

**CHANCTONBURY HEALTH CARE LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2022**

Hazlewoods LLP
Windsor House
Bayshill Road
Cheltenham
GL50 3AT

CHANCTONBURY HEALTH CARE LTD

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CHANCTONBURY HEALTH CARE LTD

Company Information

| | |
|--------------------------|--|
| Directors | B J Sinclair S R Sinclair G K Wood |
| Registered office | Windsor House Bayshill Road Cheltenham GL50 3AT |
| Auditors | Hazlewoods LLP Windsor House Bayshill Road Cheltenham GL50 3AT |

CHANCTONBURY HEALTH CARE LTD

Directors' Report for the Year Ended 30 April 2022

The directors present their report and the financial statements for the year ended 30 April 2022.

Directors of the company

The directors who held office during the year were as follows:

B J Sinclair

S R Sinclair

G K Wood

Financial instruments

Objectives and policies

The board constantly monitors the group's trading results and revise projections as appropriate to ensure that the company can meet its future obligations as they fall due.

Price risk, credit risk, liquidity risk and cash flow risk

The company is exposed to the usual credit and cash flow risk associated with selling on credit and manages this through credit control procedures. The Board constantly monitors the company's trading results and revises projections as appropriate to ensure that the company can meet its future obligations as they fall due.

The company's bank loan is subject to price and liquidity risk as detailed in note 18 to the financial statements.

The company has sufficient resources available and continues to trade profitably generating cash. The directors have prepared forecasts for the next 12 months that indicate that these trends will continue. The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

Hazlewoods LLP have expressed their willingness to continue in office.

Approved by the Board on 17 August 2023 and signed on its behalf by:

G K Wood
Director

CHANCTONBURY HEALTH CARE LTD

Strategic Report for the Year Ended 30 April 2022

The directors present their strategic report for the year ended 30 April 2022.

Principal activity

The principal activity of the company is nursing and residential care of the elderly.

Fair review of the business

The results for the year, which are set out in the profit and loss account, show turnover of £5,306,940 (2021 - £5,160,042) and an operating profit of £1,170,700 (2021 - £1,092,657). At 30 April 2022, the company had net assets of £1,488,005 (2021 - £1,428,622). The directors consider the performance for the year and the financial position at the year end to be satisfactory.

Given the nature of the business the company's directors are of the opinion that key performance indicators are important. The company uses a number of indicators to monitor and improve development, performance or the position of the business. Indicators are reviewed and altered to meet changes both in the internal and external environment. The directors do not consider the inclusion of an analysis using key performance indicators to be necessary to assist users of the financial statements in their understanding of the financial performance or position of the company.

Principal risks and uncertainties

Price risk

Room occupancy continues to be a risk to the financial success of any care home as do the fee levels being paid by social services and the private sector. In 2022, the councils were still under pressure to make savings in their adult social care budget due to the government's austerity policies. Consequently the company continues to focus more on the provision of space to privately funded individuals.

Operating costs continue to rise especially in respect of utility and labour costs. The combination of increasing vacancies and costs means profit margins continue to be under pressure. The company has a well organised procurement process and operational structure to mitigate these risks.

Interest rate risk

The company is exposed to interest rate risk because its freehold properties are financed by funds at floating interest rates. The company's financial risk management objective is broadly to seek to reduce this exposure. As the counter party to all financial instruments is its banker, the company is exposed to minimal credit and liquidity risks in respect of these instruments.

Credit risk

The company is exposed to the usual credit risk and cash flow associated with selling on credit and manages this through credit control procedures.

Reputational risk

Provision of poor or inappropriate levels of care would cause severe damage to our brand and the ability of the business to attract new residents. The business operates sophisticated levels of performance monitoring with regular reporting to senior management and the Board of any potential issues. In addition, a comprehensive programme of service audits are undertaken across all Homes with reports and resulting action plans being the subject of comprehensive reviews. Perhaps most importantly, the Board encourages a culture of reporting any minor concerns from staff, residents and relatives all of which are appropriately investigated.

