

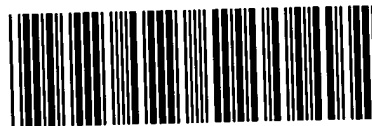
Tamulst Care Limited

Annual report and financial statements

Registered number 03558522

31 December 2022

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Contents

Strategic report	1
Directors' report	4
Statement of directors' responsibilities in respect of the strategic report, directors' report and the financial statements	5
Independent auditor's report to the members of Tamulst Care Limited	6
Profit and loss account and other comprehensive income	10
Balance sheet	11
Statement of changes in equity	12
Notes	13

Strategic report

Background and ownership structure

Tamulst Care Limited was a care home operator within the Mericourt Limited group of companies. The Mericourt Limited group of companies operated healthcare facilities under the Four Seasons and brighterkind brands during the year.

The directors regard Seaside Holdings Limited, a company registered in Guernsey, as the ultimate parent entity.

Financial results

The Company made a loss before taxation of £369,000 (2021: loss of £1,675,000).

Principal activity

The principal activity of the Company was the operation of care homes.

Business review and KPIs

The results of the Company are consolidated in the group headed by Mericourt Limited, the consolidated financial statements of which contain a detailed business review and KPIs relating to the group. Copies of these financial statements can be obtained from Companies House.

On an individual company basis, the main financial and operational KPIs were as follows:

	2022	2021
Turnover	£8,392,000	£23,476,000
Operating loss	(£369,000)	(£1,675,000)
Average occupancy in the year	79.1%	83.0%

The movement in average occupancy in the year was predominantly a result of Covid-19.

Principal risk and uncertainties

The Mericourt Limited group's management structures, coupled with its policies and procedures, are designed to enable the achievement of business objectives while controlling the risks associated with the environment in which it operates. The group has risk management processes in place which are designed to identify, manage and mitigate business risk. The Company operates within this group structure.

The principal risks and uncertainties affecting the Company and other group companies and the means by which they are managed are shown below.

Strategic report (continued)

Principal risk and uncertainties (continued)

Financial risks

- *Liquidity and capital resources*

Mitigation: Liquidity and financing arrangements are managed centrally within the group. Further details in respect of the liquidity and capital resources risks that affect the Company are included in the Going Concern section of note 1 of the Mericourt Limited group accounts which are available from Companies House.

- *Reduction in demand for our services*

Mitigation: The Company and other group companies continue to focus on their strong partnering relations with Local Authorities and care commissioners to ensure that placements are made within our facilities. In addition, we regularly assess the services we provide to ensure they represent value for money and where necessary reposition services to align with demand.

- *Payroll pressures: increased reliance on agency staff and inflationary pressures on own staff costs*

Mitigation: The Company and other group companies actively monitor agency usage, particularly in light of staffing pressures exacerbated a result of Brexit and Covid-19. Alternative sources of nurses are continually investigated both within the UK and internationally, together with the training and development of care assistants to take on some of the tasks of nurses. The Group budgets carefully for National Minimum Wage and National Living Wage increases and the impact on its cash flow and profitability.

- *Seasonal death rate*

Mitigation: The Company and other group companies aim to deliver very good care everywhere which should serve to minimise the impact on occupancy during a normal period of higher winter deaths. In addition, wherever possible, the Company works with local NHS hospitals to provide care home beds for patients who are able to leave hospital at a time when the NHS is under seasonal pressure.

- *Covid-19 - impact upon patients, employees and supply chain for goods and services*

Mitigation: The group closely monitors the on-going impact of Covid-19 and continues to take steps to mitigate potential effects on its operations. Robust action plans, addressing areas such as infection control, resident and staff access to testing and vaccination programmes, employee welfare and access to personal protective equipment and other critical supplies, have been put in place to seek to reduce the risk that Covid-19 poses. The welfare and safety of the group's residents, patients and employees is always the top priority. The group will continue to monitor all official guidance and, where appropriate, update its approach in accordance with the latest recommendations.

- *Inflationary pressures and economic environment*

Mitigation: The Group has developed strong partnerships with suppliers and continues to carefully monitor material supply contracts including identification of any supplies for which the availability or pricing of is sensitive to changes in wider economic conditions or the current inflationary environment.

