13	2,792,041	2,286,478
Cash and cash equivalents		8,525,836	12,901,286
Assets held for sale	15	5,765,200	-
		17,165,733	15,570,131
Current liabilities			
Trade and other payables	18	3,617,804	3,347,781
Current tax liabilities		612,824	615,640
Borrowings	16	10,866,622	20,441,727
Lease liabilities	17	73,608	73,608
		15,170,858	24,478,756
Net current assets/(liabilities)		1,994,875	(8,908,625)
Non-current liabilities			
Lease liabilities	17	123,500	191,367
Deferred tax liabilities	19	1,317,877	995,365
		1,441,377	1,186,732
Net assets		62,019,452	56,529,467
Equity			
Called up share capital	20	87	87
Share premium account	23	6,499,988	6,499,988
Revaluation reserve	22	19,727,551	18,801,176
Capital redemption reserve	24	25	25
Retained earnings		35,791,801	31,228,191
Total equity		62,019,452	56,529,467

The financial statements were approved by the board of directors and authorised for issue on 16/03/2022 and are signed on its behalf by:

A. Rubinstein

A Rubinstein
Director

Company Registration No. 03320455

LONDON RESIDENTIAL HEALTHCARE LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Share premium account	Revaluation reserve	Capital redemption reserve	Retained earnings	Total
	£	£	£	£	£	£
Balance at 1 January 2020	87	6,499,988	19,805,201	25	26,575,464	52,880,765
Year ended 31 December 2020:						
Profit and total comprehensive income for the year	-	-	-	-	4,652,727	4,652,727
Other movements	-	-	(1,004,025)	-	-	(1,004,025)
Balance at 31 December 2020	87	6,499,988	18,801,176	25	31,228,191	56,529,467
Year ended 31 December 2021:						
Profit and total comprehensive income for the year	-	-	-	-	4,563,610	4,563,610
Other movements	-	-	926,375	-	-	926,375
Balance at 31 December 2021	87	6,499,988	19,727,551	25	35,791,801	62,019,452

LONDON RESIDENTIAL HEALTHCARE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

		2021		2020	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	**28**		7,514,852		8,746,751
Interest paid			(378,528)		(600,057)
Tax paid			(988,353)		(814,110)
Net cash inflow from operating activities			6,147,971		7,332,584
Investing activities					
Purchase of property, plant and equipment		(896,565)		(496,281)	
Proceeds on disposal of property, plant and equipment		500		750	
Interest received		15,616		31,890	
Net cash used in investing activities			(880,449)		(463,641)
Financing activities					
Repayment of borrowings		(9,575,105)		(2,940,566)	
Payment of lease liabilities		(67,867)		(65,890)	
Net cash used in financing activities			(9,642,972)		(3,006,456)
Net (decrease)/increase in cash and cash equivalents			(4,375,450)		3,862,487
Cash and cash equivalents at beginning of year			12,901,286		9,038,799
Cash and cash equivalents at end of year			8,525,836		12,901,286

1 Accounting policies

Company information

London Residential Healthcare Limited is a private company limited by shares incorporated in England and Wales. The registered office is 12 - 14 Langley Avenue, Surbiton, Surrey, KT6 6QL. The company's principal activities and nature of its operations are disclosed in the directors' report.

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, (except as otherwise stated).

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 under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty. The Company's revenues are derived from one primary source: contracted services income which is billed monthly in accordance with specific agreement with the residents.

Revenue represents income receivable from health and care provision services rendered and goods supplied.

Revenue is recognised in the accounting period in which the company obtains the right to consideration in exchange for its performance.

1.4 Property, plant and equipment

Property, plant and equipment 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:

Freehold land and buildings	2% straight-line basis
Right of use asset	20% straight line basis
Fixtures and fittings	15% straight-line basis
Motor vehicles	25% reducing balance basis

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 recognised in the income statement. The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

1 Accounting policies **(Continued)**

1.5 Impairment of tangible and intangible assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the company makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

The company tests for impairment of its assets on an annual basis and when there are indicators of impairment.

