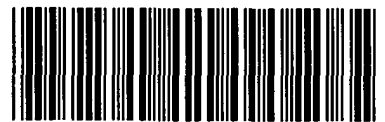


Company Registration No. 05150235 (England and Wales)

HESLEY CARE & EDUCATION LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2022

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HESLEY CARE & EDUCATION LIMITED

COMPANY INFORMATION

Directors	D B Maynard C McSharry A G Robinson
Company number	05150235
Registered office	Central Services Hesley Hall Tickhill Doncaster DN11 9HH
Auditor	RSM UK Audit LLP Chartered Accountants Central Square 5th Floor 29 Wellington Street Leeds LS1 4DL

HESLEY CARE & EDUCATION LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2022

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

Fair review of the business

We aim to present a balanced and comprehensive review of the development and performance of the company during the period and its position at the period end. Our review is consistent with the size and relatively non-complex nature of our business and is written in the context of the risks and uncertainties that we face.

The principal activities during the year were providing use of properties to our subsidiary, The Hesley Group Limited and being its holding company.

Hesley Care & Education Limited is a subsidiary of Cedar Luxco S.a.r.l, which was considered by the directors to be the ultimate parent undertaking during the year and the largest group for which consolidated accounts included Hesley Care & Education Limited are prepared. Honour Project Bidco Limited is the smallest group for which consolidated accounts including Hesley Care & Education Limited are prepared.

The directors considered the group to be large for transfer pricing purposes. This requires the group to be recording transactions taking place between group companies on a commercial arms-length basis. The two types of transactions impacting Hesley Care & Education Limited during this and the previous periods are rental charges and interest on inter group loan balances.

The company continues to invest in its properties. During the period, £38,012 was invested in maintaining the properties on the sites. Investment in properties is funded by the company's subsidiary, The Hesley Group Limited, via intergroup balances.

Key Performance Indicators

	Year ended 30 June 2022 £000s	Period ended 30 June 2021 £000s
Rental Income	1,152	1,652
Operating Profit	663	982
Tangible Fixed Assets	21,212	21,664
Net Assets	5,662	5,610

Principal risks and uncertainties

The principal risks of the company are the performance of its subsidiary, The Hesley Group Limited and property market valuations.

The Hesley Group Limited is the main trading entity for the consolidated group and uses Hesley Care & Education Limited's properties to deliver their services. The financial statements of The Hesley Group Limited are prepared on a going concern basis. In the event that The Hesley Group Limited is not prepared on a going concern basis then the company may need to find an alternative use for its properties. This could involve renting them out to an alternative user or selling them. Clearly in either scenario alternative users may not be found or the value received from a sale may be lower than the current value recorded in the accounts.

Financial instrument objectives and risks

The company only maintains a small bank balance and so does not have to manage any financial instruments.

Future developments

There are no significant future developments relating to the company.

HESLEY CARE & EDUCATION LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

Section 172 Companies Act Statement

The Companies (Miscellaneous Reporting) Regulations 2018 ('2018 MRR') require directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the company under S172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the company. The Board welcomes the direction of the UK Financial Reporting Council (the 'FRC'). This S172 statement explains how the company's directors

- have engaged with employees, suppliers, customers and others; and
- have had regard to employee interests, the need to foster the company's business relationships with suppliers, customers and others.

When making decisions, each director ensures that he/she acts in the way he/she considers, in good faith, would most likely promote the company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

S172(1) (A) "The likely consequences of any decision in the long term"

The directors understand the business and the complex needs of the people we support. The mission of the company is to enable people with complex needs to achieve their full potential. The long-term strategy of the company is to operate its existing services and where there is a demand develop new services.

S172(1) (B) "The interests of the company's employees"

The directors recognise that the company's employees are fundamental and core to our business. The success of our business depends on attracting, retaining and motivating employees. From ensuring that we remain a responsible employer, from pay, benefits and welfare to our health, safety, safeguarding and workplace environment, the directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible.

The company is dedicated to improving the performance and self-esteem of its staff in a way that directly improves the quality of life of the people we support. To this end our workforce development department (Hesley People) provides and commissions an extensive programme of workforce development activities. This combination of learning opportunities range from e-learning, individual coaching and mentoring, apprenticeships, learning events and updates, open learning and attendance at accredited courses.

