

Company registration number 03446822 (England and Wales)

**ADVINIA HEALTH CARE LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

# ADVINIA HEALTH CARE LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Dr S Kanoria Mrs S Kanoria Mr A Verma
<b>Company number</b>	03446822
<b>Registered office</b>	Gateway House (First Floor) 324 Regents Park Road London N3 2LN
<b>Auditor</b>	Taylor Associates 1st Floor Gallery Court 28 Arcadia Avenue London N3 2FG

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# ADVINIA HEALTH CARE LIMITED

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# ADVINIA HEALTH CARE LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 MARCH 2023

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The directors present the group strategic report for the year ended 31 March 2023.

#### Review of the business

Advinia Health Care Limited (the "company") is a leading care home operator. The company and its subsidiaries (the "group" or "Advinia") operate 22 care homes in England and 13 care homes in Scotland, with approximately 2,800 beds in total, currently providing employment to more than 3,000 staff.

The group turnover and other operating income in the financial year ended 31 March 2023 amounted to £104,424,309 (2022:£101,846,619). The management team focused on optimising resident safety and post pandemic, the number of high dependency residents increased in the group, necessitating extra care hour provision under the care act.

Approximately 80% of group revenues are from state-funded Local Authorities and CCGs, which provide the group with government secured income with the remaining 20% of revenues from self-funding residents..

#### Principal risks and risk management

##### Credit risk

The group's credit risk is limited as its trade receivables are from government-funded bodies such as Local Authorities, CCGs and NHS trusts, who reliably pay on time. Self-funded residents pay in advance by direct debit. There is regular monitoring and reviews of receivables by the finance and operations teams.

##### Liquidity risk

The group maintains liquidity and sufficient working capital for its ongoing operations and future developments. During the year and since the year end, the group has been provided with public sector funding support (grants). similar to other providers, which has been deployed to the sector to offset the additional infection control measures and associated costs (for example for PPE), in addition to incremental staffing costs and income support for the reduction in occupancy in a number of care homes.

##### Operational risk

The operation of the company's care homes is managed by an experienced team of senior management, regional teams and local care home managers. There are clear governance processes in place from care home level to board level to ensure regular performance reviews are undertaken across the group on a frequent basis.

##### Reputational risk

Reputational risk is managed through mandatory and specialist training and development of staff. All care staff are subject to rigorous recruitment checks via the Disclosure and Barring Service and Protecting Vulnerable Groups membership. The group has an online mandatory training system for all staff and clear induction processes.

#### Industry overview

Despite the hyper inflationary environment, the longer-term demand remains strong for residential care homes, principally driven by the continued rising numbers of people over the age of 85. The pandemic has further highlighted the critical role played by the social care sector. Over recent years there has been a reduction in care home bed provision and the group is well positioned to further grow, both organically and through M&A activity, and the directors believe there will be opportunities in the group's segment of the market for further consolidation and scaling.

In the short-term the directors have strategies in place to ensure continued profitable growth is achieved by deploying refurbishment capex where local demand warrants such spend to further drive back occupancy. In addition, the directors have identified redevelopment opportunities within the group to expand capacity at existing homes and reposition units within existing homes to provide specialist care provision, attracting higher fee rates.

The directors continue to remain hopeful that the government will find a political consensus to reform social care funding, providing a more equitable basis for social care provision, taking account of the full costs of providing high-quality care.

<https://www.ft.com/content/a2ad1787-eb3c-4f21-b138-a12670d7aaa1>.

# ADVINIA HEALTH CARE LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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### Key performance indicators

Following the pandemic, the group's highest challenge was to deal with a hyper inflationary environment where insurance costs almost doubled from previous years and insurance costs trebled. There was substantial turnover of staff as many staff left the care sector due to the stresses endured during covid.

Occupancy was impacted during and post COVID-19 across the social care sector hence the reduction in turnover for the year. The group monitors key financial and non-financial KPIs on a weekly and monthly basis through dashboard reporting. Occupancy and AWF remain key KPIs for the group. There is continued focus by management on ensuring resident fee rates are appropriate for their care needs and rates are optimised with local authorities to protect residents

### Outlook

As highlighted above the outlook for the care sector is promising due to its impact on hospital bed blocking and an increasing ageing population with higher dependencies.

### Inflation and Energy costs

The Group has a strategic procurement plan in place which actively monitors both the quality of its suppliers and market price of good and services on a continuous basis. This includes constant benchmarking against the market and the ability to tender as need, in most cases at least annually.

Given the current inflationary pressures most contracts are not long term and energy markets are monitored throughout the year to take advantage of price movements. Since the year end, key suppliers for food and energy have been retendered and changed as part of the ongoing programme.

### Promote the success of the company

The directors of the group have had regard to a variety of stakeholders other than the Group's shareholders when making strategic business decisions. Management is committed to engaging and reflecting on stakeholder needs through regular dialogue and communication. The directors recognise the unique nature of relationships with different key stakeholders and the dependencies of different elements of the business upon them. Relationships with key stakeholders are managed through relevant engagement activities in order to inform the board in their decision making and delivery of strategy.

### Regulation Compliance

The Care Quality Commission ("CQC") and The Scottish Care Inspectorate ("CI") are independent regulators of health and social care in England and Scotland, respectively. The CQC and CI regularly inspect our care homes and we have robust internal audit processes to ensure compliance. During the pandemic, in the absence of regular, full CQC and CI inspections, the group commissioned its own independent, third party mock regulatory inspections to ensure continued governance was maintained and care quality remained at the top of the agenda.