Future developments

The impact of Covid-19 on the Care Home sector has been well publicised but to date the Company has managed the associated risks well and has not been adversely affected financially. Clear operating procedures and a proactive approach to sourcing equipment and supplies have limited any potential impact to the business. Whilst there are no guarantees as to how the virus could affect the Company in the future, the Directors believe that all appropriate measures have been taken to manage future risk both operationally and financially.

Approved by the Board on 17 August 2023 and signed on its behalf by:

G K Wood
Director

CHANCTONBURY HEALTH CARE LTD

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report, Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

CHANCTONBURY HEALTH CARE LTD

Independent Auditor's Report to the Members of Chanctonbury Health Care Ltd

Opinion

We have audited the financial statements of Chanctonbury Health Care Ltd (the 'company') for the year ended 30 April 2022, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of 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 company's affairs as at 30 April 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

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

CHANCTONBURY HEALTH CARE LTD

Independent Auditor's Report to the Members of Chanctonbury Health Care Ltd

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor 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:

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

CHANCTONBURY HEALTH CARE LTD

Independent Auditor's Report to the Members of Chanctonbury Health Care Ltd

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
- understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- challenging assumptions and judgements made by management in its significant accounting estimates; and
- identifying and testing journal entries, in particular any journal entries with unusual characteristics.

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

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

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

CHANCTONBURY HEALTH CARE LTD

Independent Auditor's Report to the Members of Chanctonbury Health Care Ltd

Simon Worsley (Senior Statutory Auditor)

For and on behalf of Hazlewoods LLP, Statutory Auditor

Windsor House

Bayshill Road

Cheltenham

GL50 3AT

17 August 2023

CHANCTONBURY HEALTH CARE LTD**Profit and Loss Account for the Year Ended 30 April 2022**

| | Note | 2022 £ | 2021 £ |
|--|-------------|-----------------------|-----------------------|
| Turnover | <u>3</u> | 5,306,940 | 5,160,042 |
| Other income | <u>4</u> | 127,192 | 317,948 |
| Cost of sales | | <u>(3,135,418)</u> | <u>(3,320,023)</u> |
| Gross profit | | 2,298,714 | 2,157,967 |
| Administrative expenses | | (1,128,179) | (1,075,045) |
| Other operating income | <u>4</u> | <u>165</u> | <u>9,645</u> |
| Operating profit | <u>6</u> | 1,170,700 | 1,092,567 |
| Other interest receivable and similar income | <u>7</u> | 39 | 45 |
| Interest payable and similar charges | <u>8</u> | <u>(241,895)</u> | <u>(153,975)</u> |
| Profit before tax | | 928,844 | 938,637 |
| Taxation | <u>12</u> | <u>(500,621)</u> | <u>(181,649)</u> |
| Profit for the financial year | | <u><u>428,223</u></u> | <u><u>756,988</u></u> |

The above results were derived from continuing operations.

The company has no other comprehensive income for the year.

CHANCTONBURY HEALTH CARE LTD

(Registration number: 03828106)
Balance Sheet as at 30 April 2022

| | Note | 2022 £ | 2021 £ |
|--|-----------|--------------------|--------------------|
| Fixed assets | | | |
| Intangible assets | <u>13</u> | - | - |
| Tangible assets | <u>14</u> | 8,499,306 | 8,560,632 |
| | | <u>8,499,306</u> | <u>8,560,632</u> |
| Current assets | | | |
| Stocks | <u>15</u> | 13,697 | 13,697 |
| Debtors | <u>16</u> | 346,732 | 225,502 |
| Cash at bank and in hand | | <u>551,532</u> | <u>605,154</u> |
| | | 911,961 | 844,353 |
| Creditors: Amounts falling due within one year before current loans and borrowings | <u>17</u> | <u>(1,185,567)</u> | <u>(1,202,253)</u> |
| Net current liabilities before current loans and borrowings | | (273,606) | (357,900) |
| Loans and borrowings falling due within one year | | <u>(355,855)</u> | <u>(523,246)</u> |
| Net current liabilities | | <u>(629,461)</u> | <u>(881,146)</u> |
| Total assets less current liabilities | | 7,869,845 | 7,679,486 |
| Creditors: Amounts falling due after more than one year | <u>17</u> | (5,241,794) | (5,426,384) |
| Provisions for liabilities | <u>12</u> | <u>(1,140,046)</u> | <u>(824,480)</u> |
| Net assets | | <u>1,488,005</u> | <u>1,428,622</u> |
| Capital and reserves | | | |
| Called up share capital | <u>20</u> | 850 | 850 |
| Capital redemption reserve | | 200,250 | 250 |
| Profit and loss account | | <u>1,286,905</u> | <u>1,427,522</u> |
| Total equity | | <u>1,488,005</u> | <u>1,428,622</u> |

Approved and authorised by the Board on 17 August 2023 and signed on its behalf by:

G K Wood
Director

The notes on pages 13 to 22 form an integral part of these financial statements.