The recoverable amount of the CGUs (cash-generating unit) was determined by an independent valuer - Colliers International on 23 March 2021.

The valuation was prepared in accordance with the RICS Valuation- Global Standards, incorporating the International Valuation Standards (the 'Red Book Global', 31 January 2020) issued by the Royal Institution of Chartered Surveyors ('RICS'). It has been prepared in compliance with IFRS; International Financial Reporting Standards 13-Fair Value Measurement.

The basis of valuation adopted is the Fair Value of the properties for their existing use as fully equipped and operational care homes. This involved the use of assumptions and each property was valued on the Profits Method as is market practice in the UK.

The profits method of valuation applies an all-risk YP (Years' Purchase) multiplier to the fair maintainable trade operating profit to provide a capital value. The valuer arrived at the fair maintainable trade operating profit after reviewing the individual trading performance of the properties utilising among other data:

· Management accounts on a home by home basis for the year ended 31 December 2020; analysed monthly
· Management accounts for the years ended 31 December 2018 and 2019.
· Current occupancy and average fee as at the end of December 2020.

The YPs adopted take into account the homes' location, size of home, proportion of bedrooms with en suite facilities, condition, age, whether converted or purpose built and also the trading history and potential adjusting where necessary for the impact of the Covid 19 epidemic.

The carrying amount of the property, plant and equipment had been reduced to its recoverable amount through the recognition of an impairment loss of £260,458, which is recognised within other gains and losses in the income statement, together with an impairment loss of £1,004,025, satisfied out of a previously created revaluation reserve relating to those properties.

1 Accounting policies **(Continued)**

Impairment losses reversed during the year

An impairment loss of £260,458 was recorded during the year ended 31 December 2020 on the Acacia Care Centre property, one of the Group's care homes, based on a valuation done by Colliers on 23 March 2021.

Soon after the current year end 31 December 2021, the company instructed a valuation of the recoverable amount of eleven of its care homes for the purpose of renewal of a bank loan in February 2022.

The valuation was carried out by an independent valuer, Cushman & Wakefield (C&W), on 02 February 2022.

The valuation and Valuation Report have been prepared in accordance with the RICS Valuation – Global Standards, which incorporate the International Valuation Standards ("**IVS**") and the RICS UK national supplement (the "**RICS Red Book**"), edition current at the Valuation Date. It follows that the valuations are compliant with IVS.

C&W has assessed the Market Value of the care home as existing by reference to its current or projected earnings potential. In order to assess the value of the care home as existing they have considered the Fair Maintainable Level of Turnover (FMT) and the Fair Maintainable Operating Profit (FMOP) that may be generated based on the historic performance of the home, the performance of other care homes in the market and their knowledge of the sector, which is the basis they consider a potential purchaser at this level of the market would adopt.

For the purpose of the valuation, C&W have adopted EBITDARM as their FMOP which is stated prior to the deductions for finance costs, taxation, depreciation, amortisation, rent and management costs, and any additional discount such as capital expenses, potential risks. This is then capitalised at a yield based on the returns investors are currently seeking in the market for care homes.

The management accounts have been provided for the years ended 31 December 2019, 2020 and 2021 along with budget figures for the year ended 31 December 2022.

The recoverable amount of Acacia Care Centre was determined at £6,010,000 while its Net Book Value as at 31 December 2021 was of £4,676,000.

Therefore, the management has decided to reverse the last year's impairment of £1,186,833 in which £260,458 was recognised within other gains and losses in the income statement and £926,375 was recorded in revaluation reserve, brought the carrying value of this property to £5,862,833 - closer to its recoverable value.

1.6 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

1.7 Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1 Accounting policies **(Continued)**

1.8 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the company uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

1.9 Cash and cash equivalents

Cash and cash equivalents 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.

1.10 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Loans and receivables

Trade Receivables, 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 measured at fair value through profit or 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 of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.11 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

1 Accounting policies **(Continued)**

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.12 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.

