

Somerleigh Court Ltd

Report and Financial Statements

Year Ended

31 March 2020

Company Number 04286432



Somerleigh Court Ltd

Company Information

Directors	S Stoneham M J A Edser G P Heather
Registered number	04286432
Registered office	15 Savile Row London W1S 3PJ
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

Somerleigh Court Ltd

Contents

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 7
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Notes to the financial statements	11 - 22

Somerleigh Court Ltd

Strategic report For the year ended 31 March 2020

Introduction

The directors present their strategic report together with the audited financial statements for the year ended 31 March 2020.

Business review

Somerleigh Court operates a continuing care retirement community in Dorchester and is part of the LifeCare Residences group of companies.

The results of the company show a pre-tax profit of £0.2 million (2019 - £0.2 million) and has a net asset position of £2.9 million (2019 - £3.2 million).

Net assets have decreased by £0.1 million (2019 - increased by £0.3 million) primarily due to the decreased valuation of the freehold investment property and nursing home held by the company of £0.5 million (2019 - increase of £0.5 million).

Future outlook

The resales cycle at Somerleigh Court has reached maturity meaning we expect a significant number of resales to take place each year.

Furthermore, the directors are of the opinion, based on the high level of occupancies achieved in the previous years and the strong reputation in the area, the company will continue to grow and deliver strong financial performances in the future years.

Principal risks and uncertainties

The management and execution of the business's strategy are subject to a number of risks.

At the time of writing, the effects of COVID-19 pose a significant risk to the operation of the business and the financial key performance indicators detailed below. Management, however, are confident that they have reacted to the global pandemic in a way that has protected its staff and residents and has maintained a platform for future growth. Demand for retirement living continues to outweigh supply and the reduction in nursing home occupancy at the start of the current financial year is considered short term. Management therefore believe that the future financial wellbeing of the company has been safeguarded.

Other key business risks and uncertainties affecting the company are considered to relate to competition from other national and independent operators, executive retention, events leading to reputational risk, product availability, regulatory requirements and tightening of the debt markets.

Somerleigh Court Ltd

Strategic report (continued)
For the year ended 31 March 2020

Financial key performance indicators

1. Value of Resales

The table below illustrates the number of resales that have taken place, the total resale value and how much of the proceeds were attributable to the company:

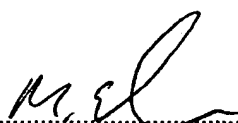
	FY20			FY19		
	No. of Resales	Total Value of Resales (£m)	Company resales revenue (£m)	No. of Resales	Total Value of Resales (£m)	Company resales revenue (£m)
Somerleigh Court	14	4.0	0.1	7	1.9	0.1

Other key performance indicators

1. Care facility occupancy

This is the occupancy rate at the nursing home at Somerleigh Court. The objective of the company is to maximise the occupancy rate for the nursing home by providing high quality care services. This objective is important to the company as occupancy is a key driver for EBITDA. For the year ended 31 March 2020 the average occupancy at Somerleigh Court was 95% (2019 - 94%). As per the prior year, Somerleigh Court has achieved better than industry standard with regards to occupancy of beds.

This report was approved by the board and signed on its behalf.


.....
M J A Edser
Director

Date: 30 October 2020

Somerleigh Court Ltd

Directors' report For the year ended 31 March 2020

The directors present their report and the financial statements for the year ended 31 March 2020.

Directors' responsibilities

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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 to 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.

Principal activities

The principal activity at the company is that of operating and managing a care home and a retirement community.

Results and dividends

The profit for the year, after taxation, amounted to £243,000 (2019 - £219,000).

During the year, no dividend was paid (2019 - £Nil).