CHANCTONBURY HEALTH CARE LTD

Statement of Changes in Equity for the Year Ended 30 April 2022

| | Share capital £ | Capital redemption reserve £ | Profit and loss account £ | Total £ |
|---|--------------------|---------------------------------------|---------------------------------|------------|
| At 1 May 2021 | 850 | 250 | 1,427,522 | 1,428,622 |
| Profit for the year | - | - | 428,223 | 428,223 |
| Dividends | - | - | (368,840) | (368,840) |
| Purchase of own share capital | - | - | (200,000) | (200,000) |
| Other capital redemption reserve movements | - | 200,000 | - | 200,000 |
| At 30 April 2022 | 850 | 200,250 | 1,286,905 | 1,488,005 |

| | Share capital £ | Capital redemption reserve £ | Profit and loss account £ | Total £ |
|---|--------------------|---------------------------------------|---------------------------------|------------|
| At 1 May 2020 as restated | 1,100 | - | 1,440,299 | 1,441,399 |
| Profit for the year | - | - | 756,988 | 756,988 |
| Dividends | - | - | (351,588) | (351,588) |
| Purchase of own share capital | (250) | - | (418,177) | (418,427) |
| Other capital redemption reserve movements | - | 250 | - | 250 |
| At 30 April 2021 | 850 | 250 | 1,427,522 | 1,428,622 |

The notes on pages 13 to 22 form an integral part of these financial statements.

CHANCTONBURY HEALTH CARE LTD

Statement of Cash Flows for the Year Ended 30 April 2022

| | Note | 2022 £ | 2021 £ |
|--|-----------|------------------|------------------|
| Cash flows from operating activities | | | |
| Profit for the year | | 428,223 | 756,988 |
| Adjustments to cash flows from non-cash items | | | |
| Depreciation and amortisation | <u>6</u> | 190,228 | 147,402 |
| Profit on disposal of tangible assets | <u>5</u> | - | (1,269) |
| Loss from disposals of investments | <u>5</u> | - | 100 |
| Finance income | <u>7</u> | (39) | (45) |
| Finance costs | <u>8</u> | 241,895 | 153,975 |
| Income tax expense | <u>12</u> | 500,621 | 181,649 |
| | | <u>1,360,928</u> | <u>1,238,800</u> |
| Working capital adjustments | | | |
| Increase in trade debtors | <u>16</u> | (121,230) | (22,119) |
| Decrease in trade creditors | <u>17</u> | (60,700) | (263,090) |
| | | <u>1,178,998</u> | <u>953,591</u> |
| Cash generated from operations | | | |
| Income taxes (paid)/received | <u>12</u> | (141,041) | 49,322 |
| | | <u>1,037,957</u> | <u>1,002,913</u> |
| Cash flows from investing activities | | | |
| Interest received | <u>7</u> | 39 | 45 |
| Acquisitions of tangible assets | | (128,902) | (95,054) |
| Proceeds from sale of tangible assets | | - | 7,326 |
| | | <u>(128,863)</u> | <u>(87,683)</u> |
| Cash flows from financing activities | | | |
| Interest paid | <u>8</u> | (98,764) | (142,144) |
| Repayment of bank borrowing | | (6,094,415) | - |
| Proceeds from bank borrowing draw downs | | 5,805,550 | 250,000 |
| Preference share redemption repayment | | (200,000) | - |
| Payments for purchase of own shares | | - | (418,177) |
| Repayment of other borrowing | | - | (4,304) |
| Finance lease payments | | - | (8,558) |
| Interest on preference shares | | (6,247) | (10,000) |
| Dividends paid | <u>21</u> | (368,840) | (351,588) |
| | | <u>(962,716)</u> | <u>(684,771)</u> |
| Net cash flows from financing activities | | | |
| Net (decrease)/increase in cash and cash equivalents | | (53,622) | 230,459 |
| Cash and cash equivalents at 1 May | | 605,154 | 374,695 |
| Cash and cash equivalents at 30 April | | <u>551,532</u> | <u>605,154</u> |

The notes on pages 13 to 22 form an integral part of these financial statements.

