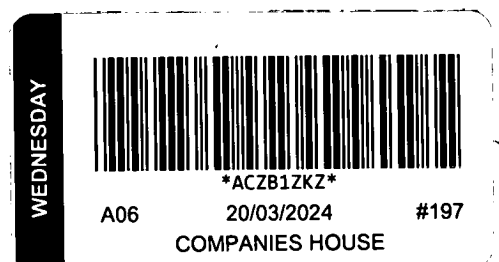


Company Registration No. 05110650 (England and Wales)

**LARCH FUNDING (UK) LTD**  
**UNAUDITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2023**



# LARCH FUNDING (UK) LTD

## COMPANY INFORMATION

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<b>Directors</b>	Mr S Maddison Mr M Calvert
<b>Secretary</b>	Mr S Maddison
<b>Company number</b>	05110650
<b>Registered office</b>	One Glass Wharf Bristol BS2 0ZX

# LARCH FUNDING (UK) LTD

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## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 28 FEBRUARY 2023**

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The directors present their report and unaudited financial statements for the year ended 28 February 2023.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £Nil (2022: £Nil).

Dividends of £Nil were paid during the year (2022: £Nil).

#### **Directors**

The directors who held office either during the year or up to the date of signature of the financial statements were Mr S Maddison and Mr M Calvert.

#### **Uncertainties arising from COVID-19 and economic conditions**

The directors have assessed the uncertainties facing the company, as a result of the COVID-19 pandemic and the aftermath which has followed. The directors have challenged themselves as to the impact on estimates made within these financial statements. These estimates include the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements.

Now that the impact of COVID-19, on the country generally and the care home sector more specifically, has begun to lessen, it is the belief of the directors that this will have a positive impact on the future trading results of the operational care homes (that are operated by a third party) which will have a subsequent positive impact on the investment values of the homes.

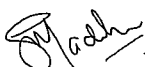
Attention has now turned towards issues post pandemic which consists of rising levels of inflation, interest rates and energy prices. Whilst these areas continue to be a significant area of focus for the Group, operating margins have remained healthy, and the Group continues to monitor trends.

The Directors are confident that all necessary measures have been taken to enable the Group to manage risks arising effectively, both in the short and long term. The directors specifically comment on the impact on their going concern assessment on pages 6 & 7.

#### **Small companies note**

In preparing this report, the directors have taken advantage of the small companies' exemptions provided by section 415A of the Companies Act 2006.

On behalf of the board



.....  
Mr S Maddison

**Director**

**Date:** 19 February 2024

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE YEAR ENDED 28 FEBRUARY 2023**

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The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

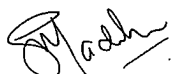
Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

On behalf of the board



.....  
Mr S Maddison

**Director**

**Date:** 19 February 2024

# LARCH FUNDING (UK) LTD

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2023

	Note	2023 £	2022 £
Provision for intercompany receivables		(22,415)	(22,415)
<b>Operating Loss</b>		<b>(22,415)</b>	<b>(22,415)</b>
Interest receivable and similar income	5	22,415	22,415
<b>Result before taxation</b>		-	-
Tax on result	6	-	-
<b>Result for the financial period</b>		-	-
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		-	-

The notes on pages 6 to 11 form part of these financial statements.

# LARCH FUNDING (UK) LTD

## STATEMENT OF FINANCIAL POSITION

AS AT 28 FEBRUARY 2023

	Note	2023 £	£	2022 £	£
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	8	<u>(212,941,368)</u>		<u>(212,941,368)</u>	
Net current liabilities			<u>(212,941,368)</u>		<u>(212,941,368)</u>
<b>Net liabilities</b>			<u><u>(212,941,368)</u></u>		<u><u>(212,941,368)</u></u>
<b>Capital and reserves</b>					
Called up share capital	9		<b>1</b>		<b>1</b>
Profit and loss account			<u>(212,941,369)</u>		<u>(212,941,369)</u>
<b>Total equity</b>			<u><u>(212,941,368)</u></u>		<u><u>(212,941,368)</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year ended 28 February 2023 in accordance with section 476 of the Companies Act 2006.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 February 2024.