The group monitors operational KPIs in relation to regulatory and health and safety compliance, key ones being:

- Internal and external inspection ratings
- RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) and accident reporting
- Colleague hours and agency usage

Over the last few years the group has invested in and deployed technology to enhance its operations and provide a platform for future scalability. The group has deployed RADAR (care quality assurance and reporting software), eMAR (electronic medication administration), Time & Attendance (biometric colleague time recording) and is currently implementing Person Centred Software (PCS) which allows nurses and carers to record resident interactions and care plans digitally, providing ease of audit and enhanced accuracy.

### Local Authorities

Approximately 80% of group revenues are from state-funded Local Authorities and CCGs, which provide the group with steady, secure and timely cash inflows with the remaining 20% of revenues from higher fee-paying, self-funding residents.

# ADVINIA HEALTH CARE LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2023**

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### *Employees*

The Group employ over 3,000 employees operating in care home sectors. Maintaining an engaged and motivated workforce driven by the desire to their development is a key priority for the Group. Through recruiting and retaining exceptional talent the Group aim to build industry leading teams at forefront of care sectors.

Health and Safety is a main focus for the Group, with the group operating a Health and Safety policy across all homes, including a strong focus on Covid-19 safety measures for those working on site, and wellbeing support for all employees. Continued training and development is also offered to staff through internal/external training providers to ensure staff development.

### *Employee involvement*

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about 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 group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

The directors of the Group take into account the interest of its stakeholders during key decision as part of their duty to promote the success of the Group. The directors acts in a way they consider, in good faith, would be most likely to promote the success of the Group for the benefits of its members as a whole, and in doing so have regard to the following factors in relation to Section 172(1);

- The likely consequences of any decision in the long term,
- The interests of the company's employees, the need to foster the company's business relationships with suppliers, customers and others,
- The impact of the company's operations on the community and the environment,
- The desirability of the company maintaining a reputation for high standards of business conduct, and;
- The need to act fairly as between members of the company.

On behalf of the board

Dr S Kanoria  
**Director**

28 March 2024

# **ADVINIA HEALTH CARE LIMITED**

## **DIRECTORS' REPORT**

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

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

#### **Principal activities**

The principal activity of the group continued to be that of the provision and management of long term care facilities for the elderly.

#### **Results and dividends**

The results for the year are set out on page 10.

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

#### **Directors**

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

Dr S Kanoria  
Mrs S Kanoria  
Mr A Verma

#### **Supplier payment policy**

The group's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The group'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 group's contractual and other legal obligations.

Trade creditors of the group at the year end were equivalent to 28 day's purchases, based on the average daily amount invoiced by suppliers during the year.

#### **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 group continues and that the appropriate training is arranged. It is the policy of the group 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 group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about 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 group's performance.

#### **Auditor**

In accordance with the company's articles, a resolution proposing that Taylor Associates be reappointed as auditor of the group will be put at a General Meeting.

#### **Energy and carbon report**

As the group has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

# ADVINIA HEALTH CARE LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2023**

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### 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of disclosure to auditor

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

### Going concern

Having reviewed the group financial forecasts and expected future cash flows, the directors have a reasonable expectation that the company and group have adequate resources available to it to continue in operational existence for the foreseeable future, a period of not less than 12 months from the date of signing of these financial statements. The directors have considered the impact of inflation in their going concern assessment and have forecast occupancy growth on a prudent basis. The group meets its day to day working capital requirements through operating cash flows and through facilities provided by its stakeholders. If necessary, shareholders are willing to provide further financial support as they have done in the past.

The directors have therefore continued to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2023.

On behalf of the board

Dr S Kanoria  
**Director**

28 March 2024



# ADVINIA HEALTH CARE LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF ADVINIA HEALTH CARE LIMITED

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#### Opinion

We have audited the financial statements of Advinia Health Care Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2023 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the group and parent 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.

The group meets its day to day working capital requirements through operating cash flows and through facilities provided by its stakeholders. If necessary, shareholders are willing to provide further financial support as they have done in the past.

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 group's and parent 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.

# **ADVINIA HEALTH CARE LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)** **TO THE MEMBERS OF ADVINIA HEALTH CARE LIMITED**

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### **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 group and the parent company and their 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 parent 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 parent 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.

## **ADVINIA HEALTH CARE LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)** **TO THE MEMBERS OF ADVINIA HEALTH CARE LIMITED**

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We planned our audit so that we have a reasonable expectation of detecting material misstatements in the financial statements resulting from irregularities, fraud or non-compliance with law or regulations.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- Enquiring of management of whether they are aware of any non-compliance with laws and regulations.
- Enquiring of management whether they have knowledge of any actual, suspected or alleged fraud.
- Enquiring of management their internal controls established to mitigate risk related to fraud or non-compliance with laws and regulations.
- Obtaining understanding of the legal and regulatory framework in which the group operates, focusing on those laws and regulations. The key laws and regulations we considered in this context included Care Quality Commission ("CQC") and Care Inspectorate ("CI") compliance, UK Companies Act, tax legislation, employment law and, Health and Safety law.

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships.
- Audited the risk of management override of controls, including through testing journal entries for appropriateness and reviewing large and unusual bank transactions.