CHANCTONBURY HEALTH CARE LTD

Notes to the Financial Statements for the Year Ended 30 April 2022

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Windsor House
Bayshill Road
Cheltenham
GL50 3AT

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

Group accounts not prepared

The financial statements contain information about Chanctonbury Health Care Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 405 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as inclusion of the subsidiary undertaking is not considered material for the purpose of giving a true and fair view.

Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Judgements and estimation uncertainty

These financial statements do not contain any significant judgements or estimation uncertainty.

Revenue recognition

Turnover represents amounts receivable during the year for the provision of care and accommodation. Where the amount received relates to a period which covers the balance sheet date, the amount is apportioned over the period to which it relates. The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities.

CHANCTONBURY HEALTH CARE LTD

Notes to the Financial Statements for the Year Ended 30 April 2022

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the group. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

| Asset class | Depreciation method and rate |
|---|-------------------------------------|
| Fixtures, fittings and office equipment | 25% on reducing balance |
| Motor vehicles | 20% on reducing balance |

Freehold buildings are depreciated at 1% on the revalued amount. No depreciation is provided on freehold land.

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Negative goodwill arising on an acquisition is recognised on the face of the balance sheet on the acquisition date and subsequently the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

| Asset class | Amortisation method and rate |
|--------------------|-------------------------------------|
| Goodwill | Straight line over 5 years |

This period is considered by the directors to reflect its useful economic life.

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

CHANCTONBURY HEALTH CARE LTD

Notes to the Financial Statements for the Year Ended 30 April 2022

Trade debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. All trade debtors are repayable within one year and hence are included at the undiscounted cost of cash expected to be received. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

Stocks

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

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

CHANCTONBURY HEALTH CARE LTD

Notes to the Financial Statements for the Year Ended 30 April 2022

Financial instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

A non financial asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units ('CGUs') of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

3 Turnover

The total turnover of the company has been derived from its principal activity wholly undertaken in the United Kingdom.

CHANCTONBURY HEALTH CARE LTD

Notes to the Financial Statements for the Year Ended 30 April 2022

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

| | 2022 £ | 2021 £ |
|--------------------------------------|----------------|----------------|
| Government grants | 127,192 | 317,948 |
| Miscellaneous other operating income | 165 | 9,645 |
| | <u>127,357</u> | <u>327,593</u> |

5 Other gains and losses

The analysis of the company's other gains and losses for the year is as follows:

| | 2022 £ | 2021 £ |
|------------------------------------|-----------|--------------|
| Loss from disposals of investments | <u>-</u> | <u>(100)</u> |

6 Operating profit

Arrived at after charging:

| | 2022 £ | 2021 £ |
|---|-----------|----------------|
| Depreciation expense | 190,228 | 147,402 |
| Operating lease expense - equipment | 52,051 | 72,575 |
| Operating lease expense - motor vehicles | - | 13,673 |
| Profit on disposal of property, plant and equipment | <u>-</u> | <u>(1,269)</u> |

7 Other interest receivable and similar income

| | 2022 £ | 2021 £ |
|----------------------------------|-----------|-----------|
| Interest income on bank deposits | <u>39</u> | <u>45</u> |

8 Interest payable and similar expenses

| | 2022 £ | 2021 £ |
|---|----------------|----------------|
| Interest on bank overdrafts and borrowings | 167,191 | 135,325 |
| Interest on preference shares | 6,247 | 10,000 |
| Interest expense on other finance liabilities | <u>68,457</u> | <u>8,650</u> |
| | <u>241,895</u> | <u>153,975</u> |