Operational risks

- *Regulatory and reputational risk*

Mitigation: The Company and other group companies devote a considerable amount of time to the management of regulatory and reputational matters. Compliance with the on-going requirements of registration and changes arising from the evolving regulatory environment mean that significant attention by the wider group's senior management has been, and will continue to be, dedicated to regulatory compliance and assurance. The wider group has implemented rigorous clinical governance and risk assurance systems, carries out substantial employee training, employee inductions and employee reference procedures, including a criminal background check for all frontline staff.

- *Shortage of qualified workforce*

Mitigation: Alternative sources of nurses are continually investigated both within the UK and internationally, together with the training and development of care assistants to take on some of the tasks of nurses.

Strategic report (*continued*)

Future developments

The company is no longer a trading entity but is part of a wider collection of entities formerly known as the Elli Investments Limited group (the EIL Group). EIL and an indirect subsidiary of EIL, Elli Finance (UK) Plc (EFUK) have unpaid debts and were put into administration on 30 April 2019.

Following the administration, the EIL group is being restructured and a broker was retained in Summer 2022 in relation to a sales process for the EIL Group's remaining freehold properties. Following significant market interest and a period of diligence and other dialogue sales contracts have been exchanged or are expected to be exchanged in respect of approximately two thirds of the Group's freehold properties. For a sub-portfolio of approximately one third of the remaining freehold care homes, it is currently expected to be beneficial for all stakeholders for the Mericourt Limited group to continue to operate these homes and it is not the Group's current intention to proceed with the sale of this sub-portfolio in the near term.

The Joint Administrators of EIL and EFUK continue to consider all possible options for the EIL Group's organisational and capital structure.

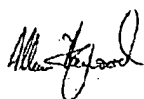
Employment policies

The Company and other group companies aim to provide equal opportunities regardless of sex, race, religion or belief, sexual orientation, disability or ethnic origin, recognising that the continued success of the group depends upon its ability to attract, motivate and retain people of the highest calibre.

Environmental policy

The Mericourt Limited group has an environmental commitment which includes compliance with existing environmental regulations, minimising the consumption of resources, a policy of "reduce, reuse and recycle" and providing awareness amongst staff of the environmental impact of travel.

On behalf of the Board



A J Hayward
Director

Norcliffe House
Station Road
Wilmslow
Cheshire
SK9 1BU

27 September 2023

Directors' report

The directors present their annual report together with the audited financial statements of the Company for the year ended 31 December 2022. The Company has chosen in accordance with Companies Act 2006, s.414C(11) to set out in the Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch.7 to be contained in the Directors' report. It has done so in respect of principal risks and uncertainties and future developments.

Results and dividends

The results for the year are shown in the profit and loss account on page 10. The directors do not recommend the payment of a dividend (2021: £nil).

Directors

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

A J Hayward

Going concern and liquidity management

At the time of approving the financial statements the directors have not prepared the accounts on a going concern basis. This is on the basis that the company has now ceased to trade as a result of the Company's activities migrating outside of the EIL group following a sales process that completed in July 2021 and July 2022. As the Company's trade and assets were security for unpaid debts of EIL and EFUK, net proceeds from these sales processes have been returned to the securities agent of the EIL and EFUK debt. Further details are shown in the "Going concern" section of note 1 to the financial statements.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Third party indemnity provision for directors

Qualifying third party indemnity provision is in place for the benefit of all directors of the Company.

Auditor

Pursuant to Section 487 of the Companies Act 2006 the auditor will be deemed to be reappointed and RSM UK Audit LLP will therefore continue in office.

On behalf of the Board



A J Hayward
Director

Norcliffe House
Station Road
Wilmslow
Cheshire
SK9 1BU
27 September 2023

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements.

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Tamulst Care Limited

Opinion

We have audited the financial statements of Tamulst Care Limited (the 'company') for the year ended 31 December 2022 which comprise the profit and loss account and other comprehensive income, balance sheet, statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

Emphasis of matter - Non-going concern basis of accounting

We draw attention to note 1 of the financial statements which describes the preparation of the financial statements on a non-going concern basis. As described in note 1, the company has ceased trading and therefore the directors have concluded that it is not appropriate to prepare the financial statements on a going concern basis. There have been no adjustments made to the financial statements as a result of the application of the non-going concern basis of accounting. Our opinion is not modified in respect of this matter.

Independent auditor's report to the members of Tamulst Care Limited

(Continued)

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 the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report 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 set out on page 5, 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.

