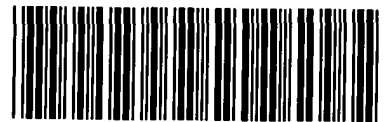


Company registration number 03320455 (England and Wales)

**LONDON RESIDENTIAL HEALTHCARE LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

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# LONDON RESIDENTIAL HEALTHCARE LIMITED

## COMPANY INFORMATION

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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

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# **LONDON RESIDENTIAL HEALTHCARE LIMITED**

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# LONDON RESIDENTIAL HEALTHCARE LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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The directors present the strategic report and financial statements for the year ended 31 December 2023.

### **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 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 2023 of the company has increased by 18% in comparison with last year.

The increase in fee income was primarily caused by increases in occupancy levels, which increased by circa 6% and increases in the average weekly fee to cover increased costs through the high inflation environment of 2023.

### **Profitability**

Profitability improved between 2023 and 2022 with gross profit percentages of circa 42% in 2023 and 36% in 2022. Inflationary pressures in relation to wages, food and nursing consumables have been offset by improvements in occupancy and fee rates achieved.

### **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 have continued to develop the company's compliance and staff management systems in 2023. Further work will occur during 2024 and 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: £80.3 million (2022: £72.1 million)

Net current assets: £15.3 million (2022: £7.3 million)

Total equity: £72.9 million (2022: £66.1 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 higher on average through 2023 from 2022 levels. Occupancy levels are expected to improve further in 2024 as confidence returns for private sector residents.

**Fee levels** - Our average weekly fees have increased by circa 13% through 2023 and we expect continued increases in 2024 in response to high inflation in the UK economy, especially with regards to the increase in the minimum wage.

# **LONDON RESIDENTIAL HEALTHCARE LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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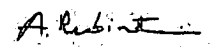
### **Other performance indicators**

Staff and agency costs - The Company continues to recruit the vast majority of its staff directly and focuses on containing the use of agency staff to make sure we safely manage to deliver a high quality standard of care. Given the industry wide skill shortages across the care sector, staff costs inevitably rise.

### **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  
Director

Date: 18/03/2024

# **LONDON RESIDENTIAL HEALTHCARE LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2023**

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The directors present their annual report and financial statements for the year ended 31 December 2023.

#### **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.

# **LONDON RESIDENTIAL HEALTHCARE LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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### **Business relationships**

Our key stakeholders are our residents, who are at the heart of our purpose. We are focused on responding to the needs of, and building relationships with our residents. We have constant open lines of communication with our residents, and provide regular forums for feedback. Other key stakeholders are our suppliers who we purchase goods and services from and we look to meet all our obligations with them in line with general best practice. Another key stakeholder are our regulators, who we engage with on a constant basis and maintain close working relationships.

### **Future developments**

The Company is currently investing significant resources into modernising its human resources, time and attendance and client relationship management systems. Payments incurred in relation to the new systems are currently reflected in work in progress and will be transferred to fixed assets once the systems are being used (see note 18).

### **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.

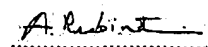
# LONDON RESIDENTIAL HEALTHCARE LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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On behalf of the board



A Rubinstein  
Director

Date: 18/03/2024

# LONDON RESIDENTIAL HEALTHCARE LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF LONDON RESIDENTIAL HEALTHCARE LIMITED

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#### Opinion

We have audited the financial statements of London Residential Healthcare Limited (the 'company') for the year ended 31 December 2023 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 UK adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; 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.

# **LONDON RESIDENTIAL HEALTHCARE LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF LONDON RESIDENTIAL HEALTHCARE LIMITED**

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#### **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 or the directors' report.

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

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

#### **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.

# **LONDON RESIDENTIAL HEALTHCARE LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF LONDON RESIDENTIAL HEALTHCARE LIMITED**

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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**

22 March 2024

**Chartered Accountants**  
**Statutory Auditor**

2nd Floor  
38 Warren Street  
London  
W1T 6AE

# LONDON RESIDENTIAL HEALTHCARE LIMITED

## INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 £	2022 £
Revenue	4	42,689,302	36,310,939
Cost of sales		(24,759,938)	(23,086,567)
<b>Gross profit</b>		<b>17,929,364</b>	<b>13,224,372</b>
Other operating income		224,557	1,124,161
Administrative expenses		(10,115,360)	(9,277,710)
<b>Operating profit</b>	<b>5</b>	<b>8,038,561</b>	<b>5,070,823</b>
Investment income	8	586,520	41,497
Finance cost	9	(8,548)	(63,021)
Other gains and losses	10	-	(108,126)
<b>Profit before taxation</b>		<b>8,616,533</b>	<b>4,941,173</b>
Tax expense	11	(1,803,182)	(852,696)
<b>Profit and total comprehensive income for the year</b>		<b>6,813,351</b>	<b>4,088,477</b>