CHANCTONBURY HEALTH CARE LTD

Notes to the Financial Statements for the Year Ended 30 April 2022

9 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

| | 2022 £ | 2021 £ |
|---|------------------|------------------|
| Wages and salaries (including agency costs) | 2,915,239 | 3,065,796 |
| Social security costs | 223,882 | 218,319 |
| Pension costs, defined contribution scheme | 48,710 | 52,369 |
| | <u>3,187,831</u> | <u>3,336,484</u> |

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

| | 2022 No. | 2021 No. |
|------------------|-------------|-------------|
| Administration | 10 | 10 |
| Care and support | 146 | 156 |
| | <u>156</u> | <u>166</u> |

10 Directors' remuneration

The directors' remuneration for the year was as follows:

| | 2022 £ | 2021 £ |
|--|---------------|---------------|
| Remuneration | 50,000 | 50,000 |
| Contributions paid to money purchase schemes | 1,312 | 1,312 |
| | <u>51,312</u> | <u>51,312</u> |

11 Auditors' remuneration

| | 2022 £ | 2021 £ |
|-----------------------------------|---------------|---------------|
| Audit of the financial statements | <u>13,500</u> | <u>12,200</u> |

12 Taxation

Tax charged in the profit and loss account

| | 2022 £ | 2021 £ |
|---|----------------|----------------|
| Current taxation | | |
| UK corporation tax | 183,538 | 165,819 |
| UK corporation tax adjustment to prior periods | <u>1,517</u> | <u>-</u> |
| | 185,055 | 165,819 |
| Deferred taxation | | |
| Arising from origination and reversal of timing differences | <u>315,566</u> | <u>15,830</u> |
| Tax expense in the income statement | <u>500,621</u> | <u>181,649</u> |

CHANCTONBURY HEALTH CARE LTD

Notes to the Financial Statements for the Year Ended 30 April 2022

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2021 - lower than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

| | 2022 £ | 2021 £ |
|--|-----------|-----------|
| Profit before tax | 928,844 | 938,637 |
| Corporation tax at standard rate | 176,480 | 178,341 |
| Effect of expense not deductible in determining taxable profit (tax loss) | 3,577 | 4,522 |
| UK deferred tax expense relating to changes in tax rates or laws | 273,611 | - |
| Increase in UK and foreign current tax from adjustment for prior periods | 20,820 | - |
| Tax increase/(decrease) from effect of capital allowances and depreciation | 26,133 | (1,214) |
| Total tax charge | 500,621 | 181,649 |

Deferred tax

Deferred tax assets and liabilities

| 2022 | Liability £ |
|--------------------------------|----------------|
| Accelerated capital allowances | 310,385 |
| Revaluation surplus | 829,661 |
| | 1,140,046 |

| 2021 | Liability £ |
|--------------------------------|----------------|
| Accelerated capital allowances | 193,938 |
| Revaluation surplus | 630,542 |
| | 824,480 |

13 Intangible assets

| | Goodwill £ |
|------------------------------------|---------------|
| Cost | |
| At 1 May 2021 and at 30 April 2022 | 2,327,999 |
| Amortisation | |
| At 1 May 2021 and at 30 April 2022 | 2,327,999 |
| Carrying amount | |
| At 1 May 2021 and at 30 April 2022 | - |

CHANCTONBURY HEALTH CARE LTD

Notes to the Financial Statements for the Year Ended 30 April 2022

14 Tangible assets

| | Freehold land and buildings £ | Furniture, fittings and equipment £ | Total £ |
|------------------------|-------------------------------------|--|------------|
| Cost | | | |
| At 1 May 2021 | 9,067,567 | 740,124 | 9,807,691 |
| Additions | 62,295 | 66,607 | 128,902 |
| At 30 April 2022 | 9,129,862 | 806,731 | 9,936,593 |
| Depreciation | | | |
| At 1 May 2021 | 640,223 | 606,836 | 1,247,059 |
| Charge for the year | 140,254 | 49,974 | 190,228 |
| At 30 April 2022 | 780,477 | 656,810 | 1,437,287 |
| Carrying amount | | | |
| At 30 April 2022 | 8,349,385 | 149,921 | 8,499,306 |
| At 30 April 2021 | 8,427,343 | 133,289 | 8,560,632 |

Fixed assets include £933,260 (2021 - £933,260) in respect of land which is not subject to depreciation.