In response to the risk of irregularities and non compliance with laws and regulations, we designed procedures which included, but are not limited to:

- Agreeing financial statements disclosures to underlying supporting documentation.
- Enquiring of management as to actual and potential litigation claims.
- Reviewing compliance with CQC and CI requirements and making enquires with management
- Reviewing relevant profit and loss account items for evidence of litigation.

The test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, mean that there is an unavoidable risk that some material misstatements in respect of irregularities may remain undiscovered even though the audit is properly planned and performed in accordance with ISAs (UK). Furthermore, the further removed those laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Our examination should therefore not be relied upon to disclose all such material misstatements or frauds, errors or instances of non-compliance that might exist. The responsibility for safeguarding the assets of the company and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with the directors.

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.

# **ADVINIA HEALTH CARE LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ADVINIA HEALTH CARE LIMITED**

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**Asif Hassan FCA**  
**For and on behalf of Taylor Associates**

28 March 2024

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

1st Floor  
Gallery Court  
28 Arcadia Avenue  
London  
N3 2FG

# ADVINIA HEALTH CARE LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
<b>Turnover</b>	<b>3</b>	103,410,689	94,344,972
Cost of sales		(78,202,679)	(79,189,770)
<b>Gross profit</b>		25,208,010	15,155,202
Administrative expenses		(20,557,511)	(16,405,241)
Other operating income		1,013,620	7,501,647
<b>Operating profit</b>	<b>5</b>	5,664,119	6,251,608
Interest receivable and similar income	<b>9</b>	3,480	738
Interest payable and similar expenses	<b>10</b>	(3,044,358)	(3,209,582)
Amounts written off investments	<b>11</b>	(1,367,086)	813,095
<b>Profit before taxation</b>		1,256,155	3,855,859
Tax on profit	<b>12</b>	-	303,274
<b>Profit for the financial year</b>		1,256,155	4,159,133
<b>Other comprehensive income</b>			
Tax relating to other comprehensive income		-	(2,213,175)
<b>Total comprehensive income for the year</b>		1,256,155	1,945,958

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

### Non-GAAP measure: (Adjusted) Earnings Before Interest, Tax, Depreciation and Amortisation (Adjusted EBITDA)

Analysed as:

Operating profit analysed above	5,664,119	6,251,608
Add back: depreciation of tangible fixed assets and amortisation	5,743,305	6,814,087
Deduct: amortisation of negative goodwill	(3,394,578)	(3,394,578)
<b>EBITDA</b>	8,012,846	9,671,117
add back: Non-recurring items*	1,285,281	1,941,822
<b>Adjusted EBITDA</b>	9,298,127	11,612,939

\*Non-recurring items do not include income received or expenditure incurred as a result of the Covid-19 pandemic

# ADVINIA HEALTH CARE LIMITED

## GROUP BALANCE SHEET

AS AT 31 MARCH 2023

		2023		2022	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Negative goodwill	13		(2,959,274)		(6,353,852)
Other intangible assets	13		2,015,643		1,179,300
Total intangible assets			(943,631)		(5,174,552)
Tangible assets	14		129,472,649		132,422,053
			128,529,018		127,247,501
<b>Current assets</b>					
Debtors	17	12,029,563		11,407,988	
Cash at bank and in hand		3,330,327		5,194,707	
			15,359,890		16,602,695
<b>Creditors: amounts falling due within one year</b>	18	(22,712,088)		(21,228,878)	
<b>Net current liabilities</b>			(7,352,198)		(4,626,183)
<b>Total assets less current liabilities</b>			121,176,820		122,621,318
<b>Creditors: amounts falling due after more than one year</b>	19		(59,059,554)		(61,760,209)
<b>Provisions for liabilities</b>					
Deferred tax liability	22	15,269,151		15,269,151	
			(15,269,151)		(15,269,151)
<b>Net assets</b>			46,848,115		45,591,958
<b>Capital and reserves</b>					
Called up share capital	24		5,000,000		5,000,000
Revaluation reserve			29,039,401		29,039,398
Merger reserve			38,304		38,304
Profit and loss reserves			12,770,410		11,514,256
<b>Total equity</b>			46,848,115		45,591,958

The financial statements were approved by the board of directors and authorised for issue on 28 March 2024 and are signed on its behalf by:

Dr S Kanoria  
Director

Company registration number 03446822 (England and Wales)

# ADVINIA HEALTH CARE LIMITED

## COMPANY BALANCE SHEET

AS AT 31 MARCH 2023

		2023		2022	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Intangible assets	13		1,776,414		995,341
Tangible assets	14		17,041,188		17,456,852
Investments	15		57,536,198		57,536,198
			<u>76,353,800</u>		<u>75,988,391</u>
<b>Current assets</b>					
Debtors	17	2,265,326		4,476,513	
Cash at bank and in hand		961,103		3,793,580	
		<u>3,226,429</u>		<u>8,270,093</u>	
<b>Creditors: amounts falling due within one year</b>	18	(16,471,503)		(18,870,741)	
<b>Net current liabilities</b>			<u>(13,245,074)</u>		<u>(10,600,648)</u>
<b>Total assets less current liabilities</b>			63,108,726		65,387,743
<b>Creditors: amounts falling due after more than one year</b>	19		(55,183,171)		(57,883,826)
<b>Provisions for liabilities</b>					
Deferred tax liability	22	142,883		142,883	
		<u>(142,883)</u>		<u>(142,883)</u>	
<b>Net assets</b>			<u>7,782,672</u>		<u>7,361,034</u>
<b>Capital and reserves</b>					
Called up share capital	24		5,000,000		5,000,000
Revaluation reserve			1,404,809		1,404,809
Profit and loss reserves			1,377,863		956,225
<b>Total equity</b>			<u>7,782,672</u>		<u>7,361,034</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £421,638 (2022 - £742,742 profit).