Directors

The directors who served during the year were:

S Stoneham (appointed 27 February 2020)
M J A Edser (appointed 27 February 2020)
N J Sibley (resigned 21 July 2020)
D A Perfect (resigned 31 March 2020)
G P Heather (appointed 22 July 2020)

Somerleigh Court Ltd

Directors' report (continued)
For the year ended 31 March 2020

Disclosure of information to auditor


Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



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M J A Edser
Director

Date: 30 October 2020

Somerleigh Court Ltd

Independent auditor's report to the members of Somerleigh Court Ltd

Opinion

We have audited the financial statements of Somerleigh Court Ltd ("the Company") for the year ended 31 March 2020 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the 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 31 March 2020 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's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Emphasis of Matter: Property valuations

We draw attention to note 10, which explains that as a result of the impact of the outbreak of the Novel Coronavirus (COVID-19) on the market, the Company's property valuer has advised that less certainty, and a higher degree of caution, should be attached to their valuation than would normally be the case. In particular there is judgment around future occupancy levels at nursing homes and the levels of future apartment resales, both of these are factors would have a significant impact on the property valuation. Our opinion is not modified in respect of this matter.

Somerleigh Court Ltd

Independent auditor's report to the members of Somerleigh Court Ltd (continued)

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.

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 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and 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' report, 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.

Somerleigh Court Ltd

Independent auditor's report to the members of Somerleigh Court Ltd (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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

BDO LLP

Christopher Young (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

Date: 30 October 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Somerleigh Court Ltd

Statement of comprehensive income For the year ended 31 March 2020

	Note	2020 £000	2019 £000
Turnover	4	2,598	2,348
Cost of sales		(1,953)	(1,750)
Gross profit		645	598
Administrative expenses		(293)	(282)
Operating profit	5	352	316
Interest payable and similar charges	8	(107)	(97)
Profit before tax		245	219
Tax on profit	9	-	-
Profit for the financial year		245	219
Other comprehensive income for the year			
Unrealised (deficit)/surplus on revaluation of tangible fixed assets		(563)	350
Tax on revaluation of freehold property		78	(246)
Total comprehensive (loss)/income for the year		(240)	323

All amounts relate to continuing operations.

The notes on pages 11 to 22 form part of these financial statements.

Somerleigh Court Ltd
Registered number: 04286432

Statement of financial position
As at 31 March 2020

	Note	2020 £000	2019 £000
Fixed assets			
Tangible fixed assets	10	5,049	5,580
Current assets			
Debtors	11	741	453
Cash at bank and in hand		32	52
		<u>773</u>	<u>505</u>
Creditors: amounts falling due within one year	12	(185)	(135)
Net current assets		<u>588</u>	<u>370</u>
Total assets less current liabilities		<u>5,637</u>	<u>5,950</u>
Creditors: amounts falling due after more than one year	13	(2,485)	(2,480)
Provisions for liabilities			
Deferred tax		(168)	(246)
Net assets		<u><u>2,984</u></u>	<u><u>3,224</u></u>
Capital and reserves			
Share Capital	16	-	-
Revaluation reserve	17	2,381	2,866
Retained earnings	17	603	358
		<u><u>2,984</u></u>	<u><u>3,224</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



M J A Edser
Director

Date: 30 October 2020

The notes on pages 11 to 22 form part of these financial statements.

Somerleigh Court Ltd

Statement of changes in equity For the year ended 31 March 2020

	Share capital £000	Revaluation reserve £000	Retained earnings £000	Total equity £000
At 1 April 2019	-	2,866	358	3,224
Comprehensive income for the year				
Profit for the year	-	-	245	245
Surplus on revaluation of freehold property (note 10)	-	(563)	-	(563)
Tax on revaluation of freehold property	-	78	-	78
At 31 March 2020	-	2,381	603	2,984

Statement of changes in equity For the year ended 31 March 2019

	Share capital £000	Revaluation reserve £000	Retained earnings £000	Total equity £000
At 1 April 2018	-	2,762	139	2,901
Comprehensive income for the year				
Profit for the year	-	-	219	219
Surplus on revaluation of freehold property	-	350	-	350
Tax on revaluation of freehold property	-	(246)	-	(246)
At 31 March 2019	-	2,866	358	3,224

The notes on pages 11 to 22 form part of these financial statements.