Independent auditor's report to the members of Tamulst Care Limited

(Continued)

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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from internal and external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to Care Quality Commission (CQC) and other regulator's registration and health and safety legislation. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these law and regulations and inspected correspondence with the relevant regulators as well as reviewing latest registration status on the CQC or other regulator's website and any entries on the Health and Safety Executive website.

Independent auditor's report to the members of Tamulst Care Limited

(Continued)

The extent to which the audit was considered capable of detecting irregularities, including fraud *(continued)*

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.

Rachel Fleming

Rachel Fleming (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

1 St James Gate
Newcastle Upon Tyne
NE1 4AD

28 September 2023.

Profit and loss account and other comprehensive income
for the year ended 31 December 2022

	<i>Note</i>	2022 £000	2021 £000
Turnover	2	8,392	23,476
Cost of sales		(10,023)	(26,802)
Gross loss		(1,631)	(3,326)
Exceptional items #	4	809	(761)
Other operating income	5	453	2,412
Operating loss		(369)	(1,675)
Loss before taxation		(369)	(1,675)
Tax on loss	8	-	-
Loss for the financial year		(369)	(1,675)
Other comprehensive income, net of tax	13	-	-
Total comprehensive loss for the financial year		(369)	(1,675)

The Company has no recognised gains or losses in the current or prior year other than those reported above.

All amounts relate to discontinued operations

The financial statements include the notes on pages 13 to 24.

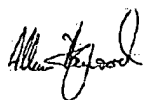
Exceptional items includes a £3,099,000 increase (2021: £114,000 increase) in a non-cash provision against amounts due from group undertakings

Balance sheet
at 31 December 2022

		2022		2021	
	Note	£000	£000	£000	£000
Fixed assets					
Tangible fixed assets	9	-	-	963	963
Current assets					
Debtors	10	-	-	833	
Cash at bank and in hand		-	-	3	
		-	-	836	
Creditors: amounts due within one year	11	(16,463)		(17,893)	
Net current liabilities			(16,463)		(17,057)
Total assets less current liabilities			(16,463)		(16,094)
Net liabilities			(16,463)		(16,094)
Capital and reserves					
Called up share capital	13	-	-	-	-
Profit and loss account		(16,463)		(16,094)	
Shareholder's deficit		(16,463)		(16,094)	

The financial statements include the notes on pages 13 to 24.

These financial statements were approved by the board of directors on 27 September 2023 and were signed on its behalf by:



A J Hayward
Director

Statement of changes in equity

	Profit & Loss account £000	Called up share capital £000	Total equity £000
Balance at 28 December 2020	(14,419)	-	(14,419)
Total comprehensive income for the period			
Loss for the year	(1,675)	-	(1,675)
Other comprehensive income	-	-	-
Total comprehensive loss for the period	(1,675)	-	(1,675)
Balance at 26 December 2021	(16,094)	-	(16,094)

	Profit & Loss account £000	Called up share capital £000	Total equity £000
Balance at 27 December 2021	(16,094)	-	(16,094)
Total comprehensive income for the period			
Loss for the year	(369)	-	(369)
Other comprehensive income	-	-	-
Total comprehensive loss for the period	(369)	-	(369)
Balance at 1 January 2023	(16,463)	-	(16,463)

The financial statements include the notes on pages 13 to 24.

Notes (forming part of the financial statements)

1 Accounting policies

Tamulst Care Limited (the "Company") is a private company limited by shares and incorporated, domiciled, and registered in England in the United Kingdom.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's intermediate parent undertaking, Mericourt Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Mericourt Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from Norcliffe House, Station Road, Wilmslow, SK9 1BU.

In these financial statements the Company is considered to be a qualifying entity (for the purpose of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to the end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 18.

Measurement convention

The financial statements are prepared on the historical cost basis.

The accounting reference date for the Company is 31 December 2022 (2021: 31 December 2021). The Company has opted to adopt the "seven day rule". The seven-day rule provides that a particular financial year need not end on the accounting reference date itself but on a date within not more than seven days of the date as the directors may determine. On this basis, the accounting period is for the 53 weeks ended 1 January 2023, with the comparative period being the 52 weeks ended 26 December 2021.

Notes (Continued) *(forming part of the financial statements)*

1 Accounting policies *(continued)*

Non-going concern

In considering whether it is appropriate to prepare these financial statements on a going concern basis the Directors have considered the requirements of FRS 102, which states that an entity is a going concern unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so.