The financial statements were approved by the board of directors and authorised for issue on 28 March 2024 and are signed on its behalf by:

Dr S Kanoria  
Director

Company registration number 03446822 (England and Wales)

# ADVINIA HEALTH CARE LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

	Share capital	Revaluation reserve	Profit and loss reserves		Total
	£	£	£	£	£
<b>Balance at 1 April 2021</b>	5,000,000	31,252,573	847,538	6,545,889	43,646,000
<b>Year ended 31 March 2022:</b>					
Profit for the year	-	-	-	4,159,133	4,159,133
Other comprehensive income:					
Tax relating to other comprehensive income	-	(2,213,175)	-	-	(2,213,175)
Total comprehensive income	-	(2,213,175)	-	4,159,133	1,945,958
Transfers	-	-	-	809,234	809,234
Other movements	-	-	(809,234)	-	(809,234)
<b>Balance at 31 March 2022</b>	5,000,000	29,039,398	38,304	11,514,256	45,591,958
<b>Year ended 31 March 2023:</b>					
Profit and total comprehensive income	-	-	-	1,256,155	1,256,155
<b>Balance at 31 March 2023</b>	5,000,000	29,039,401	38,304	12,770,410	46,848,115



## ADVINIA HEALTH CARE LIMITED

### COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 April 2021	5,000,000	1,404,809	213,483	6,618,292
Year ended 31 March 2022:				
Profit and total comprehensive income for the year	-	-	742,742	742,742
Balance at 31 March 2022	5,000,000	1,404,809	956,225	7,361,034
Year ended 31 March 2023:				
Profit and total comprehensive income	-	-	421,638	421,638
Balance at 31 March 2023	5,000,000	1,404,809	1,377,863	7,782,672

# ADVINIA HEALTH CARE LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

		2023	2022
	Notes	£	£
<b>Cash flows from operating activities</b>			
Cash generated from operations	27	9,082,389	4,022,754
Interest paid		(2,736,295)	(2,903,961)
Income taxes paid		(232,490)	(697,348)
<b>Net cash inflow from operating activities</b>		<u>6,113,604</u>	<u>421,445</u>
<b>Investing activities</b>			
Purchase of intangible assets		(906,981)	(242,483)
Proceeds from disposal of intangibles		-	4,581
Purchase of tangible fixed assets		(2,886,290)	(2,568,671)
Proceeds from disposal of tangible fixed assets		163,027	(747,225)
Proceeds from disposal of investments		-	(972,444)
Repayment of loans		(1,367,086)	1,785,539
Interest received		3,480	738
<b>Net cash used in investing activities</b>		<u>(4,993,850)</u>	<u>(2,739,965)</u>
<b>Financing activities</b>			
Repayment of borrowings		(437,258)	(1,263,771)
Repayment of bank loans		(2,550,000)	100,000
Payment of finance leases obligations		(22,965)	199,623
<b>Net cash used in financing activities</b>		<u>(3,010,223)</u>	<u>(964,148)</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(1,890,469)</u>	<u>(3,282,668)</u>
Cash and cash equivalents at beginning of year		<u>5,192,247</u>	<u>8,474,915</u>
<b>Cash and cash equivalents at end of year</b>		<u><u>3,301,778</u></u>	<u><u>5,192,247</u></u>
<b>Relating to:</b>			
Cash at bank and in hand		3,332,787	5,194,707
Bank overdrafts included in creditors payable within one year		<u>(31,009)</u>	<u>(2,460)</u>

# ADVINIA HEALTH CARE LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 MARCH 2023**

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### **1 Accounting policies**

#### **Company information**

Advinia Health Care Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Gateway House (First Floor), 324 Regents Park Road, London, N3 2LN.

The group consists of Advinia Health Care Limited and all of its subsidiaries.

#### **1.1 Accounting convention**

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

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

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

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's total comprehensive profit for the year was £421,639 (2022: £742,742) while, the group's consolidated total turnover for the year was £103,410,689 (2022: £94,344,972 ) and the group's consolidated total comprehensive income for the year was £1,256,155(2022: £1,945,958).

For the year ending 31 March 2023 the wholly owned subsidiaries of Advinia Health Care Limited disclosed under note 16, claimed an exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

#### **1.2 Basis of consolidation**

The consolidated group financial statements consist of the financial statements of the parent company Advinia Health Care Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 March 2023. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

# ADVINIA HEALTH CARE LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 1 Accounting policies

(Continued)

#### 1.3 Going concern

The financial statements have been prepared on the going concern basis. At the balance sheet date, the group had net current liabilities of £7,352,198 (2022: net current liabilities of £4,626,183) and net assets of £46,848,115 (2022: £45,591,958).

In arriving at their conclusion on the going concern status of the business, management have considered the group's financial position and given careful attention to its net current liability position at the balance sheet date.