Somerleigh Court Ltd

Notes to the financial statements For the year ended 31 March 2020

1. General information

Somerleigh Court Ltd is a private company, limited by shares, and incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Lifecare Residences Limited as at 31 March 2020 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

2.3 Going concern

These accounts have been prepared on a going concern basis. As described in the strategic report the company has been impacted by COVID-19 and the resultant impact on the economy. In assessing going concern the directors have produced cash-flow forecasts which they consider to be an accurate forecast of the business operating in the COVID-19 environment.

2.4 Turnover

Turnover represents income from the provision of property management, and care services and is recognised in the period the service is provided. Turnover also represents income from sales commission recognised on legal completion of the sale.

Somerleigh Court Ltd

Notes to the financial statements For the year ended 31 March 2020

2. Accounting policies (continued)

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold land	- Nil
Fixtures, fittings and equipment	- 20% - 25% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the the comprehensive income statement.

2.6 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the statement of financial position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the the comprehensive income statement unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.7 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the statement of comprehensive income.

Somerleigh Court Ltd

Notes to the financial statements For the year ended 31 March 2020

2. Accounting policies (continued)

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income 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 income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.9 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the statement of comprehensive income.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Somerleigh Court Ltd

Notes to the financial statements For the year ended 31 March 2020

2. Accounting policies (continued)

2.14 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 10)

Tangible fixed assets, other than investments properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- The freehold property valuations are based on a multiple of 9 times EBITDA, with variables being unchanged from the prior financial year.
- The freehold investment property is based on a professional valuation using a net present value of expected cashflow method.

Key inputs into the freehold investment property valuation were:

- Length of cashflows 25 years
- Weighted average cost of capital 10%
- Average length of stay 6.5 years
- Average growth property rate 2% of annum.
- Service charge subsidy of £75,000

Somerleigh Court Ltd

Notes to the financial statements For the year ended 31 March 2020

4. Turnover

An analysis of turnover by class of business is as follows:

	2020 £000	2019 £000
Care services	2,484	2,265
Property management	3	24
Sales commission	51	29
Deferred membership fee	60	30
	<u>2,598</u>	<u>2,348</u>

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2020 £000	2019 £000
Depreciation of tangible fixed assets	48	39
Defined contribution pension cost	29	26
	<u>77</u>	<u>65</u>

During the year, no director received any emoluments (2019 - £Nil).

6. Auditor's remuneration

	2020 £000	2019 £000
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	<u>6</u>	<u>5</u>
Fees payable to the company's auditor and its associates in respect of:		
Other services relating to taxation	3	3
All other services	1	2
	<u>4</u>	<u>5</u>

Somerleigh Court Ltd

Notes to the financial statements For the year ended 31 March 2020

7. Employees

Staff costs were as follows:

	2020 £000	2019 £000
Wages and salaries	1,422	1,372
Social security costs	108	106
Cost of defined contribution scheme	29	26
	<u>1,559</u>	<u>1,504</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Employees (Including part time)	<u>97</u>	<u>94</u>

8. Interest payable and similar expenses

	2020 £000	2019 £000
Bank interest payable	98	90
Other fees	9	7
	<u>107</u>	<u>97</u>

Somerleigh Court Ltd

Notes to the financial statements For the year ended 31 March 2020

9. Taxation

	2020 £000	2019 £000
Total current tax	-	-

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
Profit on ordinary activities before tax	245	219
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	47	42
Effects of:		
Expenses not deductible for tax purposes	1	-
Fixed asset differences	1	-
Changes in tax rates	3	-
Group relief	(29)	(29)
Deferred tax not recognised	(23)	(13)
Total tax charge for the year	-	-

As at the 31 March 2020 the company has not recognised deferred tax assets in respect of losses and fixed asset timing differences of £49,083 (2019 - £28,108) due to uncertainty regarding timing and the amount of the realisation.