The company is part of a group of companies headed by Mericourt Limited. Mericourt Limited and its subsidiaries are part of a collection of entities formerly known as the Elli Investments Limited group (the EIL group). EIL and an indirect subsidiary of EIL, Elli Finance (UK) Plc (EFUK) have unpaid debts and were put into administration on 30 April 2019. Following the administration of EIL and EFUK, Mericourt Limited and its subsidiaries continue to be legally owned by EIL but are no longer controlled by EIL. Furthermore, following the appointment of administrators, delegated authority for the EIL group's day to day operations has been transferred to Mericourt Limited

Following the administration of EIL, the EIL group is being restructured. The wider EIL group restructure / sale process could result in the Company being placed into administration or liquidated. However, the company ceased to trade during the year following the sale of its trade and assets in July 2022 and therefore the directors have concluded that it is not appropriate to prepare the financial statements on a going concern basis.

Notes (Continued) (forming part of the financial statements)

1 Accounting policies (continued)

Basic financial instruments

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate for a similar debt instrument.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as a separate item of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases.

The Company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives are as follows:

- Equipment and fixtures - 3 to 5 years
- Freehold buildings - 45 years
- Motor vehicles - 4 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

Notes (Continued) (forming part of the financial statements)

1 Accounting policies (continued)

Impairment excluding investment properties and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than investment property and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). Where relevant, the goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the units on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Notes (Continued) (forming part of the financial statements)

1 Accounting policies (continued)

Provisions and Contingent Liabilities

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the Company will be required to make a payment under the guarantee. Further details are shown in note 18 - Accounting Estimates and Judgements and note 14 - Contingent Liabilities.

Expenses

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the Company is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For non-depreciable assets that are measured using the revaluation model, or investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes (Continued) *(forming part of the financial statements)*

1 Accounting policies *(continued)*

Exceptional items

Items that are material in size and non-recurring in nature are presented as exceptional items in the profit and loss account. The directors are of the opinion that the separate recording of exceptional items provides helpful information about the Company's underlying business performance. Events which may give rise to the classification of items as exceptional include restructuring of businesses, changes to business processes, gain or losses on the disposal or impairment of assets and other significant non-recurring gains or losses.

2 Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the Company's ordinary activities, stated net of value added tax.

All turnover arises from operations in the United Kingdom and is attributable to the company's principal activity.

3 Expenses and auditor's remuneration

The auditor's remuneration of £5,300 (2021: £5,300) for audit services was borne by another group undertaking.

No additional services, other than the audit of the Company's financial statements, have been provided by the Company's auditor during the current or preceding year.

4 Exceptional items

Exceptional items in the current year relate to a profit on disposal of £3,925,000 (2021: loss on disposal of £650,000), a non-cash provision against amounts due from connected undertakings of £3,099,000 (2021: £114,000), and a £17,000 (2021: £4,000) release of historical balances.

5 Other operating income

	2022	2021
	£000	£000
Covid support income	453	2,395
Coronavirus Job Retention Scheme	-	17
	<u>453</u>	<u>2,412</u>

Notes (Continued) *(forming part of the financial statements)*

6 Staff numbers and costs

The average number of persons employed by the Company (including directors), during the year, including both full and part time staff, analysed by category, was as follows:

	Number of employees	
	2022	2021
Administration	10	26
Healthcare facilities	286	882
	<u>296</u>	<u>908</u>

The aggregate payroll costs of these persons were as follows:

	2022	2021
	£000	£000
Wages and salaries	5,604	14,877
Social security costs	454	1,092
Pension costs	130	336
	<u>6,188</u>	<u>16,305</u>

7 Directors' remuneration

	2022	2021
	£000	£000
Directors' remuneration	1	2
Compensation for loss of office	-	-
Pension costs	-	-
	<u>1</u>	<u>2</u>

The remuneration above relates to each director's qualifying services to the Company and any subsidiaries, and was paid by another group undertaking during the current and prior year.

The total remuneration, including bonus payments and compensation for loss of office, in respect of the company and any subsidiaries of the highest paid director was £1,000 (2021: £2,000) and includes pension contributions of £nil (2021: £nil).

Pension contributions arise in respect of no (2021: no) directors. There were no pension contributions outstanding at the year end (2021: £nil).