1.13 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 income statement 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 is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary 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 income statement, 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 Accounting policies **(Continued)**

1.14 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 inventories or non-current 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.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property. The adoption of this new Standard has resulted in the Group recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The Group has elected to measure the right-of-use assets at an amount equal to the lease liability. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

We have adopted the modified retrospective approach available with the new accounting standard and therefore we have not restated our comparative disclosures for the impact of IFRS 16 which came into effect from 1 January 2019.

1 Accounting policies **(Continued)**

Comparative period leases

Leases were classified as finance leases whenever the terms of the lease transferred substantially all the risks and rewards of ownership to the lessees. All other leases were classified as operating leases.

Rental income from operating leases were recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease were added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Rentals payable under operating leases, less any lease incentives received, were 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.

1.17 Grants

Government grants are recognised at their fair value as other operating income in the statement of comprehensive income to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The company has been awarded infection control grants during the year to date. The grants are to be used for specific infection control measures. The Directors feel the guidance as provided by the Government and the Local Authorities lacks clarity. While the Directors feel the company is adhering to the guidelines there is still uncertainty if the spend identified by the company is in line with Government guidelines. Due to this uncertainty the company is retaining a provision to cover potential clawbacks.

Accounting for Government Grants and Disclosure of Government Assistance

IAS 20.12 applies: 'Government grants shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.'

However, the local authorities require all care homes to submit claims and evidence of additional costs incurred in order to prevent the spread of virus due to Covid-19. Care has been taken to align the assistance received with the requirements of the local authorities providing the economic assistance (i.e. cash received for infection measures should not be used against any other costs unless specifically permitted to do so).

Government grants are recognised when there is reasonable assurance that the grant conditions have been achieved or met and the grants will be received.

Grants received before the revenue recognition criteria are satisfied are recognised as a liability.

The income is recognised within profit or loss as the conditions are complied with. The fair value of the infection control grant is recognised as income upon receipt of the grant and on a time apportioned basis.

Our staff are following government guidance on self-isolating if they, or a family member they are living with, is symptomatic or confirmed with COVID-19. We are also following strict infection control measures in all our care homes.

2 Adoption of new and revised standards and changes in accounting policies

The following revised Standards and Interpretations were issued in the previous year and are effective from that year onwards.

IFRS 16 *Leases* effective for annual periods beginning on or after January 1, 2019. Specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value.

The change in accounting standard resulted in both an asset value £330,865, and a liability of £330,865 being brought onto the statement of financial position at the year end for the majority of leases where the company is a lessee. The asset is then depreciated, and interest expense would be recognised over the life of the lease. The impact on the income statement for the year is not considered significant.

The application of the other revised Interpretations, Amendments and Annual Improvements has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Standards which are in issue but not yet effective

Any standards and interpretations that have been issued but are not yet effective have not been applied by the company in these financial statements. Application of these Standards and Interpretations are expected to have a material effect on the financial statements in future periods.

3 Critical accounting estimates and judgements

The Company makes estimates and assumptions concerning the future, which by definition will seldom result in actual results that match the accounting estimate. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

(i) Revenue recognition

Revenue represents income receivable from health and care provision services rendered and goods supplied. Revenue is recognised in the accounting period in which the company obtains the right to consideration in exchange for its performance.

(ii) Provisions

The Company has recognised provisions for impairment of trade receivables, employee bonuses and income tax in its financial statements which requires management to make judgements. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience and other reasonable factors.

(iii) Impact of Covid-19

The Covid-19 outbreak has had a significant impact on the group's business during 2020. The Covid-19 outbreak developed very rapidly during the first half of 2020 but the situation stabilised with occupancy slowly improving from the third week of May.

During 2020 the group focused on managing the impact on residents, staff, the supply chain and costs control.

The main drivers affecting results of operations are:

- the number of beds and the occupancy rates in each of the care homes;
- the level of fee increases achievable for Local Authority and the NHS rates as well as self-funded residents
- the level of operating expenses, particularly staff costs, the impact of lower occupancy and the rise in the National Living Wage as of 1st April 2020.