Freehold land and buildings were revalued in March 2015 by Knight Frank LLP, Chartered Surveyors, on the basis of the properties being empty but with regard to trading potential. The market valuations were made in accordance with the RICS Valuation - Professional Standards.

Comparable historical cost for the freehold property is £6,843,793 (2021 - £6,781,498). The accumulated depreciation on the historical cost is £939,889 (2021 - £881,407).

15 Stocks

| | 2022 £ | 2021 £ |
|--------|-----------|-----------|
| Stocks | 13,697 | 13,697 |

16 Debtors

| | 2022 £ | 2021 £ |
|---------------|-----------|-----------|
| Trade debtors | 181,167 | 90,831 |
| Other debtors | 149,827 | 125,925 |
| Prepayments | 15,738 | 8,746 |
| | 346,732 | 225,502 |

CHANCTONBURY HEALTH CARE LTD

Notes to the Financial Statements for the Year Ended 30 April 2022

17 Creditors

| | Note | 2022 £ | 2021 £ |
|---------------------------------|-----------|------------------|------------------|
| Due within one year | | | |
| Loans and borrowings | <u>18</u> | 355,855 | 523,246 |
| Trade creditors | | 151,258 | 77,118 |
| Social security and other taxes | | 57,543 | 45,822 |
| Other creditors | | 299,927 | 511,757 |
| Accrued expenses | | 328,118 | 262,849 |
| Corporation tax liability | <u>12</u> | 348,721 | 304,707 |
| | | <u>1,541,422</u> | <u>1,725,499</u> |
| Due after one year | | | |
| Loans and borrowings | <u>18</u> | <u>5,241,794</u> | <u>5,426,384</u> |

18 Loans and borrowings

| | 2022 £ | 2021 £ |
|---|------------------|------------------|
| Current loans and borrowings | | |
| Bank borrowings | 355,855 | 323,246 |
| Redeemable preference shares | - | 200,000 |
| | <u>355,855</u> | <u>523,246</u> |
| Non-current loans and borrowings | | |
| Bank borrowings | <u>5,241,794</u> | <u>5,426,384</u> |

The bank loan has been refinanced in March 2021 for a period of 5 years with repayments based on a 20 year term. The interest rate agreed was 2.65% over base rate. The loan is secured by first legal charges over the company's freehold properties together with a first fixed and floating charge on all the assets of the company.

CHANCTONBURY HEALTH CARE LTD

Notes to the Financial Statements for the Year Ended 30 April 2022

19 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £48,710 (2021 - £52,369).

20 Share capital

Allotted, called up and fully paid shares

| | 2022 | | 2021 | |
|------------------------------|------------|------------|------------|------------|
| | No. | £ | No. | £ |
| Ordinary A shares of £1 each | 700 | 700 | 700 | 700 |
| Ordinary B shares of £1 each | 50 | 50 | 50 | 50 |
| Ordinary C shares of £1 each | 50 | 50 | 50 | 50 |
| Ordinary D shares of £1 each | 50 | 50 | 50 | 50 |
| | <u>850</u> | <u>850</u> | <u>850</u> | <u>850</u> |

Rights, preferences and restrictions

The ordinary A to D shares rank pari passu in all respects, other than dividend rights.

21 Dividends

| | 2022 £ | 2021 £ |
|----------------|----------------|----------------|
| Dividends paid | <u>368,840</u> | <u>351,588</u> |

22 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

| | 2022 £ | 2021 £ |
|---|----------------|----------------|
| Not later than one year | 110,985 | 89,691 |
| Later than one year and not later than five years | 236,717 | 219,391 |
| Later than five years | <u>29,573</u> | <u>27,957</u> |
| | <u>377,275</u> | <u>337,039</u> |

23 Related party transactions

Transactions with key management personnel

At the balance sheet date, the company was owed £133,059 (2021 - £92,258) by director and majority shareholder B J Sinclair in the form of a director's loan account.

Other related party transactions

At the balance sheet date, the company owed £nil (2021 - £195,000) to Berkovi Consulting Limited, a company which is controlled by A J Berkovi.

24 Parent and ultimate parent undertaking

The ultimate controlling party is B J Sinclair.

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.