The group meets its day to day working capital requirements through operating cash flows and through facilities provided by its stakeholders. If necessary, shareholders are willing to provide further financial support as they have done in the past.

Accordingly, and having reviewed the group financial forecasts and expected future cash flows, the directors have a reasonable expectation that the company and group have adequate resources available to it to continue in operational existence for the foreseeable future, a period of not less than 12 months from the date of signing of these financial statements.

Based on this, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

#### 1.4 Turnover

Turnover represents amounts receivable for the provision of services in relation to the care homes. Income is recognised on the day the service is provided.

#### 1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

#### 1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Negative goodwill represents the excess of fair value of net assets acquired over the cost of acquisition of a business. It is recognised separately as part of the goodwill balance and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which has been estimated at 5 years for the negative goodwill and 10 years for the positive goodwill.

#### 1.7 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation 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:

Software	20 years - Straight Line
Development costs	20 years - Straight Line

# ADVINIA HEALTH CARE LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 1 Accounting policies

(Continued)

#### 1.8 Tangible fixed assets

Tangible fixed assets, with the exception of freehold property, are measured using the cost model. These assets are stated at historical cost less accumulated depreciation and any accumulated 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 on the value of buildings
Fixtures and fittings	Between 3 and 50 years straight line

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

#### 1.9 Fixed asset investments

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.10 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

# ADVINIA HEALTH CARE LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 1 Accounting policies

(Continued)

#### 1.11 Cash and cash equivalents

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

#### 1.12 Financial instruments

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

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

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

##### **Basic financial assets**

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

##### **Other financial assets**

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

##### **Impairment of financial assets**

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

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

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

##### **Derecognition of financial assets**

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

# ADVINIA HEALTH CARE LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 1 Accounting policies

(Continued)

#### **Classification of financial liabilities**

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

#### **Basic financial liabilities**

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

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

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

#### **Derecognition of financial liabilities**

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

### 1.13 Equity instruments

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

### 1.14 Taxation

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

#### **Current tax**

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

#### **Deferred tax**

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

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

# ADVINIA HEALTH CARE LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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### 1 Accounting policies

(Continued)

#### 1.15 Employee benefits

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

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

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

#### 1.16 Retirement benefits

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

#### 1.17 Leases

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

#### 1.18 Government grants

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

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



# ADVINIA HEALTH CARE LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 2 Judgements and key sources of estimation uncertainty

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

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

#### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### Fair Value of Land and buildings

The group's land and buildings are measured using the fair value model and stated at their fair value as at the reporting date. The directors have used market evidence to assess an appropriate value at the year end.

#### Amortisation and depreciation

The directors estimate the useful lives and residual values of goodwill and property, plant & equipment in order to calculate the amortisation and depreciation charges. Changes in these estimates could result in changes being required to the annual charges in the Statement of Comprehensive Income and the carrying values of these assets in the Balance Sheet.

#### Impairment of assets

The group 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 group makes an estimate of 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 and any risks specific to the asset are also assessed. Impairment losses of continuing operations are recognized in the profit or loss in those expense categories consistent with the function of the impaired asset.

#### Deferred tax liability

The group estimates future profitability in arriving at the fair value of the deferred tax assets and liabilities. If the final tax outcome is different to the estimated deferred tax amount, the resulting changes will be reflected in the statement of comprehensive income, unless the tax relates to an item charged to equity in which case the changes in tax estimates will also be reflected in equity.

### 3 Turnover and other revenue

	2023	2022
	£	£
<b>Turnover analysed by class of business</b>		
Care homes	103,410,689	94,344,972

# ADVINIA HEALTH CARE LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 3 Turnover and other revenue (Continued)

	2023 £	2022 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	103,410,689	94,344,972
	<u>                    </u>	<u>                    </u>
	2023 £	2022 £
<b>Other revenue</b>		
Interest income	3,480	738
Grants received	28,500	6,707,546
	<u>                    </u>	<u>                    </u>

### 4 Non-recurring items

	2023 £	2022 £
IT intergration costs	174,988	-
Legal and professional fees	643,554	1,132,102
Temporary staff for integration	220,775	372,044
Adjustment of loan balances	-	377,347
Other costs	245,964	60,329
	<u>                    </u>	<u>                    </u>
Total	1,285,281	1,941,822
	<u>                    </u>	<u>                    </u>

Non-recurring costs relate to one-off legal and professional fees as well as costs incurred due to group restructuring and adjustments to loan balances.

### 5 Operating profit

	2023 £	2022 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(28,500)	(6,707,546)
Depreciation of owned tangible fixed assets	5,672,669	6,364,802
Amortisation of intangible assets	(3,323,940)	(2,945,293)
Operating lease charges	428,214	475,190
	<u>                    </u>	<u>                    </u>

### 6 Auditor's remuneration

	2023 £	2022 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	55,000	69,000
	<u>                    </u>	<u>                    </u>

# ADVINIA HEALTH CARE LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 6 Auditor's remuneration (Continued)

#### For other services

All other non-audit services	27,500	15,000
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#### Limitation of auditor's liability

On 19 June 2023 the board of directors convened a meeting to agree the proposal to limit the liability of the Auditor in the event of any claim for loss or damage arising from their professional services provided.

The auditors limitation of liability shall be £500,000 (or ten times the annual fee if greater). The sum representing the maximum total liability to the Company in respect of the Auditor, its principals, members and staff.