From the middle of April 2020, the Covid-19 outbreak had a significant negative effect on the group's results for the current year. Occupancy rates fell more than anticipated during April and May but stabilised from June and improved through the third quarter and stabilised again in the fourth quarter due to normal seasonality factors. In January 2021 the Group suffered from a second wave of Covid outbreak but at present we do not have any positive cases at the homes.

While residents have been vaccinated, it is still difficult to predict the impact in subsequent quarters, as potential residents delay moves into care homes because of understandable concerns at this time. The fall in occupancy rates has been partly offset by the receipt of top up funds from Local Authorities and NHS bodies while the cost of wages and salaries have reduced due to cost saving efforts.

4 Revenue

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

	2021 £	2020 £
Revenue analysed by class of business		
Nursing home fees	32,263,969	33,292,941

	2021 £	2020 £
Revenue analysed by geographical market		
	32,263,969	33,292,941

	2021 £	2020 £
Other significant revenue		
Interest income	15,616	31,890
Grant received	1,334,830	811,812

5 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	27,000	27,000
Depreciation of property, plant and equipment	1,475,383	1,438,648
Loss on disposal of property, plant and equipment	1,185	1,589
Cost of inventories recognised as an expense	1,135,698	1,171,674

6 Employees

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

	2021 Number	2020 Number
Administrative staff	34	35
Management	27	22
Caring, domestic and nursing	745	783
Total	806	840

6 Employees (Continued)

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	17,055,883	16,735,056
Social security costs	1,250,443	1,152,496
Pension costs	318,833	311,957
	18,625,159	18,199,509

There are no key management personnel other than the directors.

7 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	14,000	14,000

8 Investment income

	2021	2020
	£	£
Interest income		
Financial instruments measured at amortised cost:		
Bank deposits	7,989	23,343
Other interest income on financial assets	7,627	8,547
Total interest revenue	15,616	31,890

Income above relates to assets held at amortised cost, unless stated otherwise.

9 Finance costs

	2021	2020
	£	£
Interest on lease liabilities	7,949	9,926
Other interest payable	370,579	590,131
Total interest expense	378,528	600,057

10 Income tax expense

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	985,537	880,257

10 Income tax expense (Continued)

	2021 £	2020 £
Deferred tax		
Origination and reversal of temporary differences	322,512	21,745
Total tax charge	1,308,049	902,002

The charge for the year can be reconciled to the profit per the income statement as follows:

	2021 £	2020 £
Profit before taxation	5,871,659	5,554,729
Expected tax charge based on a corporation tax rate of 19.00% (2020: 19.00%)	1,115,615	1,055,399
Effect of expenses not deductible in determining taxable profit	(5,020)	2,367
Adjustment in respect of prior years	-	1,903
Group relief	(220,528)	(317,535)
Permanent capital allowances in excess of depreciation	(138,799)	(185,009)
Depreciation on assets not qualifying for tax allowances	230,836	323,132
Deferred tax movement	325,945	21,745
Taxation charge for the year	1,308,049	902,002

11 Property, plant and equipment

	Freehold land and buildings £	Right of use asset £	Assets under construction £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation						
At 1 January 2020	82,439,826	349,819	-	3,800,277	121,638	86,711,560
Additions	-	-	-	485,276	11,005	496,281
Disposals	-	-	-	-	(12,950)	(12,950)
Revaluation increase	(1,004,025)	-	-	-	-	(1,004,025)
At 31 December 2020	81,435,801	349,819	-	4,285,553	119,693	86,190,866
Additions	-	-	578,266	318,299	-	896,565
Disposals	-	-	-	-	(6,590)	(6,590)
Revaluation increase	926,375	-	-	-	-	926,375
Transfer to held for sale	(8,362,350)	-	-	-	-	(8,362,350)
At 31 December 2021	73,999,826	349,819	578,266	4,603,852	113,103	79,644,866