S172(1) (C) "The need to foster the company's business relationships with suppliers, customers and others"

Delivering our strategy requires strong mutually beneficial relationships with suppliers, local authorities, CCGs and other NHS bodies. The company continuously assesses the priorities related to those with whom we do business.

S172(1) (D) "The impact of the company's operations on the community and the environment"

We pride ourselves on our unique provision of residential support. We consider that positive physical environments demonstrate our commitment to those who live in or otherwise access our services. What is more, we see that such environments have a strongly positive influence in creating the best therapeutic milieu for the people who live within them and for the staff to work in.

Single person and small group occupancy of high-quality accommodation is the model of living arrangements throughout all provisions, in both young people's and adult services.

Sufficient space within, as well as around, the schools, colleges and homes of those we support is a key environmental consideration, as is the opportunity to individualise one's own living areas or room.

For some, the more rural locations of the Hesley Village or Low Laithes for example, may be ideal. For others, the more urban settings and more immediate community access of King Street, or Copperclay Mews may best match their needs and wishes.

Whatever the context of the care setting, the impact on the community and wider environment is inherent in our planning. As such, the company receives information on these topics to both provide relevant information for specific Board decisions. Each site is included within the facilities management program, which ensures full compliance with environmental regulation and any local authority requirements.

HESLEY CARE & EDUCATION LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

Section 172 Companies Act Statement (continued)

S172(1) (E) "The desirability of the company maintaining a reputation for high standards of business conduct"

The delivery of our mission requires some unique qualities. A wealth of experience and specialist expertise, high-quality therapeutic environments and resources, all in a place that's safe, stimulating, with positive well-considered risk management where individually tailored support, education and therapies can come together to give each and everyone the skills and confidence they need to be who they want to be. Most of all, it takes care - lots of it. It's why valuing the person and offering the best care is ingrained into everything we do.

The company undertakes to carry out a range of quality assurance measures, including unannounced visits by members of the senior management team who assess the performance of the service against the national standards and our own high expectations. We will always aim to exceed minimum standards for involvement and consultation, care, management, staffing, safety and the condition of the environment. A range of visits are conducted to services including during the night by senior managers to help assess the quality and safety of the service we provide. Other agencies also carry out periodic inspections, for example Health and Safety teams and Environmental Health Food Safety Officers. An independent external assessor is contracted to undertake regular assessment of the standard of education provided by the Company.

The Company's services are also registered with and are subject to regular inspection by external regulatory bodies. These are Care Quality Commission (CQC) in respect of adult services and Ofsted Education in respect of the quality of service in our schools. The Company has a Quality and safeguarding Boards which are chaired by an independent non-executive director. The purpose of the Boards is to ensure high quality service provision for everyone that is positive in terms of the service-user experience and is caring, safe, effective, well-led and responsive. The Boards meets quarterly and the main actions discussed at the quarterly Board are also discussed at the main Board.

The company's Board members also undertake visits to services in order to understand how well they are being led, how effectively we are supporting people, the staff and managers views and the condition of the environment. This, complemented by the ways the Board is informed and monitors compliance with relevant governance standards help assure its decisions are taken and that the company acts in ways that promote high standards of business conduct.

S172(1) (F) "The need to act fairly as between members of the company"

After weighing up all relevant factors, the directors consider which course of action best enables delivery of our mission and strategy through the long-term, taking into consideration the impact on stakeholders. In doing so, our directors act fairly between the company's members whilst also considering other stakeholders.

Energy and greenhouse gas emissions

The company's consideration of carbon dioxide emissions are set out in detail in the consolidated financial statements of its parent company, Honour Project Bidco Limited.

On behalf of the board

CMcSharry

.....
C McSharry

Director

Date: 08/12/22
.....

HESLEY CARE & EDUCATION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

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

Principal activity

The principal activity of the company continued to be the provision of properties to the subsidiary company, The Hesley Group Limited, and being its holding company.