### 7 Employees

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

Group 2023 Number	2022 Number	Company 2023 Number	2022 Number
3,091	3,235	126	132

Their aggregate remuneration comprised:

	Group 2023 £	2022 £	Company 2023 £	2022 £
Wages and salaries	64,190,483	66,327,490	5,473,126	5,170,973
Social security costs	4,941,315	4,667,506	652,107	618,496
Pension costs	950,662	995,615	27,588	28,638
	70,082,460	71,990,611	6,152,821	5,818,107

### 8 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	200,000	100,000

### 9 Interest receivable and similar income

	2023 £	2022 £
Interest income		
Interest on bank deposits	3,480	738

# ADVINIA HEALTH CARE LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

<b>9</b>	<b>Interest receivable and similar income</b>		<b>(Continued)</b>
		<b>2023</b>	<b>2022</b>
		<b>£</b>	<b>£</b>
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	3,480	738
		<u>          </u>	<u>          </u>
<b>10</b>	<b>Interest payable and similar expenses</b>		
		<b>2023</b>	<b>2022</b>
		<b>£</b>	<b>£</b>
	<b>Interest on financial liabilities measured at amortised cost:</b>		
	Interest on bank overdrafts and loans	2,607,100	2,890,089
	<b>Other finance costs:</b>		
	Finance costs for financial instruments measured at fair value through profit or loss	437,258	319,493
		<u>          </u>	<u>          </u>
	Total finance costs	3,044,358	3,209,582
		<u>          </u>	<u>          </u>
<b>11</b>	<b>Amounts written off investments</b>		
		<b>2023</b>	<b>2022</b>
		<b>£</b>	<b>£</b>
	Gain/(loss) on disposal of investments held at fair value	-	(972,444)
	Amounts (written off)/written back to current loans	(1,367,086)	1,785,539
		<u>          </u>	<u>          </u>
		(1,367,086)	813,095
		<u>          </u>	<u>          </u>
<b>12</b>	<b>Taxation</b>		
		<b>2023</b>	<b>2022</b>
		<b>£</b>	<b>£</b>
	<b>Current tax</b>		
	Adjustments in respect of prior periods	-	(303,274)
		<u>          </u>	<u>          </u>

# ADVINIA HEALTH CARE LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 12 Taxation

(Continued)

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

	2023 £	2022 £
Profit before taxation	1,256,155	3,855,859
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	238,669	732,613
Tax effect of expenses that are not deductible in determining taxable profit	229,036	45,349
Tax effect of income not taxable in determining taxable profit	-	(86,906)
Unutilised tax losses carried forward	-	54,329
Group relief	-	(1,366,855)
Permanent capital allowances in excess of depreciation	(992,218)	(1,193,058)
Depreciation on assets not qualifying for tax allowances	1,156,062	2,070,144
Amortisation on assets not qualifying for tax allowances	(631,549)	(558,890)
Taxation charge/(credit)	-	(303,274)

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2023 £	2022 £
Deferred tax arising on:		
Revaluation of property	-	2,213,175

The deferred tax provision on Land and Buildings has been revised in line with the increase in corporation tax rates.

# ADVINIA HEALTH CARE LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 13 Intangible fixed assets

Group	Goodwill	Negative goodwill	Software	Development costs	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 April 2022	7,778,363	(16,972,892)	253,345	1,107,375	(7,833,809)
Additions - internally developed	-	-	-	831,533	831,533
Additions - separately acquired	-	-	44,848	30,600	75,448
At 31 March 2023	7,778,363	(16,972,892)	298,193	1,969,508	(6,926,828)
<b>Amortisation and impairment</b>					
At 1 April 2022	7,778,363	(10,619,040)	3,852	177,568	(2,659,257)
Amortisation charged for the year	-	(3,394,578)	9,896	60,742	(3,323,940)
At 31 March 2023	7,778,363	(14,013,618)	13,748	238,310	(5,983,197)
<b>Carrying amount</b>					
At 31 March 2023	-	(2,959,274)	284,445	1,731,198	(943,631)
At 31 March 2022	-	(6,353,852)	249,493	929,807	(5,174,552)
<b>Company</b>			<b>Software</b>	<b>Development costs</b>	<b>Total</b>
			£	£	£
<b>Cost</b>					
At 1 April 2022			65,581	1,107,375	1,172,956
Additions - internally developed			-	831,533	831,533
Additions - separately acquired			9,103	-	9,103
At 31 March 2023			74,684	1,938,908	2,013,592
<b>Amortisation and impairment</b>					
At 1 April 2022			47	177,568	177,615
Amortisation charged for the year			160	59,403	59,563
At 31 March 2023			207	236,971	237,178
<b>Carrying amount</b>					
At 31 March 2023			74,477	1,701,937	1,776,414
At 31 March 2022			65,534	929,807	995,341