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

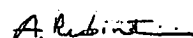
# LONDON RESIDENTIAL HEALTHCARE LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Notes	2023 £	2022 £
<b>Non-current assets</b>			
Property, plant and equipment	12	59,896,971	60,484,349
<b>Current assets</b>			
Inventories	13	592,268	664,931
Trade and other receivables	14	15,629,134	5,478,585
Cash and cash equivalents		4,227,153	5,550,466
		20,448,555	11,693,982
<b>Current liabilities</b>			
Trade and other payables	16	4,626,021	4,049,408
Current tax liabilities		511,138	256,430
Lease liabilities	17	68,688	68,688
		5,205,847	4,374,526
<b>Net current assets</b>		15,242,708	7,319,456
<b>Non-current liabilities</b>			
Lease liabilities	17	156,118	216,258
Deferred tax liabilities	18	2,062,281	1,479,618
		2,218,399	1,695,876
<b>Net assets</b>		72,921,280	66,107,929
<b>Equity</b>			
Called up share capital	20	87	87
Share premium account	21	6,499,988	6,499,988
Revaluation reserve	22	19,727,551	19,727,551
Capital redemption reserve	23	25	25
Retained earnings		46,693,629	39,880,278
<b>Total equity</b>		72,921,280	66,107,929

The financial statements were approved by the board of directors and authorised for issue on 18/03/2024 and are signed on its behalf by:



A Rubinstein  
Director

Company registration number 03320455 (England and Wales)

# **LONDON RESIDENTIAL HEALTHCARE LIMITED**

## **STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

	Share capital	Share premium account	Revaluation reserve	Capital redemption reserve	Retained earnings	Total
	£	£	£	£	£	£
Balance at 1 January 2022	87	6,499,988	19,727,551	25	35,791,801	62,019,452
Year ended 31 December 2022:						
Profit and total comprehensive income	-	-	-	-	4,088,477	4,088,477
Balance at 31 December 2022	87	6,499,988	19,727,551	25	39,880,278	66,107,929
Year ended 31 December 2023:						
Profit and total comprehensive income	-	-	-	-	6,813,351	6,813,351
Balance at 31 December 2023	87	6,499,988	19,727,551	25	46,693,629	72,921,280

# LONDON RESIDENTIAL HEALTHCARE LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 £	£	2022 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	27		7,817		3,625,862
Interest paid			(8,548)		(63,021)
Tax paid			(965,811)		(1,047,349)
<b>Net cash (outflow)/inflow from operating activities</b>			(966,542)		2,515,492
<b>Investing activities</b>					
Purchase of property, plant and equipment		(883,150)		(576,049)	
Proceeds on disposal of property, plant and equipment		-		5,930,600	
Repayment of loans and receivables		-		(108,126)	
Interest received		586,520		41,497	
<b>Net cash (used in)/generated from investing activities</b>			(296,630)		5,287,922
<b>Financing activities</b>					
Repayment of borrowings		-		(10,866,622)	
Payment of finance leases obligations		(60,140)		87,838	
<b>Net cash used in financing activities</b>			(60,140)		(10,778,784)
<b>Net decrease in cash and cash equivalents</b>			(1,323,312)		(2,975,370)
Cash and cash equivalents at beginning of year			5,550,466		8,525,836
Effect of rounding difference			(1)		-
<b>Cash and cash equivalents at end of year</b>			<u>4,227,153</u>		<u>5,550,466</u>

# LONDON RESIDENTIAL HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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### 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 United Kingdom 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
Capitalised software	20% 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.

# LONDON RESIDENTIAL HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2023

#### 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 was determined by an independent valuer Colliers International on 24 March 2023.

The valuation was prepared in accordance with the RICS Valuation- Global Standards, incorporating the International Valuation Standards (the 'Red Book Global', 31 January 2022) 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 2022; analysed monthly.
- Management accounts for the years ended 31 December 2021 and 2020.
- Current occupancy and average fee as at the end of December 2022.
- Budgeted figures for the year ended 31 December 2023.

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.