.....  
Mr S Maddison  
Director

**Company Registration No. 05110650**

The notes on pages 6 to 11 form part of these financial statements.

# LARCH FUNDING (UK) LTD

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2023

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 28 February 2022	1	(212,941,369)	(212,941,368)
<b>Comprehensive income for the period</b>			
Result for the period	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-
<b>At 28 February 2023</b>	<b>1</b>	<b>(212,941,369)</b>	<b>(212,941,368)</b>

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 28 February 2021	1	(212,941,369)	(212,941,368)
<b>Comprehensive income for the period</b>			
Profit for the period (as restated)	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-
<b>At 28 February 2022</b>	<b>1</b>	<b>(212,941,369)</b>	<b>(212,941,368)</b>

The notes on pages 6 to 11 form part of these financial statements.



# LARCH FUNDING (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

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### 1 Accounting policies

#### General information

Larch Funding (UK) Ltd is a private company limited by shares incorporated in the United Kingdom and registered in England. The registered office is One Glass Wharf, Bristol, BS2 OZX. The company principally acts as a commercial property investment company.

#### 1.1 Statement of compliance

These financial statements have been prepared in accordance with Section 1A of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

#### 1.2 Basis of preparation and summary of significant accounting policies

These financial statements have been prepared on a going concern basis and under the historical cost convention. 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 periods presented unless otherwise stated.

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

Whilst certain costs are incurred by another group company (Larch (Nursing Homes) Limited) on behalf of the company, these are not recharged as they are not material.

#### 1.3 Going concern

The uncertainty as to the future impact of the recent Covid-19 pandemic, in particular the aftermath that has followed has been considered as part of the company's adoption of the going concern basis.

The principal assets of the group of which the company forms a part is a portfolio of care homes.

Now that the impact of COVID-19, on the country generally and the care home sector more specifically, has begun to lessen, it is the belief of the directors that this will have a positive impact on the future trading results of the operational care homes (that are operated by a third party) which will have a subsequent positive impact on the investment values of the homes.

Attention has now turned towards issues post pandemic which consists of rising levels of inflation, interest rates and energy prices. Whilst these areas continue to be a significant area of focus for the Group, operating margins have remained healthy, and we consider that the operational care homes have managed the downturn well. In addition, we continue to monitor trends.

We are satisfied that the financial projections (including the severe yet plausible scenarios) prepared for the group (of which the company forms a part) for the next 18 months have a prudent assessment of the impact of the potential downturn embedded in them.

We have discussed the impact of Covid-19 and economic conditions on the financial position of the company with the principal creditors of the company who have confirmed their continued support to the company and the group of which it forms part.

# LARCH FUNDING (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 28 FEBRUARY 2023

---

#### 1 Accounting policies

(Continued)

##### Going concern (continued)

Overall, we are satisfied that, at this point in time, nothing that has arisen out of the Covid-19 pandemic or the aftermath which indicates that it would not be appropriate to continue to adopt the going concern basis for the preparation of the financial statements.

The company continues to be in a net liabilities position and is funded by way of an on-demand loan from its intermediate parent which is, itself, funded by bank loans. Furthermore, the company has charged its assets to the lenders to its intermediate parent company.

Consequent to the financial difficulties experienced by the original tenant which operated the nursing homes rented from fellow group undertakings, the lenders to the intermediate parent restructured the terms of the loans such that the lenders would not demand repayment of their loans until their maturity dates despite the intermediate parent being unable to fully service the loans or meet their financial covenants.