Somerleigh Court Ltd

Notes to the financial statements For the year ended 31 March 2020

10. Tangible fixed assets

	Freehold investment property £000	Freehold land and buildings £000	Fixtures, fittings and equipment £000	Total £000
Cost or valuation				
At 1 April 2019	680	4,755	326	5,761
Additions	-	-	80	80
Revaluations	(530)	(33)	-	(563)
At 31 March 2020	150	4,722	406	5,278
Depreciation				
At 1 April 2019	-	-	181	181
Charge for the year	-	-	48	48
At 31 March 2020	-	-	229	229
Net book value				
At 31 March 2020	150	4,722	177	5,049
At 31 March 2019	680	4,755	145	5,580
			Investment property £000	Land and buildings £000
At valuation:				
31 March 2020 on an open market basis			150	4,899

Freehold land and buildings and freehold investment property have been valued as at 31 March 2020 by external valuers on an open market basis.

If the land and buildings and investment property had not been included at valuation they would have been included under the historical cost convention as follows:

Somerleigh Court Ltd

Notes to the financial statements (continued) For the year ended 31 March 2020

	2020 £000	2019 £000
Cost	2,769	2,769
Net book value	2,769	2,769

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a 'Global Pandemic' on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors, as at the Valuation Date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuations are therefore reported as being subject to 'material valuation. Consequently, less certainty – and a higher degree of caution – should be attached to our Valuation than would normally be the case. In particular there is judgment around future occupancy levels at nursing homes and the levels of future apartment resales, both of these are factors would have a significant impact on the property valuation. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the Valuation of these Properties under frequent review.

For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the Valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that – in the current extraordinary circumstances – less certainty can be attached to the Valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the Valuation

11. Debtors

	2020 £000	2019 £000
Trade debtors	156	42
Amounts owed by group undertakings	549	364
Other debtors	3	7
Prepayments and accrued income	33	40
	741	453

All amounts shown under debtors fall due for payment within one year.

Somerleigh Court Ltd

Notes to the financial statements For the year ended 31 March 2020

12. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Residents funds held in trust	13	16
Trade creditors	123	44
Amounts owed to group undertakings	-	4
Taxation and social security	-	23
Other creditors	6	6
Accruals and deferred income	43	42
	<u>185</u>	<u>135</u>

13. Creditors: Amounts falling due after more than one year

	2020 £000	2019 £000
Bank loans	<u>2,485</u>	<u>2,480</u>

Secured loans

The loan is secured over the property which is held at valuation of £5,049,000.

Interest is payable at LIBOR + 3% per annum. The loan is repayable on 16 March 2023.

As at the year end £2,500,000 is outstanding on this loan and the loan is shown above net of arrangement fees of £15,000 (2019 - £20,000).

14. Loans

Analysis of the maturity of loans is given below:

	2020 £000	2019 £000
Amounts falling due 2-5 years		
Bank loans	<u>2,500</u>	<u>2,500</u>

Somerleigh Court Ltd

Notes to the financial statements For the year ended 31 March 2020

15. Deferred taxation

	2020 £000	2019 £000
At beginning of year	(246)	-
Credited/(charged) to other comprehensive income	78	(246)
At end of year	(168)	(246)

The provision for deferred taxation is made up as follows:

	2020 £000	2019 £000
Timing differences from freehold property	(168)	(246)

16. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
1 (2019 - 1) Ordinary share of £1.00	1	1

17. Reserves

Revaluation reserve

Gains/losses arising on the revaluation of the nursing home held as freehold land and buildings.

Retained earnings

Retained earnings represents cumulative profits or losses, net of dividends paid and other adjustments.

18. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £28,670 (2019 - £26,183). Contributions totalling £5,378 (2019 - £6,316) were payable to the fund at the reporting date.

Somerleigh Court Ltd

Notes to the financial statements For the year ended 31 March 2020

19. Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 102 Section 33 'Related Party Disclosures' paragraph 33.1A not to disclose transactions with certain group companies on the grounds that 100% of the voting rights in the company are controlled by the group.

20. Controlling party

The company's intermediate parent company is LifeCare Residences Limited. The ultimate parent company is Renaissance Holdings (NZ) Limited, which is incorporated in New Zealand.