Notes (Continued) (forming part of the financial statements)

8 Taxation

	2022 £000	2021 £000
Total tax expense recognised in the profit and loss account, other comprehensive income and equity		
<i>UK corporation tax</i>		
Current tax on loss for period	-	-
Adjustments in respect of prior periods	-	-
Total current tax	-	-
<i>Deferred tax charge</i>		
Total deferred tax	-	-
Total tax	-	-
<i>Reconciliation of effective tax rate</i>		
Loss for period	(369)	(1,675)
Total tax expense	-	-
Loss excluding taxation	(369)	(1,675)
Tax using the UK corporation tax rate of 19.0% (2021: 19.00%)	(70)	(318)
<i>Effects of:</i>		
Expenses not deductible/(credits) not taxable for tax purposes	504	163
Group relief for nil consideration	1,957	52
Current year movement in unrecognised deferred tax assets	(2,391)	103
Total tax expense included in profit and loss	-	-

Factors that may affect future, current and total tax (credit)/charge:

The main UK corporation tax rate increased from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 March 2021. Deferred tax has therefore been calculated at 25%, although the Company does not recognise deferred tax assets.

Notes (Continued) (forming part of the financial statements)

9 Tangible fixed assets

	Equipment & fixtures £000
<i>Cost</i>	
Balance at 1 January 2022	6,870
Additions	165
Disposals	(7,035)
Balance at 31 December 2022	<u>-</u>
<i>Depreciation</i>	
Balance at 1 January 2022	5,907
Depreciation charge for the year	272
Disposals	(6,179)
Balance at 31 December 2022	<u>-</u>
<i>Net book value:</i>	
At 1 January 2022	<u>963</u>
At 31 December 2022	<u>-</u>

Security

The trade and assets of the company are security for debt facilities of related entities. See note 1 and note 14 for further details.

10 Debtors

	2022 £000	2021 £000
Trade debtors	-	808
Amounts due from group undertakings	3,213	114
Non-cash provision against amounts due from group / related undertakings	(3,213)	(114)
Other debtors	-	11
Prepayments	-	14
	<u>-</u>	<u>833</u>

The amounts due from group / related undertakings are unsecured and repayable on demand. Where applicable, interest is charged at between 1.3% and 11.46%.

Notes (Continued) (forming part of the financial statements)

11 Creditors: amounts due within one year

	2022	2021
	£000	£000
Trade creditors	27	252
Other taxation and social security	-	344
Amounts due to group undertakings	16,017	14,886
Accruals	8	199
Other creditors	411	2,212
	<u>16,463</u>	<u>17,893</u>

The amounts due to group undertakings are unsecured and repayable on demand. Where applicable, interest is charged at between 1.3% and 11.46%.

12 Employee benefits

The Company operates a number of pension schemes for its employees. All pension schemes are defined contribution schemes. The assets of all schemes are held in separate funds administered by the Trustees and are independent of the Company's finances.

The total cost charged to the profit and loss account during the year was £130,000 (2021: £336,000). At the year end £nil (2021: £nil) of pension contributions were outstanding.

13 Share capital, reserves and other comprehensive income

	2022	2022	2021	2021
	No. of shares	£000	No. of shares	£000
<i>Allotted, called up and fully paid:</i>				
Ordinary shares of £1 each	2	-	2	-
Total		<u>-</u>		<u>-</u>
Shares classified as liabilities	-	-	-	-
Shares classified as equity	2	-	2	-
Total		<u>-</u>		<u>-</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Other comprehensive income

The company has no recognised gains or losses in the current or prior year other than those reported in the profit or loss account.

Notes (Continued) (forming part of the financial statements)

14 Operating lease

Leases as lessee

Non cancellable operating lease rentals are payable as follows:

	2022	2021
	£000	£000
Less than one year	-	424
Between one and five years	-	1,697
More than five years	-	4,879
	<u>-</u>	<u>7,000</u>

During the year £236,000 was recognised as a charge in the profit and loss account in respect of operating leases (2021: £1,508,000 charge).

15 Contingent liabilities and group financing arrangements

The Company, together with other group and connected companies, is party to a number of financing arrangements. Under the terms of those financing arrangements, the trade and assets of the Company are security for debt facilities of connected entities. Certain of the debt is in default and those entities were placed into Administration on 30 April 2019. At the date of approval of these financial statements no claims have been made in respect of this guarantee. At 31 December 2022 the directors considered it possible, but not yet probable, that claims will be made. Therefore a provision in respect of the financial guarantee contracts was not recognised at 31 December 2022. See note 18 for further details of the impact of these guarantees on the company's ability to continue as a going concern and key estimates and judgements made in assessing the probability of claims under the guarantees.