Directors

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

D B Maynard

C McSharry

S McLean

G Smith

A G Robinson

(Resigned 14 February 2022)

(Resigned 23 September 2022)

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid (2021 - £nil). The directors do not recommend payment of a final dividend (2021 - £nil).

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Matters of strategic importance

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of principal risks and uncertainties, future developments and financial risk management.

Statement of disclosure to auditor

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

On behalf of the board

C McSharry

.....
C McSharry

Director 08/12/22

Date:

HESLEY CARE & EDUCATION LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2022

The directors are responsible for preparing the Strategic Report, 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 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HESLEY CARE & EDUCATION LIMITED

Opinion

We have audited the financial statements of Hesley Care & Education Limited (the 'company') for the year ended 30 June 2022 which comprise the statement of income and retained earnings, the statement of financial position and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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 financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HESLEY CARE & EDUCATION LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HESLEY CARE & EDUCATION LIMITED (CONTINUED)

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

The audit team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to:

- Reviewing journal entries and other adjustments; and
- Evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

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



Lucy Robson (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Central Square
5th Floor
29 Wellington Street
Leeds
LS1 4DL

08/12/22.....

HESLEY CARE & EDUCATION LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 30 JUNE 2022

		Year ended 30 June 2022 £	Period ended 30 June 2021 £
	Notes		
Turnover		1,152,273	1,651,862
Depreciation		(489,350)	(667,979)
Other operating expenses		(32)	(1,731)
Operating profit		662,891	982,152
Interest receivable and similar income	5	135,508	130,498
Interest payable and similar expenses	6	(738,810)	(999,371)
Profit before taxation		59,589	113,279
Tax on profit	7	(7,516)	(196,950)
Profit/(loss) for the financial year		52,073	(83,671)
Retained earnings brought forward		851,469	935,140
Retained earnings carried forward		903,542	851,469

The Statement of Income and Retained Earnings has been prepared on the basis that all operations are continuing operations.

HESLEY CARE & EDUCATION LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2022**

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	8	21,212,253		21,663,591	
Investments	9	6,664		6,664	
		<u>21,218,917</u>		<u>21,670,255</u>	
Current assets					
Debtors	11	1,142,791		6,119	
Cash at bank and in hand		6,106		6,136	
		<u>1,148,897</u>		<u>12,255</u>	
Creditors: amounts falling due within one year	12	<u>(16,268,585)</u>		<u>(15,642,870)</u>	
Net current liabilities			<u>(15,119,688)</u>		<u>(15,630,615)</u>
Total assets less current liabilities			<u>6,099,229</u>		<u>6,039,640</u>
Provisions for liabilities			<u>(437,180)</u>		<u>(429,664)</u>
Net assets			<u>5,662,049</u>		<u>5,609,976</u>
Capital and reserves					
Called up share capital	14	312		312	
Share premium account	15	4,758,195		4,758,195	
Profit and loss reserves	15	903,542		851,469	
Total equity			<u>5,662,049</u>		<u>5,609,976</u>

08/12/22

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

C McSharry

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C McSharry
Director

A Robinson

.....

A G Robinson
Director

HESLEY CARE & EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

Company information

Hesley Care & Education Limited ("the company") is a private company limited by shares, and is registered and incorporated in England and Wales. The registered office is Central Services, Hesley Hall, Tickhill, Doncaster, DN11 9HH.

The company's principal activity and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

Reduced disclosure

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements;

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Honour Project Bidco Limited. The consolidated financial statements of Honour Project Bidco Limited are available from its registered office, Central Services Hesley Hall, Tickhill, Doncaster DN11 9HH.

Consolidated financial statements

The company has taken advantage of the exemption in section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. Consequently, these financial statements present the financial position and financial performance of the company as a single entity.

Going concern

At 30 June 2022, the company had net current liabilities of £15,119,687 (2021 - £15,630,615) due to net amounts owed to group undertakings of £15,125,793 (2021 - £15,636,751). At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least 12 months from approval of the financial statements, given amounts due to group undertakings will not be requested for repayment during this period. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Reporting period

The financial statements are drawn up for the year to 30 June 2022 ("the financial period"). Comparative figures are for the 18 month period to 30 June 2021. Therefore the previous period of account is not directly comparable.