11 Property, plant and equipment **(Continued)**

	Freehold land and buildings	Right of use asset	Assets under construction	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£	£
Accumulated depreciation and impairment						
At 1 January 2020	14,775,650	18,954	-	2,986,864	96,079	17,877,547
Charge for the year	1,172,597	69,964	-	187,532	8,555	1,438,648
Impairment loss (profit or loss)	260,458	-	-	-	-	260,458
Eliminated on disposal	-	-	-	-	(10,611)	(10,611)
At 31 December 2020	16,208,705	88,918	-	3,174,396	94,023	19,566,042
Charge for the year	1,172,597	69,964	-	226,772	6,050	1,475,383
Reversal of impairment loss (profit or loss)	(260,458)	-	-	-	-	(260,458)
Eliminated on disposal	-	-	-	-	(4,905)	(4,905)
On assets reclassified as held for sale	(2,597,150)	-	-	-	-	(2,597,150)
At 31 December 2021	14,523,694	158,882	-	3,401,168	95,168	18,178,912
Carrying amount						
At 31 December 2021	59,476,132	190,937	578,266	1,202,684	17,935	61,465,954
At 31 December 2020	65,227,096	260,901	-	1,111,157	25,670	66,624,824

More information on impairment movements in the year is given in note .

Land and buildings were revalued at 4 December 2016 by Jones Lang Lasalle ("JLL"), independent valuers not connected with the company, on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties. The company has valued its freehold properties at deemed cost on the basis of an earlier valuation by Colliers International as at 28 February 2014, impaired to the value of the JLL valuation referred to above.

The carrying amount of freehold land and buildings has been reduced to its recoverable amount through the recognition of an impairment loss of £260,458, which is recognised within other gains and losses in the income statement, and an impairment loss satisfied by the reduction of £1,004,025 out of the previously created revaluation reserve relating to those properties.

The revaluation surplus is disclosed in note 20. Unrealised revaluation reserves are not available for distribution.

12 Inventories

	2021	2020
	£	£
Work in progress	-	316,669
Finished goods	82,656	65,698
	82,656	382,367

13 Trade and other receivables

	2021	2020
	£	£
Trade receivables	2,321,496	1,550,771
Provision for bad and doubtful debts	(378,936)	(184,313)
	1,942,560	1,366,458
Other receivables	851	142,444
Prepayments and accrued income	848,630	777,576
	2,792,041	2,286,478

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

There are no amounts included above due in more than one year.

14 Trade receivables - credit risk

Fair value of trade receivables
The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

No significant receivable balances are impaired at the reporting end date.

Movement in the allowances for doubtful debts	2021	2020
	£	£
Balance at 1 January 2021	184,313	292,627
Additional allowance recognised	194,623	-
Allowance reversed	-	(108,314)
Balance at 31 December 2021	378,936	184,313

15 Assets and liabilities classified as held for sale

	2021	2020
	£	£
Property, plant and equipment	5,765,200	-

The board resolved to dispose Chestnut House Nursing Home, one of the company's care home properties, close to the current year end. Negotiations with several interested parties subsequently took place until a buyer was found after the year end. An exchange of contracts took place on 24 February 2022 to sell this property for £5.74m.

The sale of this property, which is expected to be completed within 12 months, has been classified as held for sale and presented separately in the statement of financial position.

16 Borrowings

	2021	2020
	£	£
Borrowings held at amortised cost:		
Loans from parent undertaking	10,866,622	20,441,727

There is no security charged or recorded for the above loan. There being no fixed date for its repayment, the interest is charged at 2.33%.

17 Lease liabilities

	2021	2020
Maturity analysis	£	£
Within one year	75,816	75,816
In two to five years	132,678	208,497
Total undiscounted liabilities	208,494	284,313

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2021	2020
	£	£
Current liabilities	73,608	73,608
Non-current liabilities	123,500	191,367
	197,108	264,975

All the amounts above are in respect of Right of use asset additions in the year, and arose from the implementation of IFRS 16 by the company for the first time.