The loans were due for repayment on 16 January 2016, however the lenders have confirmed that they do not have a current intention of demanding repayment of the loans within 12 months of the approval of the financial statements. Accordingly, whilst the directors expect that the company will remain a going concern in the short term, there is considerable uncertainty in the future due to the fact that the lenders' intention not to demand repayment does not take away their right to do so at any given time. These circumstances indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern in the longer term. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

#### 1.4 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

# LARCH FUNDING (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2023

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### 1 Accounting policies (Continued)

#### **Basic financial assets**

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

#### **Other financial assets**

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

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

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

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

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

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

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

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

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

#### **Basic financial liabilities**

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

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

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

# LARCH FUNDING (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2023

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### 1 Accounting policies (Continued)

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

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

### 1.5 Taxation

Tax is recognised in profit or loss 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 balance sheet date in the countries where the company operates and generates income.

### 1.6 Equity instruments

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

### 2 Judgements and key sources of estimation uncertainty

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

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

#### **Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### ***Recovery of amounts due from group undertakings***

The directors carried out a review of the amounts that they consider will be recoverable in respect of debts due from fellow group undertakings. Unless the directors considered that there was a strong likelihood that the debts would be recovered from these group undertakings (either in part or in full), provision has been made for the amounts due.

# LARCH FUNDING (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 28 FEBRUARY 2023

#### 3 Auditor's remuneration

Fees payable to the company's auditor for the audit of the company's financial statements totalled £Nil (2022: £2,500). Auditor's remuneration has been borne by Larch (Nursing Homes) Limited which made no recharge to the company.

#### 4 Employees remuneration

The company has no employees (2022: none).

#### 5 Interest receivable and similar income

	2023 £	2022 £
Received from fellow group undertakings	<u>22,415</u>	<u>22,415</u>

#### 6 Taxation

No tax has been provided for due to the availability of losses through group relief (period ended 28 February 2022: £nil).

##### Factors affecting tax charge for the year

Tax assessed for the year is the same as (2022: the same as) than the standard rate of corporation tax in the UK for the year ended 28 February 2023 of 19.0% (2022: 19.0%).

The differences are explained below:

	2023 £	2022 £
Profit before taxation on continued operations	<u>-</u>	<u>-</u>
Profit multiplied by the standard/blended rate of corporation tax in the UK of 19.0% (2022: 19.0%)	-	-
Tax effect of intercompany debtor provisions that are not accountable in determining taxable profit	4,259	4,259
Utilisation of tax losses	<u>(4,259)</u>	<u>(4,259)</u>
Tax result on continued operations for the period	<u>-</u>	<u>-</u>

# LARCH FUNDING (UK) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

**7 Debtors**

A provision of £205,592,132 (2022: £205,569,719) were held against amounts due from fellow group undertakings at each relevant period end. After these provisions, no amount is therefore assumed to be recovered from the amounts owed by group undertakings.

Amounts due from fellow group undertakings are interest free, repayable on demand and unsecured.

**8 Creditors: amounts falling due within one year**

	2023 £	2022 £
Amounts due to fellow group undertakings	<u>212,941,368</u>	<u>212,941,368</u>

Amounts due to fellow group undertakings are interest free, repayable on demand and unsecured.

**9 Called up share capital**

	2023 £	2022 £
<b>Ordinary share capital</b>		
<b>Authorised</b>		
1,000 (2022: 1,000) ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Issued and fully paid</b>		
1 (2022: 1) ordinary shares of £1 each	<u>1</u>	<u>1</u>

**10 Financial Commitments, guarantees and contingent liabilities**

The company has provided a guarantee over the borrowings of Larch (Nursing Homes) Limited which, at 28 February 2023, amounted to £371million (2022: £378 million) including accrued interest. This indebtedness is secured over the investment properties owned by the group companies.

**11 Controlling party**

The immediate parent undertaking is Larch Property Holdings Ltd, a company incorporated and registered in Jersey.

The ultimate controlling party is considered to be Larch (Nursing Homes No.2) Ltd, a company incorporated and registered in England.

**12 Subsequent events**

No subsequent events have been identified.