HESLEY CARE & EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies (Continued)

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business.

Turnover represents rents receivable, exclusive of VAT. Rent receivable is recognised in the period to which it relates.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% straight line basis. Land is not depreciated.
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Assets in the course of construction are carried at cost, less any identified impairment loss. Cost includes professional fees and other directly attributable costs that are necessary to bring the property to its operating condition. Depreciation commences when the properties are ready for their intended use.

Freehold buildings include investment properties held by the company and leased to other group entities.

Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

Impairment of fixed assets

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

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

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

HESLEY CARE & EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies (Continued)

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 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.

Basic financial assets

Basic financial assets, which include amounts owed by group undertakings 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

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 amounts owed to group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Derecognition of financial liabilities

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

Equity instruments

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

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

HESLEY CARE & EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies (Continued)

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

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.

Critical accounting estimates and uncertainties

Useful life of assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. No changes to useful economic lives or residual values have been determined necessary this year. Details of depreciation rates can be found in note 1 (accounting policies) and the depreciation charge in note 8 (tangible fixed assets).

Critical judgements

The directors consider there to be no critical judgements which have a material impact on the financial statements.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was nil (2021 - nil).

The directors' remuneration is paid by the subsidiary company, The Hesley Group Limited. It is not possible to quantify the remuneration paid by the subsidiary company in respect of the directors' services to Hesley Care & Education Limited.

HESLEY CARE & EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

4 Auditor's remuneration

Auditor's remuneration in relation to the company is charged to its subsidiary, The Hesley Group Limited.

5 Interest receivable and similar income

	Year ended 30 June 2022 £	Period ended 30 June 2021 £
Interest income		
Interest receivable from group companies	135,508	130,498

6 Interest payable and similar expenses

	Year ended 30 June 2022 £	Period ended 30 June 2021 £
Interest payable to group undertakings	738,810	999,371

7 Taxation

	Year ended 30 June 2022 £	Period ended 30 June 2021 £
Deferred tax		
Origination and reversal of timing differences	21,112	69,967
Changes in tax rates	-	115,103
Adjustment in respect of prior periods	(13,596)	11,880
Total deferred tax	7,516	196,950

The standard rate of corporation tax in the UK has been 19.00% with effect from 1 April 2017. Accordingly, the company's results for this accounting period are taxed at 19.00%. A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced was to reduce the main rate to 17.00% from 1 April 2020 and this was substantively enacted in September 2016.

In the Chancellor's Budget on 11 March 2020 it was confirmed that the rate of corporation tax will remain at 19.00% from 1 April 2020.

Finance Bill 2021 was published on 11 March 2021. With effect from 1 April 2023, the bill sets the main rate of corporation tax at 25.00%. As this change has been substantively enacted at the balance sheet date, its effect is included in these financial statements. Subsequently, on 23 September 2022 it was announced that rather than rising to 25.00% from April 2023, the rate will now remain at 19.00%. However, this change has not been substantively enacted at the balance sheet date.

HESLEY CARE & EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

7 Taxation (Continued)

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	Year ended 30 June 2022 £	Period ended 30 June 2021 £
Profit before taxation	59,589	113,279
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	11,322	21,523
Tax effect of expenses that are not deductible in determining taxable profit	-	110,683
Group relief	(71,692)	(79,030)
Deferred tax adjustments in respect of prior years	(13,596)	11,880
Fixed asset differences	76,415	-
Remeasurement of deferred tax	5,067	131,894
Taxation charge for the year	7,516	196,950

8 Tangible fixed assets

	Freehold land and buildings £	Assets under construction £	Total £
Cost			
At 1 July 2021	23,129,577	639,546	23,769,123
Additions	38,012	-	38,012
Transfers	639,546	(639,546)	-
At 30 June 2022	23,807,135	-	23,807,135
Depreciation and impairment			
At 1 July 2021	2,105,532	-	2,105,532
Depreciation charged in the year	489,350	-	489,350
At 30 June 2022	2,594,882	-	2,594,882
Carrying amount			
At 30 June 2022	21,212,253	-	21,212,253
At 30 June 2021	21,024,045	639,546	21,663,591

The company has provided security against all assets including all tangible fixed assets with a net book value of £21,212,253 (2021 - £21,663,591) to secure the group's banking facilities.