18 Trade and other payables

	2021	2020
	£	£
Trade payables	1,797,203	1,721,470
Accruals	668,026	649,064
Social security and other taxation	356,282	317,732
Other payables	796,293	659,515
	3,617,804	3,347,781

19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	ACAs	Revaluations	Total
	£	£	£
Deferred tax liability at 1 January 2020	1,036,773	(63,153)	973,620
Deferred tax movements in prior year			
Charge/(credit) to profit or loss	174,482	(152,737)	21,745
Deferred tax liability at 1 January 2021	1,211,255	(215,890)	995,365
Deferred tax movements in current year			
Charge/(credit) to profit or loss	836,544	(514,032)	322,512
Deferred tax liability at 31 December 2021	2,047,799	(729,922)	1,317,877

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

20 Share capital

	2021	2020
	£	£
Ordinary share capital		
Issued and fully paid		
8,671 Ordiinary shares of 1p each	87	87

21 Retirement benefit schemes

Defined contribution schemes	2021 £	2020 £
Charge to profit or loss in respect of defined contribution schemes	318,833	311,957

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.

22 Revaluation reserve

	2021 £	2020 £
At beginning of year	18,801,176	19,805,201
Other movements	926,375	(1,004,025)
At end of year	19,727,551	18,801,176

23 Share premium account

	2021 £	2020 £
At the beginning and end of the year	6,499,988	6,499,988

24 Capital redemption reserve

	2021 £	2020 £
At the beginning and end of the year	25	25

25 Related party transactions

At the balance sheet date the amount due to the parent company, LRH Care Homes Limited, a company registered in England and Wales, was £10,866,622 (2020 - £20,441,727). Interest paid during the period in respect of the loan amounted to £587,473 (2020 - £778,351).

The Company accrued for management fees to Ravad Limited amounting £11,667 (2020 - £11,667) and to Golden House Limited £58,333 (2020 - £58,332), the joint ultimate controlling parties of the ultimate parent company. Both ultimate controlling parties are incorporated in Israel.

Under a Security Agreement entered into by the Company and LRH Care Homes Limited with Royal Bank of Scotland plc the Company's freehold land and buildings are charged as security against a loan facility of £44,200,000 granted to LRH Care Homes Limited under a Facility Agreement. Under the Security Agreement both the Company and LRH Care Homes Limited are responsible for the repayment of the amounts borrowed under the Facility Agreement together with any other amounts payable under that agreement. At the Balance Sheet date the amount outstanding under the Facility Agreement amounted to £33,763,008.

26 Capital risk management

The company is not subject to any externally imposed capital requirements.

The company seeks to manage its capital to ensure that it is able to continue as a going concern. The capital structure of the company consists of loans and equity comprising issued share capital and retained earnings.

27 Controlling party

The parent company of London Residential Healthcare Limited is LRH Care Homes Limited, whose registered office address is 12-14 Langley Avenue, Surbiton, Surrey KT6 6QL. LRH Care Homes Limited is owned by Care Investments UK S.à.r.l., a company incorporated in Luxembourg.

The joint ultimate controlling parties are Golden House Limited and Ravad Limited who own Golden House Ravad - Care Homes England, Limited Partnership, the shareholder of Care Investments UK Sarl. Both ultimate controlling parties are incorporated in Israel. LRH Care Homes Limited prepares publicly available consolidated financial statements.

28 Cash generated from operations

	2021 £	2020 £
Profit for the year after tax	4,563,610	4,652,727
Adjustments for:		
Taxation charged	1,308,049	902,002
Finance costs	378,528	600,057
Investment income	(15,616)	(31,890)
Loss on disposal of property, plant and equipment	1,185	1,589
Depreciation and impairment of property, plant and equipment	1,214,925	1,699,106
Other gains and losses	(520,916)	260,458
Movements in working capital:		
Decrease/(increase) in inventories	299,711	(88,086)
(Increase)/decrease in trade and other receivables	(505,563)	309,874
Increase in trade and other payables	270,023	701,372
Cash generated from operations	6,993,936	9,007,209
Difference	520,916	(260,458)
Per cash flow statement page	7,514,852	8,746,751