No material differences were found between the recoverable amounts and carrying amount of the property, plant and equipment and therefore no impairment losses have been recognised in the accounts for the year ended 31 December 2022 and 31 December 2023.

##### 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.

# LONDON RESIDENTIAL HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

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### 1 Accounting policies

(Continued)

#### 1.7 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.

#### 1.8 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.

#### 1.9 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 the entity transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### 1.10 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'.

# LONDON RESIDENTIAL HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

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### 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.

#### 1.11 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.

#### 1.12 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.

#### 1.13 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.

# LONDON RESIDENTIAL HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

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### 1 Accounting policies

(Continued)

#### 1.14 Retirement benefits

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

#### 1.15 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.

# LONDON RESIDENTIAL HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

### 1 Accounting policies

(Continued)

#### 1.16 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, and expects to receive further grants to cover the period to March 2022. The grants are to be used for specific infection control measures through to March 2022. 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 of circa 2% of the total grant received to 31 March 2022 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 new and revised Standards and Interpretations have been issued and are effective for financial reporting periods commencing on or after 1 January 2023:

IAS 17	Insurance contracts: 1 January 2023 (including the June 2020 amendments to IFRS 17)
IAS 1	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2): 1 January 2023
IAS 1	Classification of Liabilities as Current or Non-current - Deferral of Effective Date (Amendment to IAS 1): 1 January 2023
IAS 8	Definition of Accounting Estimates (Amendments to IAS 8): 1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12): 1 January 2023

# LONDON RESIDENTIAL HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

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

(Continued)

#### Standards which are in issue but not yet effective

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

IFRS 16	Lease Liability in a Sale and Leaseback (Amendments to IFRS 16): 1 January 2024
IAS 7 and IFRS 7	Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7): 1 January 2024
IAS 21	Lack of exchangeability (Amendments to IAS 21): 1 January 2025

# **LONDON RESIDENTIAL HEALTHCARE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2023**

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#### **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) Covid-19**

The Covid-19 outbreak has had a significant impact on the company's business from the second quarter of 2020, however its impact has decreased as of the second quarter of 2022. Due to a Covid (Omicron) outbreak in the first quarter of 2022 occupancy levels declined and many staff have been ill.

At present the main impact when one (or more) of the homes is affected by Covid, admissions slow down for a period of about two weeks and costs relating to agency staff increase due to permanent staff illness. This has accumulative effect on our financial results which is fully reflected in the fourth quarter and the 2022 accounts. While we are encouraged by the success of the vaccination programme in the UK, it is still difficult to predict the economic impact in subsequent quarters, as potential residents delay moves into care homes because of homes unable to admit due to positive cases at the home and some lingering concerns relating to the industry. The fall in occupancy rates from a pre-Covid level had been partly offset by the receipt of block bed funds from Local Authorities and NHS bodies and Government grants together with our cost saving efforts from 2020. Moreover, as we still have positive cases at homes, from time to time, we often need to use more Agency staff (who are more expensive).

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 every year.
- the level of grants received from the government following the outbreak. There have been no grants received since March 2022.

Governments' responses are evolving constantly both in terms of the health impact of the virus and the economic impact. Government advice and measures to aid in the pandemic response are being updated regularly. The macroeconomic impact is equally unclear at this time. The Board and group management constantly monitors developments and Government advice and are actively implementing all recommendations while implementing measures in excess of those currently recommended where deemed possible and appropriate.

Since the beginning of the epidemic the Company has striven to implement measures in order to reduce the impact of COVID-19 in its care homes.

# LONDON RESIDENTIAL HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

### 4 Revenue

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

	2023 £	2022 £
<b>Revenue analysed by class of business</b>		
Nursing home fees	42,689,302	36,310,939

	2023 £	2022 £
<b>Revenue analysed by geographical market</b>		
	42,689,302	36,310,939

	2023 £	2022 £
<b>Other income</b>		
Interest income	44,077	41,497
Grant received	-	964,633

### 5 Operating profit

	2023 £	2022 £
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	1,470,528	1,407,529
Profit on disposal of property, plant and equipment	-	(15,275)
Cost of inventories recognised as an expense	1,890,765	1,472,765

### 6 Employees

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

	2023 Number	2022 Number
Administrative staff	41	36
Management	24	26
Caring, domestic and nursing	779	757
<b>Total</b>	<b>844</b>	<b>819</b>

# LONDON RESIDENTIAL HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

### 6 Employees

(Continued)

Their aggregate remuneration comprised:

	2023 £	2022 £
Wages and salaries	20,822,317	18,959,378
Social security costs	1,878,708	1,719,567
Pension costs	390,222	353,519
	<u>23,091,247</u>	<u>21,032,464</u>

There are no key management personnel other than the directors.