# ADVINIA HEALTH CARE LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 14 Tangible fixed assets

Group	Freehold land and buildings £	Fixtures and fittings £	Total £
<b>Cost</b>			
At 1 April 2022	117,575,222	37,734,978	155,310,200
Additions	168,117	2,718,173	2,886,290
Disposals	-	(1,086,030)	(1,086,030)
At 31 March 2023	117,743,339	39,367,121	157,110,460
<b>Depreciation and impairment</b>			
At 1 April 2022	5,543,295	17,344,851	22,888,146
Depreciation charged in the year	1,887,072	3,785,597	5,672,669
Eliminated in respect of disposals	-	(923,004)	(923,004)
At 31 March 2023	7,430,367	20,207,444	27,637,811
<b>Carrying amount</b>			
At 31 March 2023	110,312,972	19,159,677	129,472,649
At 31 March 2022	112,031,926	20,390,127	132,422,053
<b>Company</b>			
	Freehold land and buildings £	Fixtures and fittings £	Total £
<b>Cost</b>			
At 1 April 2022	16,866,929	4,580,742	21,447,671
Additions	-	121,481	121,481
At 31 March 2023	16,866,929	4,702,223	21,569,152
<b>Depreciation and impairment</b>			
At 1 April 2022	616,903	3,373,916	3,990,819
Depreciation charged in the year	163,665	373,480	537,145
At 31 March 2023	780,568	3,747,396	4,527,964
<b>Carrying amount</b>			
At 31 March 2023	16,086,361	954,827	17,041,188
At 31 March 2022	16,250,026	1,206,826	17,456,852

The fair value of the Land and Buildings has been arrived at on the basis of a valuation carried out by the directors.

This valuation was based on market conditions such as demand and supply which affects multiples and future and current trading using historic valuations as a reference.

# ADVINIA HEALTH CARE LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 15 Fixed asset investments

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Investments in subsidiaries	16	-	-	57,536,198	57,536,198

#### Movements in fixed asset investments Company

##### Cost or valuation

At 1 April 2022 and 31 March 2023	57,536,198
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##### Carrying amount

At 31 March 2023	57,536,198
At 31 March 2022	57,536,198

### 16 Subsidiaries

Details of the company's subsidiaries at 31 March 2023 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Roseacres Care Home Limited	England & Wales	Ordinary	100.00
Annan Court Care Home Limited	England & Wales	Ordinary	100.00
Goldielea Care Home Limited	England & Wales	Ordinary	100.00
Kingsway Care Home Limited	England & Wales	Ordinary	100.00
Priory Supporting Care Limited	England & Wales	Ordinary	100.00
Woodstock Care Home Limited	England & Wales	Ordinary	100.00
Woodfield Care Home Limited	England & Wales	Ordinary	100.00
Madeira Care Home Limited	England & Wales	Ordinary	100.00
Maycroft Care Home Limited	England & Wales	Ordinary	100.00
Advinia Care Homes Limited	England & Wales	Ordinary	100.00

### 17 Debtors

	Group 2023 £	2022 £	Company 2023 £	2022 £
Amounts falling due within one year:				
Trade debtors	5,492,716	4,494,854	520,285	413,210
Other debtors	1,026,805	2,325,475	67,736	2,313,322
Prepayments and accrued income	5,510,042	4,587,659	1,677,305	1,749,981
	12,029,563	11,407,988	2,265,326	4,476,513



# ADVINIA HEALTH CARE LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 18 Creditors: amounts falling due within one year

		Group 2023	2022	Company 2023	2022
	Notes	£	£	£	£
Bank loans and overdrafts	21	2,581,009	2,552,460	2,550,000	2,550,000
Obligations under finance leases	20	47,678	41,301	47,678	41,301
Trade creditors		6,604,968	5,970,175	1,320,870	1,285,269
Amounts owed to group undertakings		-	-	9,453,229	12,736,963
Corporation tax payable		89,759	322,249	86,268	86,268
Other taxation and social security		2,980,505	1,912,800	486,507	320,526
Deferred income		871,169	897,211	40,747	40,555
Other creditors		5,246,029	5,248,959	1,118,523	1,074,619
Accruals and deferred income		4,293,431	4,283,723	1,367,681	735,240
		<u>22,714,548</u>	<u>21,228,878</u>	<u>16,471,503</u>	<u>18,870,741</u>

### 19 Creditors: amounts falling due after more than one year

		Group 2023	2022	Company 2023	2022
	Notes	£	£	£	£
Bank loans and overdrafts	21	45,900,000	48,450,000	45,900,000	48,450,000
Obligations under finance leases	20	128,980	158,322	128,980	158,322
Other borrowings	21	13,030,574	13,030,574	9,154,191	9,154,191
Other creditors		-	121,313	-	121,313
		<u>59,059,554</u>	<u>61,760,209</u>	<u>55,183,171</u>	<u>57,883,826</u>

### 20 Finance lease obligations

	Group 2023	2022	Company 2023	2022
	£	£	£	£
Future minimum lease payments due under finance leases:				
Within one year	47,678	41,301	47,678	41,301
In two to five years	128,980	158,322	128,980	158,322
	<u>176,658</u>	<u>199,623</u>	<u>176,658</u>	<u>199,623</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

# ADVINIA HEALTH CARE LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 21 Loans and overdrafts

	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans	48,450,000	51,000,000	48,450,000	51,000,000
Bank overdrafts	28,549	2,460	-	-
Loans from related parties	13,030,574	13,030,574	9,154,191	9,154,191
	<u>61,509,123</u>	<u>64,033,034</u>	<u>57,604,191</u>	<u>60,154,191</u>
Payable within one year	2,578,549	2,552,460	2,550,000	2,550,000
Payable after one year	<u>58,930,574</u>	<u>61,480,574</u>	<u>55,054,191</u>	<u>57,604,191</u>

On 31 January 2021, the group entered into a new senior facilities agreement with Natwest for £54,000,000. The facility comprises of a term loan facility of £51,000,000 and a revolving facility of £3,000,000. The facilities bear interest at the SONIA rate plus a margin between 2.35% and 3.15%. The actual margin applied is based on the quarterly loan leverage ratio with 2.35% being the minimum and 3.15% being the maximum margin.