Assets Under Construction of £639,546 relate to services brought into use during the financial year.

HESLEY CARE & EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

9 Fixed asset investments

	Notes	2022 £	2021 £
Investments in subsidiaries	10	6,664	6,664

Movements in fixed asset investments

	Shares in group undertakings £
Cost	
At 1 July 2021 & 30 June 2022	6,664
Carrying amount	
At 30 June 2022	6,664
At 30 June 2021	6,664

10 Subsidiaries

Details of the company's subsidiaries at 30 June 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect	
Hesley Hall Limited	Central Services, Dormant Hesley Hall, Tickhill, Doncaster, DN11 9HH		Ordinary	100.00	-
Hesley Services Limited*	As above	Dormant	Ordinary	-	100.00
The Hesley Group Limited	As above	Operating of schools for children and villages for adults with severe challenging behaviour	Ordinary	100.00	-

*Hesley Services Limited is a 100% owned subsidiary of Hesley Hall Limited.

Hesley Hall Limited and Hesley Services Limited have taken the exemption in section 480 of the Companies Act 2006 (the Act) from the requirements in the Act for their individual accounts to be audited.

HESLEY CARE & EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

11 Debtors

	30 June 2022	31 December 2021
	£	£
Amounts falling due within one year:		
Amounts owed by group undertakings	1,142,791	6,119

Amounts owed by group undertakings are unsecured and repayable on demand. A rate of interest is applied to group borrowings based on a rate agreed at the start of the calendar year.

12 Creditors: amounts falling due within one year

	2022	2021
	£	£
Amounts owed to group undertakings	16,268,585	15,642,870

Amounts owed to group undertakings are unsecured and repayable on demand. A rate of interest is applied to group borrowings based on a rate agreed at the start of the calendar year.

13 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2022	Liabilities 2021
	£	£
Balances:		
Accelerated capital allowances	437,180	429,664
Movements in the year:		2022
		£
Liability at 1 July 2021		429,664
Charge to profit or loss		7,516
Liability at 30 June 2022		437,180

The deferred tax liability of £437,180 (2021 - £429,664) is expected to reverse over a period greater than 12 months and relates to accelerated capital allowances.

HESLEY CARE & EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

14 Share capital

	2022	2021
	£	£
Ordinary share capital		
Issued and fully paid		
264 Ordinary A shares of £1 each	264	264
48 Ordinary B shares of £1 each	48	48
	<u>312</u>	<u>312</u>

Both Ordinary A and Ordinary B shares rank pari passu but Ordinary A shares carry full rights to dividends, capital and rights on a sale. Ordinary B shares have one thousandth of the right to dividends, capital and rights on a sale compared to Ordinary A shares.

15 Reserves

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

16 Financial commitments, guarantees and contingent liabilities

Contingencies

There is a cross guarantee in place between Hesley Care & Education Limited, The Hesley Group Limited and Hesley Holdings Limited. At the reporting date the maximum liability that could have arisen under this guarantee was £nil (2021 - £nil). The directors consider that it is unlikely that the guarantee will give rise to an actual liability to the company.

17 Related party transactions

During the period, the company did not enter into transactions with related parties (2021 - £nil).

18 Ultimate controlling party

Hesley Holdings Limited, a company incorporated in the United Kingdom, is the immediate parent company.

Cedar Luxco S.a.r.l., a company registered in Luxembourg, is the ultimate parent company. This is the parent of the largest group for which consolidated accounts including Hesley Care & Education Limited are prepared. The consolidated accounts of Cedar Luxco S.a.r.l. can be obtained from the company's registered office: Boulevard F.W Raiffeisen 17, 2411 Luxembourg, Luxembourg.

Honour Project Bidco Limited is the parent of the smallest group for which consolidated accounts including Hesley Care & Education Limited are prepared. The consolidated accounts of Honour Project Bidco Limited are available from the company's registered office: Hesley Hall, Tickhill, Doncaster, DN11 9HH.