### 7 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	<u>19,425</u>	<u>14,000</u>

### 8 Investment income

	2023 £	2022 £
<b>Interest income</b>		
Financial instruments measured at amortised cost:		
Bank deposits	231,287	41,497
Other interest income on financial assets	355,233	-
Total interest revenue	<u>586,520</u>	<u>41,497</u>

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

### 9 Finance costs

	2023 £	2022 £
Interest on lease liabilities	8,548	8,168
Other interest payable	-	54,853
Total interest expense	<u>8,548</u>	<u>63,021</u>

### 10 Other gains and losses

	2023 £	2022 £
Gain on disposal of fixed asset investments	<u>-</u>	<u>(108,126)</u>

# LONDON RESIDENTIAL HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

### 11. Tax expense

	2023 £	2022 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	1,220,520	690,955
<b>Deferred tax</b>		
Origination and reversal of temporary differences	582,662	161,741
<b>Total tax charge</b>	<b>1,803,182</b>	<b>852,696</b>

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

	2023 £	2022 £
<b>Profit before taxation</b>	<b>8,616,533</b>	<b>4,941,173</b>
Expected tax charge based on a corporation tax rate of 23.50%	2,024,885	938,823
Effect of expenses not deductible in determining taxable profit	13,869	10,854
Income not taxable	-	(2,902)
Group relief	(781,858)	(405,929)
Permanent capital allowances in excess of depreciation	(277,231)	(128,732)
Depreciation on assets not qualifying for tax allowances	330,790	253,698
Tax at marginal rate	502,727	-
Deferred tax movement	-	186,884
<b>Taxation charge for the year</b>	<b>1,803,182</b>	<b>852,696</b>

## LONDON RESIDENTIAL HEALTHCARE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

#### 12 Property, plant and equipment

	Freehold land and buildings	Right of use asset	Assets under construction	Fixtures and fittings	Capitalised software	Motor vehicles	Total
	£	£	£	£	£	£	£
<b>Cost or valuation</b>							
At 1 January 2022	73,999,826	349,819	578,266	4,603,852	-	113,103	79,644,866
Additions	-	314,571	-	261,478	-	-	576,049
Disposals	-	(349,819)	-	-	-	-	(349,819)
At 31 December 2022	73,999,826	314,571	578,266	4,865,330	-	113,103	79,871,096
Additions	-	-	-	631,127	252,023	-	883,150
Disposals	-	-	-	(2,783,968)	-	-	(2,783,968)
At 31 December 2023	73,999,826	314,571	578,266	2,712,489	252,023	113,103	77,970,278
<b>Accumulated depreciation and impairment</b>							
At 1 January 2022	14,523,694	158,882	-	3,401,168	-	95,168	18,178,912
Charge for the year	1,037,801	72,269	-	292,972	-	4,487	1,407,529
Eliminated on disposal	-	(199,694)	-	-	-	-	(199,694)
At 31 December 2022	15,561,495	31,457	-	3,694,140	-	99,655	19,386,747
Charge for the year	1,037,795	62,914	-	353,860	12,601	3,358	1,470,528
Eliminated on disposal	-	-	-	(2,783,968)	-	-	(2,783,968)
At 31 December 2023	16,599,290	94,371	-	1,264,032	12,601	103,013	18,073,307
<b>Carrying amount</b>							
At 31 December 2023	57,400,536	220,200	578,266	1,448,457	239,422	10,090	59,896,971
At 31 December 2022	58,438,331	283,114	578,266	1,171,190	-	13,448	60,484,349

# LONDON RESIDENTIAL HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

### 12 Property, plant and equipment

(Continued)

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 18. Unrealised revaluation reserves are not available for distribution.

### 13 Inventories

	2023 £	2022 £
Work in progress	506,328	562,369
Finished goods	85,940	102,562
	<u>592,268</u>	<u>664,931</u>

### 14 Trade and other receivables

	2023 £	2022 £
Trade receivables	2,909,171	2,375,141
Provision for bad and doubtful debts	(241,242)	(242,791)
	<u>2,667,929</u>	<u>2,132,350</u>
Other receivables	2,581	4,083
Amount due from parent undertaking	11,924,452	2,214,070
Amounts due from fellow group undertakings	81,758	182,500
Prepayments and accrued income	952,414	945,582
	<u>15,629,134</u>	<u>5,478,585</u>

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

There is no security charged or recorded for the balance from Parents company. There being no fixed date for its repayment, the interest is charged at 2.33%.