The loan is repayable on a quarterly basis by the amounts of £637,500 from 31 July 2022 until the termination date on 31 January 2027, at which point the outstanding liability of £38,887,500 will fall due.

### 22 Deferred taxation

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

Group	Liabilities 2023 £	Liabilities 2022 £
Accelerated capital allowances	2,192,275	2,192,275
Revaluations	9,118,650	9,118,650
Fair value movements	3,958,226	3,958,226
	<u>15,269,151</u>	<u>15,269,151</u>
Company	Liabilities 2023 £	Liabilities 2022 £
Accelerated capital allowances	226,019	226,019
Revaluations	(83,136)	(83,136)
	<u>142,883</u>	<u>142,883</u>

There were no deferred tax movements in the year.

# ADVINIA HEALTH CARE LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 22 Deferred taxation (Continued)

Deferred tax on revaluations would only become payable if the revalued fixed assets were to be sold at their carrying value.

### 23 Retirement benefit schemes

	2023	2022
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	950,662	1,011,383

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

### 24 Share capital

Group and company	2023	2022	2023	2022
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of £1 each	5,000,000	5,000,000	5,000,000	5,000,000

### 25 Related party transactions

The group and company have taken advantage of the exemption under terms of FRS102 not to disclose related party transactions with wholly owned subsidiaries within the group.

As at 31 March 2023, the group's balance sheet included a payable of £13,030,574 (2022: £13,030,574) due to St Carmen Limited, the group's immediate parent company which is incorporated in Gibraltar.

### 26 Controlling party

The ultimate controlling parties are the trustees of the Paraman Trust Settlement.

## ADVINIA HEALTH CARE LIMITED

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

FOR THE YEAR ENDED 31 MARCH 2023

#### 27 Cash generated from group operations

	2023 £	2022 £
Profit for the year after tax	1,256,155	4,159,133
<b>Adjustments for:</b>		
Taxation charged/(credited)	-	(303,274)
Finance costs	3,044,358	3,209,582
Investment income	(3,480)	(738)
Amortisation and impairment of intangible assets	(3,323,940)	(2,945,293)
Depreciation and impairment of tangible fixed assets	5,672,669	6,364,802
Other gains and losses	1,367,086	(813,095)
<b>Movements in working capital:</b>		
Increase in debtors	(621,575)	(2,461,154)
Increase/(decrease) in creditors	1,717,160	(3,479,444)
(Decrease)/increase in deferred income	(26,042)	292,236
<b>Cash generated from operations</b>	<b>9,082,391</b>	<b>4,022,755</b>

#### 28 Cash generated from operations - company

	2023 £	2022 £
Profit for the year after tax	421,638	742,742
<b>Adjustments for:</b>		
Finance costs	3,044,019	3,208,993
Investment income	(2,104)	(738)
Amortisation and impairment of intangible assets	59,563	56,603
Depreciation and impairment of tangible fixed assets	537,145	1,170,218
Other gains and losses	1,367,086	972,444
<b>Movements in working capital:</b>		
Decrease/(increase) in debtors	2,211,187	(2,575,876)
Decrease in creditors	(2,397,923)	(521,966)
Increase in deferred income	192	4,161
<b>Cash generated from operations</b>	<b>5,240,803</b>	<b>3,056,581</b>

# ADVINIA HEALTH CARE LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 29 Analysis of changes in net debt - group

	1 April 2022	Cash flows	Market value movements	31 March 2023
	£	£	£	£
Cash at bank and in hand	5,194,707	(1,861,920)	-	3,332,787
Bank overdrafts	(2,460)	(28,549)	-	(31,009)
	5,192,247	(1,890,469)	-	3,301,778
Borrowings excluding overdrafts	(64,030,574)	2,987,258	(437,258)	(61,480,574)
Obligations under finance leases	(199,623)	22,965	-	(176,658)
	(59,037,950)	1,119,754	(437,258)	(58,355,454)

### 30 Analysis of changes in net debt - company

	1 April 2022	Cash flows	Market value movements	31 March 2023
	£	£	£	£
Cash at bank and in hand	3,793,580	(2,832,477)	-	961,103
Borrowings excluding overdrafts	(60,154,191)	2,987,258	(437,258)	(57,604,191)
Obligations under finance leases	(199,623)	22,965	-	(176,658)
	(56,560,234)	177,746	(437,258)	(56,819,746)

### 31 Auditor's liability limitation agreement

It was resolved on 16 June 2023 that in the event of any claim for loss or damage arising from the professional services provided by the Auditor, the Auditor's limitation of liability for audit shall be £500,000 (or ten times the annual fee if greater). The sum representing the maximum total liability to Advinia Health Care Ltd in respect of the Auditor, its principals, members and staff; this maximum total liability applies to any and all claims made on any basis and therefore includes any claims in respect of breaches of contract, tort (including negligence) or otherwise in respect of the professional services and shall also include interest.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.