16 Related parties

The directors have taken advantage of the exemption in FRS 102 Section 33.1A and, as the Company is a wholly owned subsidiary of Mericourt Limited, have not disclosed related party transactions with the Company's parent and fellow subsidiary undertakings.

As detailed in note 1, from 30 April 2019 the Mericourt Group, which was previously part of the Group headed by Elli Investments Limited (EIL), ceased to be controlled by EIL. Certain entities continue to have transactions with the Group headed by Rhyme (Jersey) Limited, which was also controlled by EIL until 30 April 2019. Transactions between the Mericourt Group and Rhyme (Jersey) Group during the years ended 31 December 2022 and 31 December 2021 include rental of property from Rhyme (Jersey) Group, the recharging of central operational costs to Rhyme (Jersey) Group, and interest on loan balances due to / from Rhyme (Jersey) Group. The exemption in FRS 102 Chapter 33.1 A applies to these transactions up to 30 April 2019. Due to the cessation of control by EIL, Mericourt Group and Rhyme (Jersey) Group ceased to be 'related parties' from 30 April 2019. However, on the first day of the current accounting period (27 December 2021), Mericourt Limited acquired Rhyme (Jersey) Limited and it is therefore considered that from this date the exemption in FRS 102 Chapter 33.1 A continued to apply.

Where balances remain outstanding between the Mericourt Group and the Group headed by Rhyme (Jersey) Group (which is now a subsidiary of Mericourt Limited following its acquisition on 27 December 2021), these have been disclosed (as at 2021 year-end) within the debtors and creditors notes as amounts due to / from connected parties along with any provisions against debtor balances.

Notes (Continued) (forming part of the financial statements)

17 Ultimate parent

As at 31 December 2022, the Company's immediate parent company is Four Seasons Group Holdings Limited, a company incorporated in the United Kingdom. Its registered address is Norcliffe House, Station Road, Wilmslow, SK9 1BU.

The ultimate parent undertaking is Seaside Holdings Limited, an entity incorporated in Guernsey.

The smallest and largest group in which the results of the Company are consolidated into the group headed by Mericourt Limited, the financial statements of which will be available to the public and may be obtained from its registered address: Norcliffe House, Station Road, Wilmslow, SK9 1BU.

18 Accounting estimates and judgements

Key sources of estimation uncertainty

The preparation of financial statements requires the directors to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The key areas requiring the use of estimates and judgements which may significantly affect the financial statements are considered to be:

Contingent liabilities and provisions

In determining whether a contingent liability disclosure or provision is required in respect of financial guarantee contracts, which the Company is party to in respect of guaranteeing the unpaid debts of EIL and EFUK, the Directors have to assess the likelihood that the Company will be required to make payments to settle their obligations in respect of this arrangement. When assessing the probability of payment, management have considered the circumstances around the EIL Group restructure (see note 1). The outcome of this assessment at 31 December 2022 was that it was not considered probable that the Company would be required to make a payment under this guarantee given the range of possible options available to the EIL Group including disposal of shares in investments with funds paid directly to the securities agent and possible refinancing options. The Directors acknowledge that given the financial position of the Group and the fact that the Debt Holders are in administration, the likelihood of a payment being made has increased during the current financial year. The Directors recognise that this is a subjective assessment given the final format and outcome of restructuring is uncertain. It is possible that payments will be made by the entity in respect of these guarantees under certain options which were being considered at year-end and are currently being considered.

Recoverability of amounts owed by related undertakings

An estimate is made in respect of the recoverability of amounts owed by group undertakings. In making this assessment, the directors have considered the ability of the relevant group undertakings to pay the amount owed. Due to the complex group structure this requires consideration of the way in which all intercompany balances would be settled and the asset value available to settle those balances, both of which are impacted by the circumstances around the EIL Group restructure (see note 1).

Treatment of items as exceptional

The Company has presented items as exceptional within the profit and loss account and other comprehensive income. These are items of income and expense which the directors believe are material in size and non-recurring in nature, and this disclosure helps to provide clarity over the business' underlying performance. These items may include the profit or loss on disposal of properties, fixed asset impairments and reversal of impairments, movements on onerous lease provisions, costs relating to the balance sheet restructuring exercise, credits on disposal of negative goodwill and certain project costs. Judgement is required in ensuring that only items that meet the definition in the accounting policy are separately presented as exceptional items. See note 4 for details of the exceptional items.