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

# LONDON RESIDENTIAL HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

### 15 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	2023 £	2022 £
Balance at 1 January 2023	242,791	378,936
Additional allowance recognised	(1,549)	(136,145)
Balance at 31 December 2023	<u>241,242</u>	<u>242,791</u>

### 16 Trade and other payables

	2023 £	2022 £
Trade payables	3,171,257	2,679,461
Amounts owed to related parties	126,882	-
Accruals	406,036	572,608
Social security and other taxation	464,790	387,599
Other payables	457,056	409,740
	<u>4,626,021</u>	<u>4,049,408</u>

### 17 Lease liabilities

	2023 £	2022 £
Maturity analysis		
Within one year	68,688	68,688
In two to five years	156,118	216,258
Total undiscounted liabilities	<u>224,806</u>	<u>284,946</u>

# LONDON RESIDENTIAL HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

### 17 Lease liabilities

(Continued)

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:

	2023 £	2022 £
Current liabilities	68,688	68,688
Non-current liabilities	156,118	216,258
	<u>224,806</u>	<u>284,946</u>

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 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 2022	2,047,799	(729,922)	1,317,877
Deferred tax movements in prior year			
Credit to profit or loss	(568,181)	729,922	161,741
Deferred tax liability at 1 January 2023	<u>1,479,618</u>	-	<u>1,479,618</u>
Deferred tax movements in current year			
Credit to profit or loss	582,663	-	582,663
Deferred tax liability at 31 December 2023	<u>2,062,281</u>	-	<u>2,062,281</u>

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

	2023 £	2022 £
Deferred tax liabilities	<u>2,062,281</u>	<u>1,479,618</u>

# LONDON RESIDENTIAL HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

### 19 Retirement benefit schemes

	2023	2022
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	390,222	353,519

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.

### 20 Share capital

	2023	2022
	£	£
Ordinary share capital <i>Issued and fully paid</i>		
8,671 Ordinary shares of 1p each	87	87

The holder of the Ordinary shares is entitled to one vote per share at meeting of the Company.

### 21 Share premium account

	2023	2022
	£	£
At the beginning and end of the year	6,499,988	6,499,988

### 22 Revaluation reserve

	2023	2022
	£	£
At beginning and end of year	19,727,551	19,727,551

### 23 Capital redemption reserve

	2023	2022
	£	£
At the beginning and end of the year	25	25

# LONDON RESIDENTIAL HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

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### 24 Related party transactions

At the balance sheet date the amount due from the parent company, LRH Care Homes Limited, a company registered in England and Wales, was £11,924,452 (2022: £2,214,070). Interest received during the period in respect of the loan amounted to £355,233 (2022: £30,811).

At the balance sheet date, the company had a balance of £126,886 owed to Golden House Limited and Ravad Limited, the joint ultimate controlling parties.

On 14th February 2022, the Parent Company, LRH Care Homes Limited has entered into a new 5-year agreement with National Westminster Bank PLC for a loan facility of £35,625,000.

Interest is chargeable at 2.4% over the Sterling Overnight Index Average (SONIA) on the new bank loan facilities.

The parent company engaged in a swap transaction with National Westminster Bank Plc on one third of the notional bank loan to be fixed at 2.579% starting on September 30th 2022 (totalling to 4.979%).

The facility is secure by fixed and floating charges over the company's property.

### 25 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.

### 26 Events after the reporting date

There were no significant post balance sheet events arising since 31 December 2023.

# LONDON RESIDENTIAL HEALTHCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

### 27 Cash generated from operations

	2023 £	2022 £
Profit for the year after tax	6,813,351	4,088,477
<b>Adjustments for:</b>		
Taxation charged	1,803,182	852,696
Finance costs	8,548	63,021
Investment income	(586,520)	(41,497)
Gain on disposal of property, plant and equipment	-	(15,275)
Depreciation and impairment of property, plant and equipment	1,470,529	1,407,529
Other losses	-	108,126
<b>Movements in working capital:</b>		
Decrease/(increase) in inventories	72,663	(582,275)
Increase in trade and other receivables	(10,150,549)	(2,686,544)
Increase in trade and other payables	576,613	431,604
<b>Cash generated from operations</b>	<b>7,817</b>	<b>3,625,862</b>

### 28 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.